



BLEND FINANCIAL SERVICES LIMITED

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act, 1956 as 'Blend Financial Services Private Limited' pursuant to a certificate of incorporation issued by the Registrar of Companies at Mumbai, Maharashtra dated 4 December 1997. Thereafter, our Company was converted into a public limited company and a fresh certificate of incorporation dated 26 September 2008 was issued. Consequently, the name of our Company was changed from "Blend Financial Services Private Limited" to "Blend Financial Services Limited". For further details of the change in name of our Company and registered office, please see section titled "History and Certain Corporate Matters" on page 84 of this Draft Red Herring Prospectus)

Registered Office and Corporate Office: 404, 4th Floor, C-Wing, Pramukh Plaza, Cardinal Gracious Road, Chakala, Andheri East, Mumbai- 400099

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PROMOTERS OF OUR COMPANY: Mr. Kailash Chandra Gupta, Mr. Ravi Gupta and Ms. Vaibhavi Mahendra Thakkar

PUBLIC ISSUE OF 42,50,000 EQUITY SHARES OF FACE VALUE RS. 10 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) OF BLEND FINANCIAL SERVICES LIMITED ("BLEND" OR "COMPANY") AGGREGATING UP TO RS. [•] LAKHS ("ISSUE"). THE ISSUE COMPRISES A NET ISSUE TO THE PUBLIC OF 42,15,000 EQUITY SHARES (THE "NET ISSUE") AND A RESERVATION OF 35,000 EQUITY SHARES FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE AND NET ISSUE SHALL CONSTITUTE 25.31% AND 25.10 % OF THE POST ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY, RESPECTIVELY.

PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH

THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE

THE FACE VALUE OF EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND, EMPLOYEE DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

THE COMPANY, IN CONSULTATION WITH THE BRLMS, MAY DECIDE TO OFFER DISCOUNT OF RS. [•] TO THE ISSUE PRICE TO THE ELIGIBLE EMPLOYEES ("EMPLOYEE DISCOUNT"). THE EXCESS AMOUNT PAID AT THE TIME OF BIDDING SHALL BE REFUNDED TO THE ELIGIBLE EMPLOYEES.

In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bid/ Issue Period not exceeding 10 (Ten) working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the Members of the Syndicate.

The Issue is being made under Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Provided that our Company may allocate upto 30% of the QIB Portion to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"). Further 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be available for allocation proportionately to the QIB Bidders. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 35,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention of investors is invited to the section titled "Issue Procedure" on page 214 of this Draft Red Herring Prospectus.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of equity shares of our Company, there has been no formal market for the equity shares of our Company. The face value of the Equity Shares is Rs. 10 each and the Issue Price is '[•]-times' of the face value. The Issue Price (has been determined and justified by the BRLMs and our Company as stated under the section titled "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the 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 investors is invited to the statement of 'Risk Factors' given on page XII of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries and accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to the Issuer, 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 makes 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.

IPO GRADING

This Issue has been graded by [•] as [•], indicating [•]. The rationale furnished by the grading agency for its grading will be updated at the time of filing of the Red Herring Prospectus with the Designated Stock Exchange. For more information on the IPO grading, see section titled "General Information" on page 14 of this Draft Red Herring Prospectus.

LISTING ARRANGEMENT

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received in-principle approval from these Stock Exchanges for the listing of our Equity Shares pursuant to their letters dated [•] and [•] respectively. For purposes of this Issue, the Designated Stock Exchange is [•].

BOOK RUNNING LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

| | | | |
|--|---|--|--|
| | | | |
| IDBI CAPITAL MARKET SERVICES LIMITED 5 th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: +91 22 4322 1212 Fax: +91 22 2283 8782 Email: blend.ipo@idbicapital.com Investor Grievance Email: redressal@idbicapital.com Website: www.idbicapital.com Contact Person: Mr. Kartik Shah/ Mr. Rishi Tiwari SEBI Registration No.: INM000010866 | PL CAPITAL MARKETS PVT. LTD. 3 rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai – 400 018 Tel: +91 22 6632 2222 Fax: +91 22 6632 2229 Email: ipo_blendfinance@plindia.com Investor Grievance Email: grievance-mbd@plindia.com Website: www.plindia.com Contact person: Mr. Ajesh Dalal/ Mr. Ghanshyam Kapadia SEBI Registration No.: INM000011237 | PUNJAB NATIONAL BANK Capital Market Services Branch, PNB House, 2 nd Floor, Sir P. M. Road, Fort, Mumbai – 400001 Tel: +91 22 2262 1122-3 Fax: +91 22 2262 1124 Email: blend.ipo@pnb.co.in Investor Grievance Email: investor.blend@pnb.co.in Website: www.pnbindia.in Contact person: Mr. K K Khurana/ Mr. P K Kapoor/Mr. L N Sachdeva SEBI Registration No.: INM 0000010882 | LINK INTIME INDIA PRIVATE LIMITED C 13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai- 400078 Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: bfsi.ipo@linkintime.co.in Investor Grievance Email: bfsi.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sanjog Sud SEBI Registration No.: INR000004058 |

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON*

[•]

BID/ISSUE CLOSES ON**

[•]

*Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

** Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.

TABLE OF CONTENTS

| | |
|---|------------|
| SECTION I: GENERAL | I |
| DEFINITIONS AND ABBREVIATIONS | I |
| PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA | IX |
| FORWARD-LOOKING STATEMENTS | XI |
| SECTION II: RISK FACTORS | XII |
| SECTION III: INTRODUCTION | 1 |
| SUMMARY OF THE INDUSTRY | 1 |
| SUMMARY OF OUR BUSINESS | 3 |
| SUMMARY FINANCIAL INFORMATION | 6 |
| THE ISSUE | 12 |
| GENERAL INFORMATION | 14 |
| CAPITAL STRUCTURE | 24 |
| OBJECTS OF THE ISSUE | 39 |
| BASIS FOR ISSUE PRICE | 46 |
| SECTION IV: ABOUT THE COMPANY | 61 |
| INDUSTRY OVERVIEW | 61 |
| OUR BUSINESS | 70 |
| REGULATIONS AND POLICIES | 82 |
| HISTORY AND CERTAIN CORPORATE MATTERS | 84 |
| MATERIAL CONTRACTS | 88 |
| OUR MANAGEMENT | 90 |
| OUR PROMOTERS AND GROUP COMPANIES | 104 |
| RELATED PARTY TRANSACTIONS | 112 |
| DIVIDEND POLICY | 113 |
| SECTION V: FINANCIAL STATEMENTS | 114 |
| AUDITORS' REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION OF BLEND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES AND JOINT VENTURE | 114 |
| AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION OF BLEND FINANCIAL SERVICES LIMITED | 143 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 177 |
| FINANCIAL INDEBTEDNESS | 189 |
| SECTION VI: LEGAL AND REGULATORY INFORMATION | 191 |
| OUTSTANDING LITIGATIONS AND DEFAULTS | 191 |
| GOVERNMENT APPROVALS | 194 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES | 198 |
| SECTION VII: ISSUE INFORMATION | 207 |
| TERMS OF THE ISSUE | 207 |
| ISSUE STRUCTURE | 209 |
| ISSUE PROCEDURE | 214 |
| SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY | 246 |
| SECTION IX: OTHER INFORMATION | 272 |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 272 |
| MATERIAL CONTRACTS TO THE ISSUE | 272 |
| MATERIAL DOCUMENTS | 272 |
| DECLARATION | 274 |

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS

| TERM | DESCRIPTION |
|--|--|
| “We”, “us”, “our”, “the Issuer”, “the Company”, “our Company”, “Blend” | Unless the context otherwise requires, refers to Blend Financial Services Limited a public limited company incorporated under the provisions of Companies Act, 1956. |
| “Directors” | Directors of Blend Financial Services Limited, unless otherwise specified. |
| “Our Promoters” | Mr. Kailash Chandra Gupta, Mr. Ravi Gupta and Ms. Vaibhavi Mahendra Thakkar. |
| “Our Group Companies” | Ambuja Trading Services Private Limited, Blend Insurance Brokers Private Limited, Blend Capital Holding Private Limited, Nirmaan Microfinance Private Limited, Blend Financial Services (Partnership firm), NR Consultancy & Financial Services (Partnership firm) and Blend Investments (Proprietorship - Ravi Gupta) and Blend Investments (Proprietorship - Payal Gupta). |
| “Our Subsidiary(s)” | Blend Management Services FZCO, Dubai & Blend Fincap Limited, Hong Kong. |
| “you”, “your” or “yours” | Prospective investors in this Issue. |

CONVENTIONAL OR GENERAL TERMS

| TERM | DESCRIPTION |
|--|--|
| “Articles”/“Articles of Association” | Articles of Association of our Company. |
| Auditors | The Statutory Auditors of our Company, M/s. Suresh Surana & Associates, Chartered Accountants. |
| “Board”/“Board of Directors” | Board of Directors of our Company including a duly constituted committee thereof. |
| Companies Act | The Companies Act, 1956, as amended from time to time. |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository Participant | A depository participant as defined under the Depositories Act, 1996. |
| FCNR Account | Foreign Currency Non Resident Account. |
| Financial Year/ Fiscal/ FY | The period of twelve months ended 31 March of that particular year. |
| Insurance Act | Insurance Act, 1938, as amended from time to time. |
| “Memorandum”/“Memorandum of Association” | Memorandum of Association of our Company. |
| Registered Office of our Company/ Registered Office of the Company | Pramukh Plaza, C-Wing, 4 th Floor, Cardinal Gracious Road, Chakala, Andheri East, Mumbai- 400099. |

ISSUE RELATED TERMS

| TERM | DESCRIPTION |
|--|---|
| Allotment/ Allot/ Allotted/ Allotment of Equity Shares | The issue and allotment of the Equity Shares, pursuant to the Issue by our Company. |
| Allottee | A successful Bidder to whom the Equity Shares are being/ have been allotted. |
| Anchor Investor | A Qualified Institutional Buyer applying under the Anchor Investor Portion, with a minimum Bid of Rs. 1,000 Lakhs. |
| Anchor Investor Bid/Issue Period | The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. |

| TERM | DESCRIPTION |
|--|---|
| Anchor Investor Issue Price | The final price at which Equity Shares will be issued and Allotted to Anchor Investors in term of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher then the Issue Price but not higher than the Cap Price. The Anchor Investor Issue will be decided by our Company in consultation with the BRLMs. |
| Anchor Investor Portion | Up to 30% of the QIB Portion allocated by the Company to the Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for the domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investor. |
| ASBA/ Applications Supported by Blocked Amount | An application, whether physical or electronic, used by Bidders to make a bid authorising a SCSB to block the Bid amount in the specified bank account maintained with the SCSB. |
| ASBA Bidder | Prospective Investors in this Issue who intend to Bid/apply through ASBA. |
| ASBA Bid cum Application Form or ASBA BCAF | The form, whether physical or electronic, used by an ASBA Bidder to make a Bid through a Self Certified Syndicate Bank, which will be considered as the application for Allotment for the purposes of the Draft Red Herring Prospectus and the Prospectus. |
| ASBA Revision Form | The form used by the ASBA Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA BCAFs or any previous ASBA Revision Forms. |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described under "Issue Procedure" on page 214 of this Draft Red Herring Prospectus. |
| Bid | An indication to make an offer, made during the Bidding/Issue Period by a Bidder or during the Anchor Investor Bid/Issue Period, by the Anchor Investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For the purpose of ASBA Bidders, it means an indication to make an offer during the Bidding/ Issue Period by an ASBA Bidder pursuant to the submission of the ASBA BCAF to subscribe to the Equity Shares. |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form. |
| Bid cum Application Form | The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Draft Red Herring Prospectus including ASBA BCAF (if applicable). |
| Bid/ Issue Closing Date | The date after which the members of the Syndicate and SCSB will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper. However, the Company may, in consultation with the BRLMs, decide to close the bidding by QIBs (including QIBs bidding through ASBA) one day prior to the closure of the Issue, provided that the Bidding shall be kept open for a minimum of three days for all categories of Bidders. |
| Bid/ Issue Opening Date | The date on which the members of the Syndicate and SCSB shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper. |
| Bid/Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof. |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form. |
| ESOP 2010 or Blend ESOP 2010 | Employees Stock Option Plan, 2010 of the Company. |
| Book Building Process | Book building mechanism as provided under Schedule XI of the SEBI ICDR Regulations in terms of which this Issue is made. |
| BRLMs/ Book Running Lead Managers | Book Running Lead Managers to this Issue, in this case being IDBI Caps, PLCM and PNB. |

| TERM | DESCRIPTION |
|-------------------------------------|--|
| CAN/ Confirmation of Allotment Note | The note or advice or intimation including any revision thereof sent to each successful Bidder (including Anchor Investor) indicating the Equity Shares allocated after discovery of Issue Price. |
| Cap Price | The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted. |
| Cut-off/ Cut-Off Price | The Issue Price finalised by the Company, in consultation with the BRLMs, and it shall be any price within the Price Band. A Bid submitted at Cut-off Price by a Retail Individual Bidder and Eligible Employees whose Bid Amount does not exceed Rs. 1,00,000 is a valid Bid at all price levels within the Price Band. Eligible Employees will be eligible for the Employee Discount. |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA BCAF used by ASBA Bidders and a list of which is available on www.sebi.gov.in/pmd/scsb.html . |
| Designated Date | The date on which the Escrow Collection Bank(s) transfer the funds from the Escrow Account to the Public Issue Account and the Refund Account and the SCSBs transfer the amounts blocked in the ASBA Accounts to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot the Equity Shares to successful Bidders. |
| Designated Stock Exchange | [●]. |
| Draft Red Herring Prospectus/DRHP | The Draft Red Herring Prospectus dated 18 September 2010 issued in accordance with Section 60-B of the Companies Act and SEBI ICDR Regulations, which is filed with SEBI and does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. |
| Eligible NRI / NRI | An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof. |
| Eligible Employee | A permanent and full-time employee of our Company (excluding Promoter and immediate relatives of the Promoters) or our Subsidiaries or that of material associate(s) of our Company whose financial statements are consolidated with our Company's financial statements as per Accounting Standard 21, as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and/or present in India as on the date of submission of the Bid cum Application Form/ ASBA Form and who continue to be in the employment of our Company or of the Subsidiaries or that of material associate(s) of our Company, as the case may be, until submission of the Bid cum Application Form/ ASBA Form. |
| Employee Discount | Discount of Rs. [●] to the Issue Price determined pursuant to the completion of the Book Building Process given to the Eligible Employees. |
| Employee Reservation Portion | The portion of the Issue, being 35,000 Equity Shares of face value of Rs 10 each, available for allocation to Eligible Employees, subject to valid Bids being received. |
| Equity Shares | Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof. |
| Escrow Account | Account opened with Escrow Collection Bank(s) and in whose favor the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid. |
| Escrow Agreement | Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks, Members of the Syndicate and the BRLMs in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding ASBA Bidders). |
| Escrow Collection Bank(s) | The banks, which are registered with SEBI and are entitled to act as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●]. |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form or ASBA BCAF. |

| TERM | DESCRIPTION |
|---------------------------|---|
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted. |
| IDBI Caps | IDBI Capital Market Services Limited. |
| Indian National | A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI. |
| Issue / Public Issue | Public Issue of up to 42,50,000 Equity Shares of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] Lakhs including the Employee Reservation Portion of 35,000 Equity Shares. |
| Issue Agreement | The agreement dated 16 September 2010 entered into among our Company and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Proceeds | The proceeds of this Issue that are available to our Company. |
| Issue/ Bidding Period | The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids. |
| Issue Price | The final price at which the Equity Shares will be Allotted in the Issue, which be decided by our Company, in consultation with the BRLMs, on the Pricing Date. |
| Margin Amount | The amount paid by the Bidder at the time of submission of the Bid, being 100% of the Bid Amount. |
| Mutual Funds | Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. |
| Mutual Fund Portion | Upto 5% of the QIB portion (excluding the Anchor Investor Portion), being Equity Shares, available for Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds. |
| Net Issue | The Issue less the Employee Reservation Portion. |
| Net Proceeds | The Issue Proceeds less the Issue related expenses. For further information about use of the Issue Proceeds and the Issue expenses see section titled "Objects of the Issue" on page 39 of this Draft Red Herring Prospectus. |
| Non Institutional Bidders | All Bidders (including sub-accounts which are foreign corporates or foreign individuals) that are not QIBs or Retail Individual Bidders or Eligible Employees bidding under the Employee Reservation Portion and who have bid for Equity Shares for an amount more than Rs. 1,00,000 (but not including NRIs other than Eligible NRIs). |
| Non Institutional Portion | The portion of this Issue being not less than 15% of the Net Issue consisting of 6,32,250 Equity Shares of Rs. 10 each aggregating Rs. [●] Lakhs, available for allocation to Non Institutional Bidders. |
| Non-Resident | A person resident outside India, as defined under FEMA and includes a Non Resident Indian. |
| Offer Document | Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus. |
| Pay-in Date | The Bid/Issue Closing Date, except with respect to Anchor Investors, the Anchor Investor Bidding Date or a date not later than two days after the Bid/Issue Closing date, as may be applicable. |
| Pay-in-Period | With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period and extending until two Working Days after the Bid/ Issue Closing Date. In the event the Anchor Investor is required to pay any additional amount due to the Issue Price being higher than the Anchor Investor Issue Price. |
| PLCM | PL Capital Markets Pvt. Ltd. |
| PNB | Punjab National Bank. |
| Price Band | Price band of a minimum price (Floor Price) and the maximum price (Cap Price) and includes revisions thereof including any revision to such Floor Price or Cap Price as may be permitted by the SEBI ICDR Regulations. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLMs and advertised in an English national newspaper, a |

| TERM | DESCRIPTION |
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| | Hindi national newspaper and a Marathi newspaper, each with wide circulation in the place where our Registered Office is situated, at least two Working Days prior to the Bid/Issue Opening Date. |
| Pricing Date | The date on which our Company, in consultation with the BRLMs, finalises the Issue Price. |
| Prospectus | The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information. |
| Public Issue Account | Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date. |
| QIB Portion | The portion of the Net Issue to be Allotted to QIBs (including the Anchor Investor Portion) being upto 21,07,500 Equity Shares. |
| Qualified Institutional Buyers or QIBs | Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than sub-account which is a foreign corporate or foreign individual; multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 Lakhs, pension fund with minimum corpus of Rs. 2,500 Lakhs, National Investment Fund set up by Government of India and insurance funds set up and managed by army, navy or air force of the Union of India. |
| Red Herring Prospectus/RHP | The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date. |
| Refund Account | The account opened with Escrow Collection Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made. |
| Refund Banker(s) | The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●]. |
| Refunds through electronic transfer of funds | Refunds through electronic transfer of funds means refunds through ECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable. |
| Registrar/ Registrar to this Issue | Link Intime India Private Limited. |
| Retail Individual Bidders | Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue. |
| Retail Portion | Consists of 14,75,250 Equity Shares of Rs. 10 each aggregating Rs. [●] Lakhs, being not less than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s). |
| Revision Form | The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid price in any of their Bid cum Application Forms or any previous Revision Form(s). |
| Self Certified Syndicate Bank (SCSB) | SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by SEBI from time to time. |
| SEBI ESOP Guidelines | Securities and Exchange Board of India (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 as amended. |
| Stock Exchanges | Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. |
| Syndicate | The BRLMs and the Syndicate Member. |

| TERM | DESCRIPTION |
|---------------------------------------|---|
| Syndicate Agreement | The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids (excluding ASBA Bids) in this Issue. |
| Syndicate/ Member(s) of the Syndicate | Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member(s) is / are appointed by the BRLMs, in this case being [●]. |
| Transaction Registration Slip/ TRS | The slip or document issued by the Syndicate Member or the SCSB (only on demands) to the Bidders as proof of registration of the Bid. |
| Underwriters | The BRLMs and the Syndicate Member. |
| Underwriting Agreement | The Agreement amongst the Underwriters and our Company to be entered into on or after the Pricing Date. |

INDUSTRY RELATED TERMS

| TERMS | DESCRIPTION |
|-------|---|
| BSE | Bombay Stock Exchange Limited |
| CRAR | Capital to Risk (Weighted) Assets Ratio |
| CIA | Central Intelligence Agency |
| CARE | Credit Analysis & Research Limited |
| CP | Commercial Paper |
| FZCO | Free Zone Company |
| F & O | Futures and Options |
| LIBOR | London Interbank Offered Rate |
| MSME | Micro, Small & Medium-sized Enterprise |
| NSE | National Stock Exchange of India Limited |
| NBFC | Non- Banking Finance Company as defined under the Reserve Bank of India Act, 1934 and regulations promulgated thereunder, as amended from time to time. |
| NCD | Non Convertible Debenture |
| PE | Private Equity |
| RBI | Reserve Bank of India |
| SME | Small & Medium-sized Enterprise |
| STT | Securities Transaction Tax |
| UPSI | Unpublished Price Sensitive Information |
| VC | Venture Capital |
| WDM | Wholesale Debt Market |

ABBREVIATIONS

| ABBREVIATION | FULL FORM |
|-----------------------------|--|
| UAE Dirham or Dirham or AED | The official currency of United Arab Emirates |
| Act or Companies Act | The Companies Act, 1956 as amended from time to time |
| AGM | Annual General Meeting |
| AMBI | Association of Merchant Bankers of India |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| ASBA | Application Supported by Blocked Amount |
| AY | Assessment Year |
| BSE | Bombay Stock Exchange Limited |
| BG/LC | Bank Guarantee/ Letter of Credit |
| CAGR | Compounded Annual Growth Rate |
| CARE | Credit Analysis & Research Limited |
| CDSL | Central Depository Services (India) Limited |
| DP | Depository Participant |
| DP ID | Depository Participant's Identity |
| DTC | Direct Tax Code |
| EBITA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| ECS | Electronic Clearing System |

| ABBREVIATION | FULL FORM |
|-------------------------|--|
| EGM | Extra Ordinary General Meeting of the shareholders |
| EPS | Earnings per Equity Share |
| FCNR Account | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder |
| FEMA Regulations | FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto |
| FII | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India |
| FIs | Financial Institutions |
| FIPB | Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India |
| FVCI | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry Number |
| GoI/ Government | Government of India |
| HUF | Hindu Undivided Family |
| INR / Rs./ Rupees | Indian Rupees, the legal currency of the Republic of India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| ISIN | INE448101010 |
| IT Act | The Income Tax Act, 1961, as amended from time to time |
| IT Rules | The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise |
| JV Agreement | Share Subscription Agreement and Shareholders Agreement dated 4 November 2009 entered into amongst the JV Partners |
| JV Company | The company incorporated in terms of the JV Agreement by our Company by the name of "India Factoring and Finance Solutions Private Limited". |
| JV Partners | FIMBank Plc., Banca IFIS, Punjab National Bank and our Company |
| Mn/ mn | Million |
| MOU | Memorandum of Understanding |
| NA/n.a | Not Applicable |
| NAV | Net Asset Value |
| NEFT | National Electronic Fund Transfer |
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI/Non-Resident Indian | A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended |
| NRO Account | Non Resident Ordinary Account |
| 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 beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit after tax |
| PBT | Profit before tax |
| PIO | Person of Indian Origin |
| PLR | Prime Lending Rate |

| ABBREVIATION | FULL FORM |
|--|---|
| RBI | The Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time |
| RoC/Registrar of Companies | The Registrar of Companies, Mumbai, Maharashtra |
| RoNW | Return on Net Worth |
| Rs./ INR | Indian Rupees |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contract (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI Regulations/ SEBI ICDR Regulations | The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended |
| SEBI Insider Trading Regulations | The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations or Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time |
| USD/ \$/ US\$ | The United States Dollar, the legal currency of the United States of America |

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 114 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 246 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

In this Draft Red Herring Prospectus, unless the context otherwise indicates or implies, references to:

- “you”, “purchaser”, “subscriber”, “investors” and “potential investor” are to the prospective investors of the Equity Shares issued pursuant to this Issue.
- “we” “us” and “our” refer to Blend Financial Services Limited on a consolidated basis and “our Company”, “the Company” and “Blend” refers to Blend Financial Services Limited on an unconsolidated basis.

References in this Draft Red Herring Prospectus to “India” are to the Republic of India and the “Government” or the “Central Government” or the “State Government” are to the Government of India (“GOI”), central or state, as applicable.

Financial Data

Unless stated otherwise the financial data in this Draft Red Herring Prospectus is derived from the Company’s restated audited financial statements for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of the statutory Auditors, Suresh Surana and Associates, Chartered Accountants.

Our Fiscal Year commences on 1 April and ends on 31 March of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2010), are to the fiscal year ended 31 March of a particular year.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Currency of Presentation

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to ‘Rupees’ or ‘Rs.’ are to Indian Rupees, the official currency of the Republic of India.

All references to the word “Lakh”, “Lakhs”, “Lac” or “Lacs” means “One Hundred Thousand”, the word “Crore” means “Hundred Lakhs”, the word “million (million)” means “Ten Lakhs”, the word “Crore” means “One Hundred Lakhs” and the word “billion (bn)” means “One Hundred Crores”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

All references to ‘\$’, ‘US\$’ or ‘U.S. Dollars’ are to United States Dollars, the official currency of the United States of America.

All references to “AED”, “Dirham”, “UAE Dirham” are to the official currency of the United Arab Emirates.

All references to “HK\$”, “HKD”, or “Hong Kong Dollars” are to the official currency of Hong Kong.

Exchange Rates

This Draft Red Herring Prospectus contains translations of certain US Dollar, UAE Dirham and Hong Kong Dollar into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These convenience translations should not be construed as a representation that those US Dollar, UAE Dirham and Hong Kong Dollar could have been, or can be converted into Indian Rupees, at any particular rate.

Industry and Market Data

Unless stated otherwise, market and industry data used in this Draft Red Herring Prospectus has been obtained from publications (including websites) available in public domain and internal Company reports and data.

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 the Company believes the market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.

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.

The information included in this Draft Red Herring Prospectus about other listed and unlisted companies is based on their respective annual reports and their respective information publicly available.

FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contains words such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “is likely to result in”, “contemplate”, “seek to”, “future”, “objective”, “should” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements.

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

- General economic and business conditions in the markets in which the Company operates and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which the Company operates;
- Increased competition in the industry in which the Company operates;
- Changes in political and social conditions in India or in other countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our ability to meet our capital expenditure requirements;
- The performance of the financial markets in India; and
- Any adverse outcome in the legal proceedings in which we are involved.

For further discussion of factors that could cause our actual results to differ from our expectations, see sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages XII, 70 and 177 respectively, of this Draft Red Herring Prospectus.

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. Forward-looking statements refer to expectations only as of the date of this Draft Red Herring Prospectus. Neither our Company, our Directors and officers nor members of the Syndicate nor any of their respective affiliates or associates 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 (to the extent of any statements made by it under the DRHP), the BRLMs, will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us.

Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

For capitalized terms used but not defined in this chapter, see the section titled "Definitions and Abbreviations" beginning on page I.

INTERNAL RISKS RELATING TO OUR BUSINESS

- 1. Our Company's investment in the JV Company is subject to statutory approvals and licences granted by the Reserve Bank of India to the JV Company. We cannot assure you that the JV Company may be able to procure the said license/registration without delay or at all. In the event the JV Company is unable to procure the NBFC registration from the RBI or there is a delay in procuring the said license, the JV Company may not be able to commence the business as proposed or at all and therefore the Company may not be able to utilise part of the funds raised for the purpose as stated in the Objects of the Issue.***

Our Company's investment in the JV Company is subject to statutory approvals and licences granted by the Reserve Bank of India to the JV Company. We cannot assure you that the JV Company may be able to procure the said license without delay and may be able to carry on the business that it proposes to. In the event the JV Company is unable to procure the NBFC registration from the RBI, the JV Company may not be able to commence the business and the Company may not be able to utilise part of the funds raised for the purpose as stated in the Objects of the Issue. Further, in the event the JV Company does not procure the NBFC registration from the Reserve Bank of India it may not be able to allot further shares to the JV Partners as is contemplated in the JV Agreement. Any delay in procuring such a license / registration may affect our business plans, thereby, adversely affecting our revenue and profits.

- 2. Our Company's proposed investment in equity shares of the JV Company, one of the objects of this Issue, is dependent upon obtaining required statutory approvals from the relevant regulatory authorities and also on the condition that the JV Company decides to raise its paid up capital. In the event the JV Company is unable to increase its capital it may adversely affect our revenue and profit.***

Our Company proposes to invest a sum of Rs. 2,450 lakhs in the equity shares of the JV Company. This fund requirement is dependent on the JV Company (i) meeting its targets as per its business plan; or (ii) requiring additional capital as per applicable law; or (iii) requiring to maintain the minimum CRAR. In the event the JV Company intends to increase its capital it may issue a notice to its existing shareholders requiring them to compulsorily subscribe to shares up to Rs. 500,00,00,000 (Fifty Thousand lakhs) in accordance with the ratio of their shareholding in the JV.

We cannot ascertain when the requirement of this investment of Rs. 2,450 lakhs may arise since the same is subject to the JV Company meeting its targets, additional capital requirement as per applicable law, or the requirement to maintain the minimum CRAR. This may delay our business plans, thereby, adversely affecting our revenue and profits.

3. ***The Objects of the Issue for which funds are being raised, are based on our management estimates and the same have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the Objects of the Issue.***

The fund requirement and deployment, as mentioned in the “Objects of the Issue” beginning on page 39 of this Draft Red Herring Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds towards the Objects of the Issue is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency.

Further, we cannot assure that the actual costs or schedule of implementation as proposed in the “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

4. ***Our Company is yet to enter into definitive agreement for purchase / lease of properties at identified locations where we propose to expand our operations. Any delay in execution of such agreements may affect our operations and in turn adversely affect our Company’s revenue and profits..***

Rs. 1607.10 Lakhs of the net proceeds of the Issue is proposed to fund the planned expansion as set out in the chapter titled ‘Objects of the Issue’ beginning on page 39 of this Draft Red Herring Prospectus. Our Company has not identified properties in cities where we intend to expand / commence our operations. Any delay in setting up these regional offices/branches or placing the orders for procurement of furniture or fixtures and other equipments required may delay our proposed expansion plans thus adversely affecting our revenue and profits. Any variation between the estimated cost and the actual cost borne by the Company may affect the cost earmarked for setting up of operations in these locations.

5. ***Our Company has not identified any target companies for strategic investments or acquisitions. Any delay in identifying such target companies may impact our business plans.***

As part of the objects of the Issue, we intend to undertake strategic investments or acquisitions of financial services company(ies) and have identified use of Rs.1000.00 Lakhs towards the same, from the net proceeds of the Issue. For further details, please refer section titled “Objects of the issue” of this Draft Red Herring Prospectus. We have not yet entered into any definitive agreements to utilize the funds allocated for acquisitions or investments. There can be no assurance that we will be able to conclude definitive agreements for such expenditures on terms anticipated by us. As on the date of the Draft Red Herring Prospectus, we have not yet identified specific acquisition or investment targets. Any delay in identifying such investment or acquisition opportunities or foregoing any good investment /opportunity, may affect our revenue and profits adversely

6. ***Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand.***

We have earmarked an amount of Rs. 1095.45 Lakhs for brand building exercise, for details please refer to section “Objects of the issue” on page 39. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand.

7. ***Our revenue and profits are highly volatile in last few years. We cannot assure any steady earnings growth in Revenue and Profits in future, which may cause the price of our Equity Shares to decline or volatile.***

We primarily offer advisory services for arranging debt and equity fund raising for our clients. The business of financial advisory services is volatile in nature. The business is dependent on various factors, namely credit growth, movement in the domestic stock markets and GDP growth of our country. Our debt syndication is directly related to the monetary policy of the Reserve Bank of India.

Our business generates revenues on achieving certain transaction milestones and hence the revenue stream is irregular. The timing of achievement of such key milestones may not be in our control. As a result, our financial results may fluctuate from quarter to quarter. It may be difficult for us to achieve steady earnings growth on a periodic basis, which could, in turn, lead to volatility in our earnings resulting in volatility in prices of our Equity Shares, once listed and traded on stock markets.

For more details of our past financial performance, please refer section titled “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 114 and 177 of this Draft Red Herring Prospectus.

8. ***We have not complied with certain provisions of the Companies Act, 1956.***

In the past, there has been non-compliance in relation to Section 269 and Schedule XIII of the Companies Act, 1956. The Company has paid an excess remuneration of Rs. 1,02,34,508 and Rs. 49,47,671 to its executive directors for the financial year ended 31 March 2009 and 31 March 2010 respectively. Under the provisions of the Companies Act, upon conversion of our Company from “Private Limited” Company to Public “Limited” Company, we were required to obtain prior approval of the Central Government, in respect of the appointment and excess remuneration paid to our Chairman, Managing Director and Whole Time Director. We have applied to the Central Government *vide* our letter dated 10 August 2010 seeking sanction for the appointment (including payment of remuneration) of the Chairman, Managing Director and Whole Time Director. We are yet to receive the sanction for the same from the Central Government. In the event we are unable to receive the sanction from the Central Government, we may be liable to penalties for the same and our financial condition may be affected to the extent of the fines/ penalties imposed on us by the Central Government.

9. ***The restated standalone financial statements of our Company contain auditors’ qualifications for certain years.***

The auditors’ report carries a qualification pertaining to the Company paying managerial remuneration in excess of limits prescribed under section 198 of the Companies Act.

This pertains to the Company having paid an excess remuneration of Rs. 1,02,34,508 and Rs. 49,47,671 to its executive directors for the financial year ended 31 March 2009 and 31 March 2010 respectively.

10. ***Our Company and one of our Group Companies have received demand notices from the income tax authorities raising certain tax demands against which appeals have been filed before the appellate authorities. Should such appeals be decided against us, it would have an implication on the financial condition of the Company.***

Our Company and Ambuja Trading Services Private Limited, one of our Group Companies, have received demand notices calling upon us to make payment of the tax liabilities determined under the assessment orders and appeals against the said assessment orders have been filed before the concerned appellate authorities. The outcome of said appeals is uncertain and in the event the said notices become immediately due and payable, the financial condition of our Company may be adversely affected. The quantum of such demands has been listed below:

Cases filed by our Company and Group Companies

(Rs. in Lakhs)

| Name of Entity | Nature of Litigation | Quantum |
|---|----------------------|---------------|
| <u>Our Company</u> | | |
| Blend Financial Services Limited | Income Tax | 147.59 |
| | Sub-total (A) | 147.59 |
| <u>Our Group Companies</u> | | |
| Ambuja Trading Services Private Limited | Income Tax | 2.74 |
| | Sub-total (B) | 2.74 |
| Total (A + B) | | 150.33 |

Our Company and the abovenamed Group Company may be subject to an aggregate liability of Rs. 150.33 Lakhs along with interest and penalty that may be imposed by the tax authorities in relation to the said amounts.

Cases against our Company, Promoter and Group Companies

There is no litigations to which the Company, Promoter and our Group Companies are subject to.

For further details of these legal proceedings, please see the section titled "Outstanding Litigation and Defaults" on page 191.

11. Our Promoters and Promoter Group will continue to hold about 70.72% (a majority) of post-Issue paid-up capital and can therefore influence the outcome of any shareholder approvals.

Our Promoters and Promoter Group will hold about 70.72% of post-Issue paid-up capital of our Company, which is sufficient enough to influence the outcome of any shareholder meetings. Our Promoters and Promoter Group have and will continue to exercise a significant degree of influence and will be able to control the outcome of any proposal that can be passed with a majority shareholder vote. This will include their ability to appoint directors, approve major actions in any shareholders' meetings including the issue of Equity Shares, dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture, any amendment to our Memorandum and Articles of Association etc. This may sometimes conflict with our best interests and/or the interests of our minority shareholders. We cannot assure that such actions will not have an adverse effect on our other shareholders, our business operations, financial performance and the price of our Equity Shares.

For more details of shareholding of Promoter and Promoter's Group, please refer section titled "Capital Structure" beginning on page 24 of this Draft Red Herring Prospectus.

12. Two of our promoters namely, Mr. Kailash Chandra Gupta and Mr. Ravi Gupta, have given personal guarantees of Rs. 30 Lacs borrowed by our Company from Standard Chartered Bank. In the event all or any of the personal guarantees are invoked, it may adversely affect the financial position of our promoters.

Our Company has availed a business instalment loan amounting to Rs. 30 Lakhs from Standard Chartered Bank under a loan agreement. Under the said loan agreement, our Promoters, Kailash Chandra Gupta and Ravi Gupta, were required to provide their personal guarantee for repayment of the loan. The guarantee is irrevocable and valid upto the repayment of the loan. In case of default on the part of our Company for repayment of the loan, the guarantee may be invoked and our Promoters may be required to pay the outstanding amount. This would have a bearing on the financial position of our Promoters.

13. Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business.

Our Company has covered itself against certain risks. Our significant insurance policies cover for buildings, electronic equipments, servers, switches and modems for risks relating to physical loss,

damage to property arising out of burglary, fire and perils. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected. For details of insurance coverage taken by us please refer to section titled “*Our Business*” on page 70 of this Draft Red Herring Prospectus.

14. *Our branch offices are located on leased premises and failure to renew the same would have a material adverse effect on our business operations*

The branch offices of our Company at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Mumbai, Kolkata and Pune are located on leased premises. If any of the owners of these premises revoke the arrangements under which we occupy the premises or impose terms and conditions that are unfavourable to us, we may suffer a disruption in our operations or have to pay increased charges, which could have a material adverse effect on our business, financial condition and results of operations. For more information, see “*Our Business*” on page 70 of this Draft Red Herring Prospectus.

15. *Our indebtedness could restrict our ability to conduct our business and operations.*

As on 31 March 2010, we have availed an aggregate of Rs. 488.23 Lakhs as secured loans from various banks as per our restated consolidated balance sheet. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of assets, both present and future. In the event we are unable to pay our dues in time, our lenders may foreclose the mortgaged assets and the same would have an adverse impact on the business and operations of our Company

16. *Our contingent liabilities, which have not been provided for, could adversely affect our financial condition.*

As of March 31, 2010 our contingent liabilities as per our Restated Consolidated Financial Statements were Rs. 148.03 Lakhs. In the event our Company is called upon to pay some or all of such liabilities, its financial position and results of operations could be adversely affected. Set forth below is a table that summarizes our contingent liabilities as of March 31, 2010:

| Sr. No. | Particulars | Amount as at March 31, 2010 (Rs. In Lakhs) |
|---------|--|--|
| 1 | Disputed Income Tax liability for AY 2007-08 | 147.59 |
| 2 | Bank Guarantee | 0.44 |
| | Total | 148.03 |

For further details, see “*Financial Statements*” beginning on page 114.

17. *Our Company has registered negative cash flow in the past.*

We have had negative cash flows in the past, details of which are as follows:

On consolidated restated basis:

| Particulars | Financial Year ended 31 March 10 (Rs. In Lakhs) | Financial Year ended 31 March 2009 (Rs. In Lakhs) | Financial Year ended 31 March 2008 (Rs. In Lakhs) |
|--|---|---|---|
| Net cash from / (used in) operating activities | 137.87 | (629.74) | 1292.88 |
| Net cash used in investing activities | 218.90 | (133.55) | (1159.75) |
| Net cash from/(used in) financing activities | (285.06) | 564.49 | (143.88) |

| Particulars | Financial Year ended 31 March 10 (Rs. In Lakhs) | Financial Year ended 31 March 2009 (Rs. In Lakhs) | Financial Year ended 31 March 2008 (Rs. In Lakhs) |
|---|---|---|---|
| Net increase in cash and cash equivalents | 71.71 | (198.80) | (10.75) |

On standalone restated basis:

| Particulars | Financial Year ended 31 March 10 (Rs. In Lakhs) | Financial Year ended 31 March 2009 (Rs. In Lakhs) | Financial Year ended 31 March 2008 (Rs. In Lakhs) |
|--|---|---|---|
| Net cash from / (used in) operating activities | 462.37 | (997.25) | 1298.13 |
| Net cash used in investing activities | (71.60) | 422.84 | (1407.51) |
| Net cash from/(used in) financing activities | (284.77) | 364.75 | 44.30 |
| Net increase in cash and cash equivalents | 106.00 | (209.66) | (65.08) |

Any operating losses or negative cash flows in the future could affect our results of operations and financial conditions.

18. Possible Conflict of Interest with the Promoter Group Companies, Group Companies and our Subsidiaries that may affect implementation of our business strategy.

Our Subsidiary, i.e, Blend management Services FZCO, Dubai; one of our Promoter Group entities i.e, Blend Financial Services (partnership firm); and one of our Group Companies, i.e, Blend Capital Holding Private Limited, are in the same line of business as ours. Hence, there will be common pursuits between us and Blend Management Services FZCO, Dubai, Blend Capital Holding Private Limited and Blend Financial Services (partnership firm) which may result in a conflict of interest with our Company which may affect our results of operations. For further details refer to section titled "Group Companies" on page 104 of this Draft Red Herring Prospectus.

19. Some of our Group Companies have incurred losses in the past

Following are the Group Companies that have incurred losses in the last the last 3 (three) financial years:

| Name of the Entity | Profit after Tax for the FY ended 31 March | | |
|--|--|----------|---------|
| | 2008 | 2009 | 2010 |
| Ambuja Trading Services Private Limited | 128.77 | (279.14) | (51.72) |
| Blend Insurance Brokers Private Limited | (43.27) | (65.16) | 8.77 |
| Blend Capital Holding Private Limited | NA | (0.425) | (2.57) |
| Blend Investments, Proprietorship of Ms. Payal Gupta | 2.81 | (19.91) | 6.99 |

20. The deployment of the net proceeds is entirely at our discretion and is not subject to any monitoring by any independent agency.


We intend to use the net proceeds of the Issue as described in the "Objects of the Issue" beginning on page 39 of this Draft Red Herring Prospectus. The purposes for which the net proceeds of the Issue are to be utilized have not been appraised by any independent entity and are based on our estimates and on third party quotations. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirements and deployment of funds may also change. Further,


our Board shall monitor the utilization of the net proceeds of the Issue, which shall not be subject to any monitoring by any independent agency.

21. *Our failure to manage the growth of the Company effectively may adversely impact our business.*

Our future growth depends primarily upon our ability to manage key issues such as increasing market share, selecting and retaining skilled manpower, maintaining an effective technology platform that may be continually upgraded, developing a knowledge base to face emerging challenges, and ensuring a high standard of customer service. There can be no assurance that the Company will be able to maintain or accelerate its growth, and any failure to do so could adversely affect the Company's business and future financial performance.

22. *Our Trademark “” is not a registered trademark.*

We have applied for the registration of our trademark “” on 24 May 2010. The same is pending registration. We cannot assure you that we may be able to procure this trademark.

Further, our trademark “” is also used by most of our Group Companies.

23. *We await certain pending approvals/licences for some of our branch office. The pending approvals/licenses are as follows:*

Our Company has applied for (a) renewal of the Shops and Establishments registration for its hyderabad branch located at for the branch office located at Flat No. 103, Nirmal Towers, Dwarkapuri Colony, Panjagutta, Hyderabad – 500082 on 14 January 2010; and (b) Renewal of Trade license for our branch office located at office space No. 22, 2nd floor, 9 Magoe lane, Kolkata – 700001 on 7 May 2010.

24. *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 the 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 that 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 would 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. These risks could be heightened to the extent we invest in businesses or geographical regions in which we have limited experience. If we are not able to address these risks, our business, prospects, financial condition and results of operations could be adversely affected.

25. *In the last twelve months preceding the date of filing this DRHP, we have issued Equity Shares at a price which may be less than the Issue Price*

In the last twelve months prior to the date of filing of this DRHP, our Company has issued 3,33,333 Equity Shares to Wisdom Global Enterprises Ltd at an Issue price of Rs 150.00 per share including premium of Rs 140.00 per share, which may be lower than the Issue Price. The price at which the Equity Shares have been issued in the last twelve months is not indicative of the price at which the Equity Shares may be offered in the Issue.

26. *Our business is dependent on the relationships formed by our relationship managers with our clients. Any event jeopardizing these relationships will lead to a decline in our sales and profits.*

Our business 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, a trust based business environment and over time, better cross-selling opportunities. Our business and profits would suffer materially if a substantial number of relationship managers leave the company.

- 27. *Our foreign subsidiaries may face certain geographic, exchange rate and regulatory risks on account of our presence there, which if adverse can affect the financial operations of our company.***

We have two subsidiaries one each in Dubai and Hong Kong. In case of deterioration of economic conditions of the regions in which these subsidiaries operate or any fluctuation in the exchange rate and any regulatory changes in the region may adversely affect the operations of these Subsidiaries.

- 28. *We may require further equity issuances to satisfy our capital needs, which we may not be able to procure. Further such issuances may lead to a dilution of equity and may affect the market price of the Equity Shares.***

We may need to raise additional capital from time to time, dependent on business requirements. Some of the factors that may require us to raise additional capital include (i) business growth beyond what the current balance sheet can sustain, (ii) additional capital requirements imposed due to changes in regulatory regime or new guidelines, and (iii) significant depletion in our existing capital base due to unusual operating losses. We may not be able to raise such additional capital at the time it is needed or on terms and conditions favourable to us or to the existing shareholders. Further, fresh issue of shares or convertible securities would dilute the shareholding of the existing shareholders.

Any future issuances of Equity Shares by the Company may dilute shareholding of investors in the Company; adversely affect the trading price of the Company's Equity Shares and its ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Company's Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of the Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurances may be given that the Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

- 29. *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 our related parties may potentially involve conflict of interest and impose certain liabilities on our Company. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Company's financial condition and results of operations. Furthermore, it is likely that Company will continue to enter into related party transactions in the future. For further details, see "Related Party Transactions" beginning on page 112 of this Draft Red Herring Prospectus.

- 30. *The Equity Shares issued pursuant to the Issue may not be listed on the BSE and the NSE in a timely manner, or at all.***

In accordance with the Indian law and practice, permission for listing and trading of Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted and there could therefore be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any delay in obtaining such approval would restrict your ability to dispose of your Equity Shares.

- 31. *Any trading closure at the BSE and the NSE may adversely affect the trading price of our Equity Shares.***

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

,could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the NSE and the BSE could adversely affect the trading price of the Equity Shares.

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

The price of our Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

33. ***You will not be able to sell immediately any of the Equity Shares you are allotted in the Issue on any Stock Exchange.***

Under the SEBI Regulations, our Company is permitted to allot Equity Shares within 9 working days of the Bid/Issue Closing Date. Consequently, the Equity Shares allotted may not be credited to the demat accounts of allottees, with Depository Participants until approximately 12 days after the Bid / Issue Closing Date. One can start trading in the Equity Shares only after the shares have been credited to ones demat account and final listing and trading approvals are received from the Stock Exchanges.

There can be no assurance that the Equity Shares allotted will be credited to the demat accounts, or that trading in Equity Shares will commence within the specified time periods.

34. ***There has been no public market for the Equity Shares prior to this Issue so the Issue Price may not be indicative of the value of the Equity Shares.***

Prior to this Issue, there has been no public market for the Equity Shares of our Company in India or else where. After this Issue, there will be no public market for the Equity Shares in any country other than India. The Issue Price will be determined by our Company in consultation with the BRLMs and could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, any active trading market for the Equity Shares will develop or be sustained after this Issue, or that the offering price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue. Although we currently intend that the Equity Shares will remain listed on the NSE and the BSE, there is no guarantee of the continued listing of the Equity Shares. Failure to maintain our listing on the NSE and the BSE or other securities markets could diversely affect the market value of the Equity Shares.

EXTERNAL RISK FACTORS

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

The financial services industry is rapidly evolving, intensely competitive and has few barriers to entry. We expect competition to intensify in the future. Our competition varies depending on the size, nature and complexity of the proposal and on the geographical region in which the project is to be executed. Some of the financial intermediaries that we compete with, have greater financial resources and operating efficiencies. We face significant competition from companies and institutional players, having wide presence and a strong brand name. Many of our competitors have much larger customer bases, larger branch networks, wider range of services & products and more capital than we do. These competitors may be able to respond more quickly to new or changing opportunities, technologies and

client requirements. They may also be able to undertake more extensive promotional activities, offer attractive terms to clients, and adopt more aggressive pricing policies. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend in large part on our ability to respond in an effective and timely manner to these competitive pressures.

36. ***Our growth is dependent on the Indian economy. Any downturn in the Indian economy may affect our ability to raise debt financing, may lead to increased cost of financing or adversely affect the terms of financing.***

Our performance and the growth of our business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting food and agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business, including its ability to implement our strategy. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and Government policy may change in response to such conditions. While recent Governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment could have an adverse effect on our results of operations and financial condition.

37. ***Our industry is experiencing consolidation that may intensify competition.***

The financial services industry, both domestically and internationally, is undergoing change that has resulted in increasing consolidation and a proliferation of strategic transactions. This consolidation among our competitors could put us at a competitive disadvantage, which could cause us to lose customers, revenue and market share. They could force us to expend greater resources to meet new or additional competitive threats, which could harm our financial condition and operating results.

38. ***Financial services firms are subject to increased scrutiny concerning perceived conflicts of interest that increase the risk of financial liability and reputational harm resulting from adverse regulatory actions.***

Financial services firms are subject to numerous actual or perceived conflicts of interest and regulators may impose increased regulatory requirements for such firms to deal with potential conflicts of interest. Dealing appropriately with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with such conflicts. Our policies and procedures to address conflicts may also result in increased costs and the need for additional operational personnel. Failure to adhere to these policies and procedures may result in regulatory sanctions or client litigation.

39. ***Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business and the business of certain of our subsidiaries, and the market price and liquidity of the Equity Shares may be affected by change in interest rates, changes in government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India.

A significant change in the Government's policies could affect business and economic conditions in India and could also adversely affect our business.

40. ***Our business and financial performance is particularly vulnerable to interest rate risk.***

Our business is vulnerable to interest rate risk as it affects willingness of our customers to borrow funds. Any adverse movement in interest rates could materially and adversely affect our business and

financial condition. Any inability on our part to retain customers as a result of rising interest rates may adversely impact our earnings in future periods, which could have an adverse effect on our business, prospects, financial condition and results of operations.

41. *Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer and the price of the Equity Shares to decline.*

We are exposed to the risks consequent to being part of the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years, and some cooperative banks have also faced serious financial and liquidity difficulties. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business and financial performance and the price of the Equity Shares.

42. *The performance of our financial services business may be adversely affected by changes in, or the regulatory policies of, the Indian national, state and local Governments.*

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business and the business of certain of our subsidiaries, and the market price and liquidity of the Equity Shares may be affected by change in interest rates, changes in government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Economic activity is also dependent upon the policy changes made by the Regulatory authorities.

Our Company is part of the financial sector which is strongly coupled with the economic activity in the country. Although the Government has continued to deregulate the economy, there can be no guarantee that this would continue in the future. Any adverse effect of regulations on the economy may also lead to adverse effect on the operational performance of the company.

43. *Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.*

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

44. *Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company.*

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business and the market price and liquidity of the Company's shares, may be affected by changes in Government of India's policies, including policies on taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms including significantly relaxing restrictions on the private sector. The rate of economic liberalisation could change and specific laws and policies affecting financial service providers and other ancillary service providers could change as well. The current Government is a coalition of various parties and the withdrawal of support by parties in the coalition could result in general elections being held in the country. In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, general or sharp increase in commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards financial service providers and other ancillary service providers, which may, in turn, adversely affect our financial performance and our ability to implement our business strategy.

45. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy and our business.*

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighbouring countries are particularly threatening because India and certain of its neighbours possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq, Afghanistan and other countries in the Indian sub-continent. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. 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.

46. *The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.*

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

- Catastrophic loss of life due to natural or man-made disasters could cause us to pay benefits at higher levels and/or materially earlier than anticipated and could lead to unexpected changes in persistency rates.
- A natural or man-made disaster could result in losses in our projects, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.
- Pandemic disease, caused by a virus such as H5N1, the “avian flu” virus, or H1N1, the “swine flu” virus, could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies as well as sales of new policies; and many other variables.

47. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies. Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases, significantly from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares.

In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have, from time to time, restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

RISKS RELATING TO THE INVESTMENT IN EQUITY SHARES

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

The Company's Articles of Association, regulations of its Board of Directors and Indian law govern our Company's 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 in an Indian company than as a shareholder of a corporation in another jurisdiction.

49. *The price of the Equity Shares may be highly volatile, which could result in substantial losses for investors acquiring the Equity Shares in the Issue.*

The market price of our Equity Shares may be volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- volatility in the Indian and global securities market or in the value of the Rupee relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- changes in financial analysts' estimates of our performance or recommendations;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the financial services industry;
- adverse media reports about us or the Indian financial services sector;
- significant developments in India's economic liberalization and deregulation policies;
- significant developments in India's fiscal and environmental regulations;
- economic developments in India and in other countries; and
- any other political or economic fears.

These fluctuations may be exaggerated if the trading volume of the Equity Shares is low. Volatility in the price of the Equity Shares may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks. In addition, Indian securities markets are more volatile than the securities markets in certain countries which are members of the OECD. Indian stock exchanges, including the BSE and the NSE, have experienced substantial fluctuations in the prices of listed securities and problems such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. The governing bodies of Indian stock exchanges have also, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. If such or similar problems were to continue or recur, they could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares.

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

Capital gains arising from the sale of shares and debentures are generally taxable in India. Any gain realized on the sale of shares and debentures on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax, or STT, has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which shares or debentures are sold. Any gain realized on the sale of shares and/or held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of shares and/or debentures held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of shares and/or debentures will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares and/or debentures, as the case may be. However, capital gains on the sale of the Equity Shares purchased in the Issue by residents of certain countries

will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries.

51. *A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.*

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of the Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Company. Consequently, even if a potential takeover of the Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

52. *The Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of its financing arrangements.*

The amount of its future dividend payments, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividend in the foreseeable future. Additionally, the Company is restricted by the terms of its debt financing from making dividend payments in the event the Company makes a default in any of the repayment instalments

53. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of Equity Shares between non-residents and residents freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of Equity Shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require an objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

Prominent Notes to the Risk Factors:

- Our Company's net worth as per the restated standalone financial statement as at March 31, 2010 was Rs. 2,211.66 Lakhs and the same as per the restated consolidated financial statement as at March 31, 2010 was Rs. 3281.20 Lakhs
- Public Issue of 42,50,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating upto Rs. [●] Lakhs.
- Based on our restated consolidated financial statements, the net asset value per equity share having a face value of Rs. 10 each was Rs. 33.60 as of March 31, 2010.
- The average cost of acquisition per Equity Share by our Promoters is as follows:

| S. No. | Name of Promoter | Cost of Acquisition (in Rs.) |
|--------|-----------------------|------------------------------|
| 1 | Kailash Chandra Gupta | 0.008 |
| 2 | Ravi Gupta | 0.005 |
| 3 | Vaibhavi Thakkar | 8.000 |

- Except as disclosed in section titled “Capital Structure” on page 24 of this Draft Red Herring Prospectus, we have not issued any shares for consideration other than cash.
- Except as disclosed in “Our Management” and “Our Promoters and Group Companies” on pages 90 and 104 of this Draft Red Herring Prospectus, none of our Promoters, our Directors and our key management personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses, and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners and/or trustees and to the extent of the benefits arising out of such shareholding
- For details of transactions in Equity Shares undertaken by our Directors, Promoters or Promoter Group, see “Capital Structure” on page 24 of this Draft Red Herring Prospectus.
- For details of the transactions between our Company and our Group Companies or Subsidiaries, see section titled “Financial Statements - Related Party Transactions” on page 112.
- One of our Promoter Group entity and one of our Group Company may be engaged in businesses similar to ours. For more details, see “Common Pursuits” on page 110 of this Draft Red Herring Prospectus.
- The Issue is being made through the 100% Book Building Process, wherein upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received from them, at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 35,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received from them at or above the Issue Price
- Under-subscription, if any, in any category, excluding the Employee Reservation Portion, would be allowed to be met with spill over from other categories or a combination of categories at the sole discretion of our Company in consultation with the BRLMs.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. For any clarification or information relating to the Issue, investors may contact the BRLMs, who will be obliged to provide such clarification or information to the investors.
- Our Company was incorporated in Mumbai under the name of Blend Financial Services Private Limited on December 4, 1997 under the Companies Act. Thereafter, our Company was converted into a public limited company and pursuant to a resolution passed by the shareholders of our Company at an EGM held on August 1, 2008, the name of our Company was changed to Blend Financial Services Limited. Consequent to its change of name, our Company received a fresh certificate of incorporation dated September 26, 2008 from the RoC. For details and reasons of the change in name of our Company and registered office, see the section titled “History and Certain Corporate Matters” on page 84.
- During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby the Promoter Group, Promoters, Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to investors at large and no selective or additional information will be available for any subset of investors in any manner whatsoever. The investors may contact any of the BRLMs for any complaint pertaining to the Issue.

- Investors are advised to refer to “Basis for Issue Price” on page 46 of this Draft Red Herring Prospectus before making an investment in this Issue.
- All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.

SECTION III: INTRODUCTION

SUMMARY OF THE INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources, including reports that have been prepared by CARE. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation.

Our Company accepts responsibility for accurately reproducing such information, data and statistics. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

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Overview of Indian Economy

India, the world's largest democracy in terms of population had a Gross Domestic Product (GDP) on purchasing power parity basis at approximately USD 3,561 bn in 2009 with India's GDP at 7.4% for FY10 (Source Central Intelligence Agency Factbook 2009 & RBI). This makes it the fourth-largest economy in the world after USA, China and Japan. During the pre-liberalisation period, India was always considered an agrarian economy adhering to socialist policies with more than 70% of the GDP being contributed by agriculture growth. In 1991, the Government of India (GoI) initiated a series of economic reforms to promote industrial growth to bring in economic stability and growth. The new policies (liberal) included opening of international trade and investment, privatisation, tax reforms etc to transform the economy from socialism to capitalism. Due to this, the low annual growth rate of the economy of India which stagnated at about 3.5% from 1950s to 1980s has increased to above 8% average GDP growth from 2004-2009. This makes India one of the fastest growing emerging economies in the world. CARE Research expects the overall GDP to touch the double digit figure by 2015 at 10% led by higher domestic consumption and growth in exports. Service sector will continue to dominate GDP growth.

Role of Financial Advisory Services Sector

The financial advisory services sector acts as an intermediary between the fund raising and fund investing entities. It plays a vital role in assisting the business units to achieve their goals. In order to assist their clients, intermediaries are required to equip themselves with adequate infrastructure so as to ensure that they provide necessary support and guidance to the units to start and run their businesses. The services may start from beginning to the end or it may start from in between from any of the activity enumerated above depending upon the preparedness of the prospective fund raising agency and the purpose for which the funds are required.

Importance of SME sector in India

The recent focus of most of the financial institutions in the country along with the GoI has been the SME sector to bring about inclusive growth in the economy of the country as the sector is one of the largest employers in the country. The SME Sector contributes 8% of India's GDP and plays a catalytic role in the Indian economy. It is estimated that the sector contributes around 45% of the manufacturing output and 40% of the total exports of the country. The sector employs about 59mn people in over 26mn units all over India. There are more than 6,000 products ranging from traditional handicrafts to hi-tech items. Urban area accounts for 55% of MSME sector

whereas rural accounts for 45%. Two-third of the SMEs is engaged in manufacturing activities whereas one-third is engaged in service-oriented business. Around 90% of the MSMEs in India are proprietary enterprises followed by 3.85% partnerships and 2.69% run by private companies. The sector is governed by Micro, Small and Medium Enterprises Act (MSMED) Act 2006 and rules made under the same. Advances extended to the SME sector are treated as priority sector advances and as per RBI guidelines banks are required to extend at least 60% of their advances to the micro enterprises.

Credit to Micro and Small Enterprises (MSE) Sector

The total credit provided by public sector banks to MSE sector as on the last reporting Friday of March 2009 was Rs.1,91,307 crore which formed 11.3 per cent of ANBC/CEOBSE and 26.5 per cent of the total priority sector advances of these banks. Advances to manufacturing enterprises and service enterprises by public sector banks amounted to Rs.1,31,177 crore and Rs.54,449 crore respectively, constituting 68.6 per cent and 28.5 per cent respectively of the total advances to MSE sector. The total credit provided by private sector banks to MSE sector as on the last reporting Friday of March 2009 was Rs.47,916 crore, which formed 11.8 per cent of ANBC/CEOBSE and 25.2 per cent of the total priority sector advances of these banks. Advances to manufacturing enterprises and service enterprises by private sector banks amounted to Rs.17,625 crore and Rs.26,363 crore, respectively, constituting 36.8 per cent and 55.0 per cent respectively of the total advances to MSE sector. The total credit to MSE sector by SCBs as on the last reporting Friday of March 2009 was Rs. 2,57,361 crore which formed 11.4 per cent of ANBC/CEOBSE and 26.7 per cent of the total priority sector advances.

This is the summary of Industry only. For further details, please refer to the section titled 'Industry Overview' starting from page 61 of this Draft Red Herring Prospectus.

SUMMARY OF OUR BUSINESS

We are a diversified financial services company with primary focus in assisting small and medium enterprises (SMEs) in corporate and non corporate sector in their financial planning and arranging debt funds for them. We also offer investment banking services to corporate clients. We are headquartered in Mumbai and have offices in Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi and Pune in India. We also have international presence through our subsidiaries in Dubai and Hong Kong.

Our core business is to assist SMEs in developing their growth plans and arranging debt funds for their growth as well as working capital. To arrange debt funds for our clients, we understand their business model and we assist them in identifying and negotiating with the various intermediaries from the planning stage to growth stage.

We have historically derived a major portion of our revenues from debt syndication services like syndicating term loans, project finance and working capital loans. We also focus on providing advisory services to our clients for factoring and we believe we are one of the few intermediaries to advise corporates on factoring in India. Our Company has recently extended the focus on investment banking services which are mainly in the nature of private equity and mergers & acquisition advisory services.

Our expertise lies in designing structured financial products and complex financial models and executing the same for companies across a wide cross Section of industries. We have strong relationships with corporates as well as all major public sector banks, private sector banks, financial institutions and private equity funds.

As a part of the business strategy, our Company has entered into a joint venture agreement with FIMBank Plc.(now assigned to FIMFactors BV, a wholly owned subsidiary of FIMBank Plc.), Banca IFIS and Punjab National Bank to set up a Company engaged in the business of factoring, forfaiting and leasing in India. We have thus reinforced our interest in factoring as a business segment.

Based on our restated consolidated financial statements for the years ended March 31, 2008, 2009 and 2010, we generated total income of Rs. 3955.35 lakhs, Rs. 1727.11 lakhs and Rs. 3616.54 lakhs, respectively, and profit after tax of Rs. 1176.51 lakhs, Rs. 73.86 lakhs and Rs. 1526.44 lakhs, respectively.

Our Competitive Strengths

We believe that we have the following key competitive strengths -

Diversified and balanced mix of services

Our services offerings include debt syndication services, advisory services for factoring, investment banking services and other ancillary services. For a company looking to raise debt, we can arrange various types of financing like project finance, term loan, working capital finance, external commercial borrowing, etc. Our understanding of factoring also enables us to sell factoring as a cash management product to our clients. In the investment banking gamut, we mainly provide advisory services for private equity and mergers and acquisitions. We believe that our presence in diverse lines of business enables us to reduce risks arising from service and client concentration.

Scalable Execution Model

We have designed a model for execution of our mandates. Under this model, we follow a two tier structure, which consists of (i) centralized planning and co-ordination - analyse each proposal against a set of parameters included in our 'doability check' report prior to acceptance and execution and (ii) de-centralized deal management - having branch offices across the country helps us in execution of mandates at local level

Strong management team and Partnership Culture

Our senior management comprises qualified and experienced professionals with a successful track record. We focus on a partnership culture with our professionals. We believe the ESOP plan 2010 that we have introduced and other incentives foster a partnership culture, commitment and entrepreneurial spirit among our employees.

Strong corporate relationships

We believe that our focus on nurturing long-term relationships with SME companies, and servicing these companies through the course of their development, by providing ongoing and innovative solutions has enabled us to form strong relationships with these clients, thereby leading to repeat business. We serve the SME companies throughout the course of their growth.

Strong relationships with institutional investors / lenders

We have raised funds for our clients across a broad range of businesses and industry segments. We have been associated with lenders and institutional investors for a long term. We believe that our strong relationships with investors / lenders relationships will enable us to continue to grow our business.

Distinctive product expertise with focused servicing model

Our business model is based on providing specialized and value added services like advisory services in factoring, investment banking, debt syndication and other ancillary services to our clients. We encourage product specialization within our organization which helps us to better service the specific requirements of our clients.

Strong national presence

We are operating through 8 branch offices spread across major metropolitan cities in India. We are poised to set up 8 more branches by the end of Fiscal 2012, especially in smaller cities and towns which we believe will provide attractive growth opportunities. Our expanded branch network will help us to strengthen our pan India presence.

International Presence

We started our Dubai operations through our subsidiary in the financial year 2007 - 08. With successful establishment of our international operations in Dubai and effective delivery model at hand, we have set up a subsidiary in Hong Kong, Blend Fin Cap Ltd., during current financial year.

360 degrees solutions for SMEs

We are associated with a diversified team of professionals who cater to our clients by providing tax advisory services, IT services, HR services, brand building exercise etc. This helps us in providing a one stop shop solution to our clients.

Business Strategies

Focus on Small and Medium Enterprises (SME)

We mainly cater to the financial needs of the SME clients. We believe that an SME needs much more attention and professional support than large enterprises.

Continue to maintain a diversified service portfolio to cater to most of the customer needs and demands

We intend to continue the strategy of maintaining a diverse portfolio of services to be unique and enjoy competitive advantage which also allows us to mitigate the risk associated with over dependence on a few sources of revenues.

Continue to develop client relationships

We propose to expand our business by increasing the number of our client relationships which will further expand and add stability to our business. We continue to develop our existing client relationships and also focus on increasing our client base by adding more companies / clients to our portfolio. We believe that our sourcing capabilities are strong which is reflected in the order book size that we have.

Further strengthen the brand name

We propose to further increase the brand recognition for our Company through brand building efforts,.

Focus on other metro/mini metro cities to increase our market share

We will penetrate key markets in India by increasing the number of branch offices. We plan to open branches in other cities in India.

Tapping international markets

Our international operations were launched from Dubai. We now have another subsidiary in Hong Kong. We plan to have a presence in London and Singapore through the proposed setting up of branches.

Attracting and retaining the quality professionals

Our people are our most important asset, and it is their talent, and dedication that results in our success. We intend to continue being successful in attracting and retaining key professionals.

Focus on Factoring

Factoring as a product for trade financing is relatively lesser used among the Indian businesses. We have a strong focus on factoring as means of trade finance for the Indian SMEs. We have been advising SMEs on factoring as a means of trade finance since 2003. Over the years, we have created a knowledge base in various types of factoring.

SUMMARY FINANCIAL INFORMATION

The following table sets forth selected financial information derived from our financials for the financial years ended 31 March 2010, 2009, 2008, 2007 and 2006 which are in line with the restated financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI Regulations as amended from time to time, for the purpose of disclosure in this Draft Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the section titled "Financial Statements" on page 114 of this Draft Red Herring Prospectus. These should be read in conjunction with "Management Discussion and Analysis of Financial Condition and Results of Operations" on page 177 of this Draft Red Herring Prospectus.

A. Summary of Restated Consolidated Financial

Restated Summary Statement of Consolidated Assets and Liabilities

(Rs. In Lacs)

| | Particulars | As at | As at | As at |
|----------|---|-----------------|-----------------|-----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Restated | Restated | Restated |
| A | FIXED ASSETS | | | |
| | Gross block | 753.11 | 670.94 | 165.77 |
| | Less : Depreciation | 71.47 | 51.82 | 27.30 |
| | Net block | 681.64 | 619.12 | 138.47 |
| | Capital work-in-progress | - | 39.39 | 466.66 |
| | Total | 681.64 | 658.51 | 605.13 |
| B | INVESTMENTS | 650.80 | 646.84 | 403.16 |
| C | CURRENTS ASSETS, LOANS AND ADVANCES | | | |
| | Sundry Debtors | 1,740.69 | 287.61 | 428.89 |
| | Cash and Bank Balances | 454.41 | 306.75 | 279.41 |
| | Loans and Advances | 772.49 | 1,184.59 | 1,347.61 |
| | Total | 2,967.59 | 1,778.95 | 2,055.91 |
| D | MINORITY INTEREST | 216.67 | 26.70 | (153.12) |
| E | LIABILITIES AND PROVISIONS | | | |
| | Secured Loans | 488.23 | 530.22 | 97.54 |
| | Unsecured Loans | - | 125.28 | 4.50 |
| | Share Application Money | - | 44.00 | 200.00 |
| | Current Liabilities | 273.27 | 497.41 | 1,210.12 |
| | Provisions | 37.04 | 28.13 | 22.99 |
| | Total | 798.54 | 1,225.04 | 1,535.15 |
| F | DEFERRED TAX ASSETS (NET) / (LIABILITES) (NET) | (3.62) | 6.17 | 15.59 |
| G | NET WORTH (A+B+C-D-E-F) | 3,281.20 | 1,838.73 | 1,697.76 |
| | Represented by | | | |
| H | SHARE CAPITAL | | | |
| | Equity share capital | 976.50 | 976.50 | 325.50 |
| I | RESERVES AND SURPLUS | | | |
| | Share premium | - | - | - |
| | Profit and loss account | 2,322.76 | 796.32 | 1,373.46 |
| | Translation reserve | (18.06) | 65.91 | (1.20) |
| | | 2,304.70 | 862.23 | 1,372.26 |

| | Particulars | As at | As at | As at |
|--|---|-----------------|-----------------|-----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Restated | Restated | Restated |
| | Less : Miscellaneous expenditures (to the extent of not written off) | - | - | - |
| | Total | 2,304.70 | 862.23 | 1,372.26 |
| | NET WORTH (H+I) | 3,281.20 | 1,838.73 | 1,697.76 |

Restated Summary Statement of Consolidated Profit and Loss Account

(Rs. In Lacs)

| | Particulars | Year ended | Year ended | Year ended |
|----------|--|-----------------|-----------------|-----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Restated | Restated | Restated |
| A | INCOME | | | |
| | Fees for financial services and activities | 3,515.81 | 1,602.28 | 3,678.88 |
| | Other income | 100.73 | 124.83 | 276.47 |
| | Total | 3,616.54 | 1,727.11 | 3,955.35 |
| B | EXPENDITURE | | | |
| | Operating and other expenses: | | | |
| | Financial consultancy charges | 192.51 | 31.71 | 1,124.26 |
| | Employee remuneration and benefits | 693.47 | 800.39 | 562.81 |
| | Administrative and general expenses | 517.44 | 651.41 | 509.53 |
| | Total | 1,403.42 | 1,483.51 | 2,196.60 |
| C | NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 2,213.12 | 243.60 | 1,758.75 |
| | Depreciation | 30.96 | 26.28 | 19.15 |
| | Interest and financial charges | 74.30 | 34.02 | 2.75 |
| D | PROFIT BEFORE TAX | 2,107.86 | 183.30 | 1,736.85 |
| | Provision for Taxation | | | |
| | -Current tax | 381.67 | 114.88 | 518.35 |
| | -Deferred tax | 10.16 | 12.68 | (22.02) |
| | -Fringe benefit tax | - | 15.40 | 13.95 |
| E | PROFIT AFTER TAX | 1,716.03 | 40.34 | 1,226.57 |
| | Current tax impact on adjustments | - | 10.58 | (8.73) |
| | (refer note no.2(f) of annexure IV) | | | |
| | Deferred tax impact on adjustments | 0.38 | 3.26 | (5.88) |
| | (refer note no.2(f) of annexure IV) | | | |
| G | PROFIT/LOSS BEFORE MINORITY INTEREST AND ADJUSTMENT | 1,716.41 | 54.18 | 1,211.96 |
| | Share of minority interest | 189.97 | (19.68) | 35.45 |
| H | PROFIT/LOSS AFTER MINORITY INTEREST AND ADJUSTMENT | 1,526.44 | 73.86 | 1,176.51 |
| | Add: Balance b/f from last year | 796.32 | 1,373.46 | 510.95 |
| | Profit available for appropriation | 2,322.76 | 1,447.32 | 1,687.46 |
| | Utilised for bonus issue | - | (651.00) | (314.00) |
| | Profit transferred to Balance Sheet | 2,322.76 | 796.32 | 1,373.46 |

Statement of Restated Consolidated Cash Flows

(Rs. In Lacs)

| | PARTICULARS | Year ended | Year ended | Year ended |
|----------|---|-----------------|-----------------|-------------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Rs. | Rs. | Rs. |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | |
| | Net profit before tax | 2,107.86 | 183.30 | 1,736.85 |
| | Adjustments for: | | | |
| | Depreciation | 30.96 | 26.28 | 19.15 |
| | Miscellaneous expenditure written off | - | - | 3.84 |
| | Loss on sale of fixed assets | 34.81 | 7.14 | 3.51 |
| | Loss on discard of fixed assets | 3.40 | - | - |
| | Diminution / (appreciation) in the value of investments | (3.95) | 3.72 | 0.43 |
| | Interest income | (95.20) | (109.95) | (207.82) |
| | Interest expenses | 73.80 | 32.47 | 1.08 |
| | Loss on sale of investments (net) | - | 40.78 | (38.10) |
| | Dividend income on investments | (0.78) | (11.50) | (27.98) |
| | Exchange difference loss | 0.05 | - | - |
| | Translation reserve | (83.97) | 67.11 | (1.20) |
| | Prior year adjustments - Depreciation | - | 2.28 | - |
| | Prior year adjustments – Employee benefits | 0.41 | - | (10.00) |
| | Operating Profit before working capital changes | 2,067.39 | 241.63 | 1,479.76 |
| | Adjustments for: | | | |
| | (Increase) / decrease in trade and other receivables | (1,401.98) | 158.51 | (415.04) |
| | Increase / (decrease) in trade and other payables | (215.65) | (707.57) | 876.71 |
| | Cash generated from (used in) operations | 449.76 | (307.43) | (1,941.43) |
| | Direct taxes paid (net) | (311.89) | (322.31) | (648.55) |
| | NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A) | 137.87 | (629.74) | 1,292.88 |
| | | | | |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | |
| | Purchase of fixed assets (including capital work in progress) | (101.16) | (90.41) | (170.61) |
| | Sale of fixed assets | 8.86 | 1.34 | 19.88 |
| | (Purchase) / sale of investments (net) | - | (288.20) | (205.48) |
| | Loans given (net) | 287.71 | 355.03 | (1,039.34) |
| | Dividend income on investments | 0.78 | 11.50 | 27.98 |
| | Fixed deposit (more than 3 months) | (75.94) | (226.13) | - |
| | Interest income | 98.65 | 103.32 | 207.82 |
| | NET CASH USED IN INVESTING ACTIVITIES (B) | 218.90 | (133.55) | (1,159.75) |
| | | | | |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | Issue of equity share capital | - | - | - |
| | Share application money received/ (refunded) | (44.00) | (156.00) | 200.00 |
| | Increase / (decrease) in minority interest | - | 199.50 | (188.56) |
| | Proceeds / (repayment) of secured borrowings (net) | (41.98) | 432.68 | (114.85) |
| | Proceeds / (repayment) of unsecured borrowings (net) | (125.28) | 120.78 | (39.39) |
| | Interest paid | (73.80) | (32.47) | (1.08) |
| | NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C) | (285.06) | 564.49 | (143.88) |
| | | | | |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 71.71 | (198.80) | (10.75) |
| | Cash and cash equivalents at the beginning of the year | 80.62 | 279.41 | 290.16 |
| | Cash and cash equivalents at the end of the year | 152.33 | 80.61 | 279.41 |
| | | | | |
| | Cash and cash equivalents as at year end comprises of: | | | |
| | Cash on hand | 5.65 | 1.74 | 7.08 |
| | Balances with banks in current accounts | 141.57 | 61.34 | 217.27 |
| | Balances with banks in call deposit accounts | 4.11 | 17.53 | 53.84 |
| | Other cash equivalents (Cheque on hand) | 1.00 | - | 1.22 |
| | | 152.33 | 80.61 | 279.41 |

B. Summary of Restated Standalone Financial

Restated Summary Standalone Statement of Assets and Liabilities

(Rs. In Lacs)

| | Particulars | As at 31-Mar-10 Restated | As at 31-Mar-09 Restated | As at 31-Mar-08 Restated | As at 31-Mar-07 Restated | As at 31-Mar-06 Restated |
|----------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| A | FIXED ASSETS | | | | | |
| | Gross block | 752.74 | 670.94 | 165.77 | 126.57 | 48.19 |
| | Less : Depreciation | 71.39 | 51.82 | 27.30 | 13.49 | 6.49 |
| | Net block | 681.35 | 619.12 | 138.47 | 113.08 | 41.70 |
| | Capital work-in-progress | - | 39.39 | 466.66 | 363.98 | - |
| | Total | 681.35 | 658.51 | 605.13 | 477.06 | 41.70 |
| B | INVESTMENTS | 769.65 | 731.12 | 618.92 | 160.00 | - |
| C | CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| | Sundry Debtors | 436.21 | 263.15 | 177.16 | 71.85 | 15.27 |
| | Cash and Bank Balances | 379.45 | 241.54 | 225.08 | 290.16 | 19.85 |
| | Loans and Advances | 690.60 | 744.03 | 1,368.25 | 208.18 | 51.46 |
| | Total | 1,506.26 | 1,248.72 | 1,770.49 | 570.19 | 86.58 |
| D | LIABILITIES AND PROVISIONS | | | | | |
| | Secured Loans | 488.23 | 530.22 | 97.53 | 212.39 | 14.66 |
| | Unsecured Loans | - | 125.03 | 4.50 | 43.89 | 25.36 |
| | Share Application Money | - | 44.00 | 200.00 | 10.00 | - |
| | Current Liabilities | 216.71 | 192.67 | 1,110.21 | 356.39 | 29.47 |
| | Provisions | 37.04 | 28.13 | 22.99 | 72.02 | 11.32 |
| | Total | 741.98 | 920.05 | 1,435.23 | 694.69 | 80.81 |
| E | DEFERRED TAX ASSETS (NET) / (LIABILITIES) (NET) | (3.62) | 6.17 | 15.59 | (3.95) | (1.83) |
| F | NET WORTH (A+B+C-D-E) | 2,211.66 | 1,724.47 | 1,574.90 | 508.61 | 45.64 |
| | Represented by | | | | | |
| G | SHARE CAPITAL | | | | | |
| | Equity share capital | 976.50 | 976.50 | 325.50 | 1.50 | 1.50 |
| H | RESERVES AND SURPLUS | | | | | |
| | Share premium | - | - | - | - | - |
| | Profit and loss account | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |
| | | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |
| | Less : Miscellaneous expenditure (to the extent of not written off) | - | - | - | 3.84 | - |
| | Total | 1,235.16 | 747.97 | 1,249.40 | 507.11 | 44.14 |
| | NET WORTH (G+H) | 2,211.66 | 1,724.47 | 1,574.90 | 508.61 | 45.64 |

Restated Summary Standalone Statement of Profit and Loss Account

(Rs. In Lacs)

| | Particulars | Year ended 31-Mar-10 Restated | Year ended 31- Mar-09 Restated | Year ended 31-Mar-08 Restated | Year ended 31-Mar-07 Restated | Year ended 31-Mar-06 Restated |
|----------|---|--|---|--|--|--|
| A | INCOME | | | | | |
| | Fees for financial services and activities | 2,138.57 | 1,527.27 | 3,207.70 | 1,783.52 | 267.55 |
| | Share of profit of partnership firm | 1.57 | 39.02 | 102.39 | - | - |
| | Other income | 88.48 | 121.82 | 276.47 | 17.50 | 4.65 |
| | Total | 2,228.62 | 1,688.11 | 3,586.56 | 1,801.02 | 272.20 |
| B | EXPENDITURE | | | | | |
| | Operating and other expenses: | | | | | |
| | Financial consultancy charges | 187.22 | 23.05 | 982.57 | 591.95 | 67.44 |
| | Employee remuneration and benefits | 686.74 | 788.87 | 558.99 | 274.93 | 50.45 |
| | Administrative and general expenses | 505.70 | 556.86 | 495.91 | 210.22 | 112.32 |
| | Total | 1,379.66 | 1,368.78 | 2,037.47 | 1,077.10 | 230.21 |
| C | NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 848.96 | 319.33 | 1,549.09 | 723.92 | 41.99 |
| | Depreciation | 30.88 | 26.28 | 19.15 | 7.00 | 3.52 |
| | Interest and financial charges | 74.25 | 33.82 | 2.71 | 1.65 | 1.28 |
| D | PROFIT BEFORE TAX | 743.83 | 259.23 | 1,527.23 | 715.27 | 37.19 |
| | Provision for Taxation | | | | | |
| | - Current tax | 250.00 | 92.19 | 468.38 | 238.33 | 13.49 |
| | - Deferred tax | 10.16 | 12.68 | (22.02) | 3.36 | - |
| | - Fringe benefit tax | - | 15.39 | 13.90 | 7.70 | 8.35 |
| E | PROFIT AFTER TAX | 483.67 | 138.97 | 1,066.97 | 465.88 | 15.35 |
| | Current tax impact on adjustments (refer note no. 2(g) of annexure IV) | 3.14 | 7.34 | (8.64) | (0.34) | 1.35 |
| | Deferred tax impact on adjustments (refer note no. 2(g) of annexure IV) | 0.38 | 3.26 | (5.88) | 1.27 | 0.93 |
| | PROFIT/LOSS AFTER ADJUSTMENT | 487.19 | 149.57 | 1,052.45 | 466.81 | 17.63 |
| G | Add: Balance b/f from last year | 747.97 | 1,249.40 | 510.95 | 44.14 | 26.51 |
| | Profit available for appropriation | 1,235.16 | 1,398.97 | 1,563.40 | 510.95 | 44.14 |
| | Utilised for bonus issue | - | (651.00) | (314.00) | - | - |
| | Profit Transferred to B/S | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |

Standalone Statement of Restated Cash Flows

(Rs. In Lacs)

| | PARTICULARS | Year Ended | Year Ended | Year Ended | Year Ended | Year Ended |
|----------|--|-----------------|-----------------|-------------------|-----------------|----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| | Net profit before tax | 743.83 | 259.23 | 1,527.23 | 715.27 | 37.19 |
| | Adjustments for: | | | | | |
| | Depreciation | 30.88 | 26.28 | 19.15 | 7.00 | 3.52 |
| | Miscellaneous expense written off | - | - | 3.84 | - | - |
| | Interest income | (82.96) | (90.35) | (207.82) | (11.85) | (1.82) |
| | Interest expenses | 73.76 | 32.47 | 1.46 | 1.09 | 1.28 |
| | Dividend Income | (0.78) | (0.78) | (27.98) | (0.79) | - |
| | Provision for doubtful debts | - | - | 37.33 | - | - |
| | Excess provision for expenses written back | - | (31.53) | - | - | - |
| | Bad debts recovered | - | (5.87) | - | - | - |
| | Balances written back (net) | - | (7.08) | - | (0.17) | (2.25) |
| | Loss on sale of fixed assets | 34.81 | 7.14 | 3.51 | - | 1.82 |
| | Loss on discard of fixed assets | 3.40 | - | - | - | - |
| | Loss on sale of investments | - | 40.83 | (38.12) | - | - |
| | Diminution / Appreciation in the value of investments | (3.95) | 3.72 | 0.43 | - | - |
| | Exchange rate difference | 5.47 | - | (10.00) | - | - |
| | Prior year adjustments - Employee benefits | 0.41 | - | - | - | - |
| | Operating Profit before working capital changes | 804.87 | 234.06 | 1,309.03 | 710.55 | 39.74 |
| | Adjustments for: | | | | | |
| | (Increase) / decrease in trade and other receivables | (113.76) | (70.30) | (169.00) | (146.81) | (7.58) |
| | Increase / (decrease) in trade and other payables | 32.54 | (880.88) | 776.80 | 331.20 | (17.98) |
| | Cash generated from (used in) operations | 723.65 | (717.12) | 1,916.83 | 894.94 | 14.18 |
| | Direct taxes paid (net) | (261.28) | (280.13) | (618.70) | (175.61) | (17.54) |
| | NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A) | 462.37 | (997.25) | 1,298.13 | 719.33 | (3.36) |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| | Purchase of fixed assets (including capital work in progress) | (100.79) | (90.41) | (170.61) | (442.35) | (22.97) |
| | Sale of fixed assets | 8.86 | 3.62 | 19.88 | - | 2.68 |
| | Sale of investments | - | - | - | - | - |
| | Purchase/ Sale of investments (Net) | (34.57) | (156.73) | (421.24) | (160.00) | - |
| | Loans given (net) | (0.38) | 807.99 | (1,071.34) | (80.63) | (1.77) |
| | Fixed deposit (more than 3 months) | (31.90) | (226.13) | - | - | 7.10 |
| | Interest income | 86.40 | 83.72 | 207.82 | 11.85 | 1.82 |
| | Dividend income on investments | 0.78 | 0.78 | 27.98 | 0.79 | - |
| | NET CASH USED IN INVESTING ACTIVITIES (B) | (71.60) | 422.84 | (1,407.51) | (670.34) | (13.14) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| | Issue of shares | - | - | 200.00 | 10.00 | - |
| | Refund of share application money | (44.00) | (156.00) | - | - | - |
| | Miscellaneous expenditure | - | - | - | (3.84) | - |
| | Interest expenses | (73.76) | (32.47) | (1.46) | (1.09) | (1.28) |
| | Repayment of unsecured borrowings (net) | (125.03) | 120.53 | (39.39) | 18.53 | 10.40 |
| | Repayment of term borrowings (net) | (41.98) | 432.69 | (114.85) | 197.72 | 7.91 |
| | NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C) | (284.77) | 364.75 | 44.30 | 221.32 | 17.03 |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 106.00 | (209.66) | (65.08) | 270.31 | 0.53 |
| | Cash and cash equivalents at the beginning of the year | 15.42 | 225.08 | 290.16 | 19.85 | 19.32 |
| | Cash and cash equivalents at the end of the year | 121.42 | 15.42 | 225.08 | 290.16 | 19.85 |
| | Cash and cash equivalents as at year end comprises of : | | | | | |
| | Cash and cash equivalents | 4.99 | 1.71 | 6.58 | 1.49 | 0.40 |
| | Balance with scheduled banks | 115.43 | 13.71 | 218.50 | 288.67 | 19.25 |
| | Other cash equivalents (Cheque on hand) ` | 1.00 | - | - | - | 0.20 |
| | | 121.42 | 15.42 | 225.08 | 290.16 | 19.85 |

THE ISSUE

| | Number of Equity Shares |
|--|--|
| Public Issue of Equity Shares | 42,50,000 Equity Shares at a price of Rs. [●] each aggregating to Rs. [●] Lakhs |
| Issue of upto 42,50,000 Equity Shares | |
| <i>Of which:</i> | |
| Employee Reservation Portion | 35,000 Equity Shares |
| | |
| Net Issue to Public | |
| <i>Of which:</i> | |
| Qualified Institutional Buyers (QIBs) Portion | Not more than 21,07,500 |
| <i>Of which</i> | |
| Anchor Investor | 6,32,250* |
| Mutual Fund Portion | 73,762 |
| Balance of QIB Portion (available for QIBs including Mutual Funds) | 14,01,488 |
| Non-Institutional Portion | Not less than 6,32,250 |
| Retail Portion | Not less than 14,75,250 |
| Pre and post-Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 1,25,39,591 equity shares of Rs. 10 each aggregating to Rs. 12,53,95,910 |
| Equity Shares outstanding after the Issue | 1,67,89,591 equity shares of Rs. 10 each aggregating to Rs. 16,78,95,910 |
| Use of Issue Proceeds | See section titled “Objects of the Issue” on page 39 of this Draft Red Herring Prospectus. |

Notes:

**The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.*

For further details, see section titled “Issue Procedure” on page 214 of this Draft Red Herring Prospectus. Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. Under subscription, if any, in any category, excluding Employee Reservation Portion, would be allowed to be met with spill over from any other category at the sole discretion of the Company in consultation with the Book Running Lead Managers. Under subscription, if any, in the Employee Reservation Portion, shall be added back to the Net Issue.

Note:

- 1. The Issue currently comprises of an Issue of up to 42,50,000 Equity Shares constituting 25.31% of our post-Issue share capital.*
- 2. The Issue has been authorised by our Board by their resolution dated 10 September 2010 and by the shareholders of our Company at EGM held on 16 September 2010.*
- 3. The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Our Company may allocate up to 30% of the QIB Portion to the Anchor Investors on a discretionary basis. One third of*

the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price.

- 4. The Company, in consultation with the BRLMs may offer a discount of [●] to the Eligible Employees bidding under the Employee Reservation Portion.*

GENERAL INFORMATION

Registered Office and Corporate Office of Our Company

404, 4th Floor, C-Wing, Pramukh Plaza
Cardinal Gracious Road
Chakala, Andheri East
Mumbai- 400099
Tel: +91 22 6777 0000
Fax: +91 22 6777 0019
Email: info@blendfinance.com
Website: www.blendfinance.com

Address of Registrar of Companies

Our Company is registered with the RoC, Mumbai, Maharashtra situated at the following address:

Registrar of Companies, Mumbai, Maharashtra
100, Everest, Marine Lines
Mumbai- 400002

| Details | Registration/ Identification number |
|-------------------------------|-------------------------------------|
| Registration Number | 11-112262 |
| Company Identification Number | U67190MH1997PLC112262 |

Branch Offices of our Company

Mumbai: Units 101, 102, 201 and 202, Shriram Trade Centre, SVP Road, Borivali (West), Mumbai - 400092

Ahmedabad: 205, Iscon Plaza, Nr. Nima Bunglows, Opp. Star India Bazaar, Satellite Road, Ahmedabad - 380015

Bangalore: F1, Ground Floor, Premises No. 55/1, 15th Cross, East Park Road, Malleswaram, Bangalore - 560055

Delhi: Flat No. 1402 & 1403, Vikram Tower, 16 Rajendra Palace, New Delhi - 110008

Hyderabad: Flat No. 103, Nirmal Towers, Dwarkapuri Colony, Panjagutta, Hyderabad - 500082

Kolkata: Office Space No.22, 2nd Floor, 9 Mago Lane, Kolkata - 700001

Chennai: Apartment No.1-C, First Floor, Century Plaza, No. 560/562, Mount Road, Chennai - 600018

Pune: Commercial Office No. 101, 3rd Floor, Paradise Plaza, 911/912, Synagogue Street, Pune - 411001

Board of Directors

Our Board comprises of six Directors. Mr Kailash Chandra Gupta is the Chairman and Whole Time Director of the Company. Mr Ravi Gupta is the Managing Director and Ms. Vaibhavi Mahendra Thakkar is the Chief Executive Officer and Wholetime Director of our Company.

The following table sets out the current details regarding our Board as on date of the filing of this Draft Red Herring Prospectus.

| Sr. No. | Name, Designation and Occupation | Age (years) | DIN | Address |
|---------|--|-------------|----------|--|
| 1. | Kailash Chandra Gupta Designation: Chairman and Whole Time Director <i>Business</i> | 60 | 00145676 | 501-502, Legends, B-Wing New Link Road Lokhandwala Andheri (West) Mumbai - 400053 Maharashtra |

| Sr. No. | Name, Designation and Occupation | Age (years) | DIN | Address |
|---------|---|-------------|----------|---|
| 2. | Ravi Gupta Designation: Managing Director <i>Business</i> | 38 | 00145625 | 501-502, Legends, B-Wing New Link Road Lokhandwala Andheri (West) Mumbai - 400053 Maharashtra |
| 3. | Vaibhavi Mahendra Thakkar Designation: Chief Executive Officer and Whole Time Director <i>Business</i> | 29 | 00145527 | Flat No. 2004, Bldg. No. 9/B, Whispering Palms, XX_Clusives, Lokhandwala Township, Kandivali (East) Mumbai - 400101 Maharashtra |
| 4. | Ashok Purushottam Pradhan Designation: Independent Non-executive <i>Corporate Consultant</i> | 69 | 00136805 | Flat No. 1301 C-Wing, Synchronicity Chandivali Farm Road Chandivali Mumbai - 400072 Maharashtra |
| 5. | Ramakant Madhav Nayak Designation: Independent Non-executive <i>Corporate Consultant</i> | 65 | 00129854 | A-11, Anand Dham Road No.9, Prabhat Colony Near Hotel Yatri Santacruz (East) Mumbai - 400055 Maharashtra |
| 6. | Anil Beniprasad Agarwal Designation: Independent Non-executive <i>Business</i> | 48 | 00014413 | 501, Siddhi Building Marve Road Malad (W) Mumbai - 400064 Maharashtra |

For further details of our Directors, please see section titled “Our Management” on page 90 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Anand Goyal
Blend Financial Services Limited
404, 4th Floor, C-Wing, Pramukh Plaza
Cardinal Gracious Road, Chakala
Andheri East
Mumbai- 400099
Tel: +91 22 6777 0000
Fax: +91 22 6777 0019
Email: anand.g@blendfinance.com

Investors 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 letters of allotment, credit of allotted Equity Shares in the respective beneficiary account and refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant 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 relevant SCSB where the ASBA BCAF was submitted by the ASBA Bidder.

Book Running Lead Managers

IDBI CAPITAL MARKET SERVICES LIMITED

5th Floor, Mafatlal Centre, Nariman Point

Mumbai – 400 021

Tel: +91 22 4322 1212

Fax: +91 22 2283 8782

Email: blend.ipo@idbicapital.com

Investor Grievance Email: redressal@idbicapital.com

Website: www.idbicapital.com

Contact Person: Mr. Kartik Shah / Mr. Rishi Tiwari

SEBI Registration No.: INM000010866

PL CAPITAL MARKETS PVT. LTD.

3rd Floor, Sadhana House,

570, P. B. Marg, Worli,

Mumbai – 400 018

Tel: +91 22 6632 2222

Fax: +91 22 6632 2229

Email: ipo_blendfinance@plindia.com

Investor Grievance Email: grievance-mbd@plindia.com

Website: www.plindia.com

Contact person: Mr. Ajesh Dalal/ Mr. Ghanshyam Kapadia

SEBI Registration No.: INM000011237

PUNJAB NATIONAL BANK

Capital Market Services Branch,

PNB House, 2nd Floor, Sir P. M. Road, Fort,

Mumbai – 400001

Tel: +91 22 2262 1122-3

Fax: +91 22 2262 1124

Email: blend.ipo@pnb.co.in

Investor Grievance Email: investor.blend@pnb.co.in

Website: www.pnbindia.in

Contact person: Mr. K K Khurana/ Mr. P K Kapoor/Mr. L N Sachdeva

SEBI Registration No.: INM 0000010882

For all Issue-related queries and for referral 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.

Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre, 13th Floor

841 Senapati Bapat Marg

Elphinstone Road

Mumbai - 400013

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

LBS Marg, Bhandup (West)

Mumbai- 400078

Tel: +91 22 2596 0320

Fax: +91 22 2596 0329

Email: bfsl.ipo@linkintime.co.in

Investor Grievance Email: bfsl.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sanjog Sud

SEBI Registration No.: INR000004058

Syndicate Members

[•]

Bankers to the Issue and Escrow Collection Banks:

[•]

Self Certified Syndicate Banks

A list of banks notified by SEBI to act as SCSBs for the ASBA process is available on the website of SEBI at www.sebi.gov.in. For details on Designated Branches of SCSB collecting as per ASBA BCAF, please refer to the abovementioned link.

Bankers to our Company

Bank of India

Ramdas Nayak Marg (Bandra) Branch

85, R. N. Marg

Gitaneel Arcade, 1st Floor

Bandra (West)

Mumbai- 400050

Tel: +91 22 2642 2395/ 2644 1454

Fax: +91 22 2644 1453

Contact Person: Sharad Pedamkar

Email: RNMarg.MumbaiNorth@bankofindia.co.in

Website: www.bankofindia.com

Standard Chartered Bank

Standard Chartered Tower

201, B/1, Western Express Highway

Goregaon (East)

Mumbai – 400063

Tel: +91 22 6737 4340

Fax: +91 22 6737 3053

Contact Person: Tanu Kumbhat

Email: customer.care@sc.com

Website: www.standardchartered.co.in

Punjab National Bank

Linking Road

Bandra (West)

Mumbai- 400050

Tel: +91 22 2642 6174

Fax: +91 22 2642 0456

Contact Person: Uday Shinoy

Email: pnbbandra@pnb.co.in

Website: www.pnbindia.in

IndusInd Bank

Cash Management Services

IBL House, 1st Floor

Cross "B" Road, MIDC,

J B Nagar

Off Andheri Kurla Road

Andheri (East)

Mumbai - 400059

Tel: +91 22 6772 8721**Fax:** +91 22 6641 2349**Contact Person:** Sukesh Esaki**Email:** sukesh.esaki@indusind.com**Website:** www.indusind.com**Statutory Auditors to our Company****Suresh Surana & Associates**

Chartered Accountants

310, Ahura Centre

82, Mahakali Caves Road

Andheri (East)

Mumbai - 400093

Tel: +91 22 6696 0644 / 6697 5289**Fax:** +91 22 2820 5685**Email:** nirmal@ss-associates.com**FRN** – 121750W**Statement of Inter se Allocation of Responsibilities amongst the Lead Managers**

The following table sets forth the distribution of responsibilities and co-ordination for various activities amongst the BRLMs:

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---------|--|----------------|--------------|
| 1. | Capital Structuring with relative components and formalities such as type of instruments, etc. | All BRLMs | IDBI Caps |
| 2. | Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of Prospectus and ROC filing. | All BRLMs | IDBI Caps |
| 3. | Drafting and approval of all statutory advertisement | All BRLMs | PLCM |
| 4. | Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc. | All BRLMs | PLCM |
| 5. | Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency and Bankers to the Issue | All BRLMs | PLCM |
| 6. | Preparation of Road show presentation | All BRLMs | IDBI Caps |
| 7. | Institutional marketing strategy <ul style="list-style-type: none"> • Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company. • Finalizing the list and division of investors for one to one meetings, and • Finalizing investor meeting schedules | All BRLMs | IDBI Caps |
| 8. | Non-Institutional and Retail marketing of the Issue, which | All BRLMs | PLCM |

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---------|--|----------------|--------------|
| | will cover, inter alia, <ul style="list-style-type: none"> • Formulating marketing strategies, preparation of publicity budget • Finalise Media and PR strategy • Finalising centers for holding conferences for press and brokers • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material | | |
| 9. | Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading. | All BRLMs | PLCM |
| 10. | Finalisation of Pricing, in consultation with the Company | All BRLMs | PLCM |
| 11. | The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company. | All BRLMs | PLCM |

If any of these activities are handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

As this is an Issue of equity shares, there is no credit rating required.

IPO Grading Agency

This Issue has been graded by [●] as IPO Grade [●], indicating [●] fundamentals through its letter dated [●]. For details in relation to the report of [●] furnishing rationale of the IPO grading, please refer to Annexure on page [●] of this Draft Red Herring Prospectus.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Monitoring Agency

The Issue size being less than Rs. 50,000 Lakhs, there is no requirement to appoint any monitoring agency to monitor use of proceeds of the Issue under SEBI Regulations.

Appraising Agency

The project of the Company has not been appraised by any appraising agency.

Book Building Process

Book building refers to the process of collection of Bids from investors within the Price Band, on the basis of the Draft Red Herring Prospectus. The Issue Price will be determined by the Company in consultation with the Book Running Lead Managers after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;

- BRLMs;
- Members of the Syndicate who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Members of the Syndicate are appointed by the BRLMs;
- Registrar to the Issue;
- Escrow Collection Banks; and
- SCSBs.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.

Further, not less than 15% of the Net Issue would be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Under subscription, if any, in any category, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs. Further, 35,000 Equity Shares are reserved from the Issue for allocation on a proportionate basis to Eligible Employees from the Employee Reservation Portion subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue.

Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis. Our Company will comply with the SEBI ICDR Regulations for this Issue. In this regard, the Company has appointed the BRLMs to procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, please see section titled “Terms of the Issue” on page 207 of this Draft Red Herring Prospectus.

Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Date. Allocation to QIBs (other than Anchor Investors) will be on proportionate basis.

Our Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Issue*)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below indicates the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (please see section titled “Issue Procedure” on page 214 of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. 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 in the Bid cum Application Form or the ASBA Bid cum Application Form (please see section titled “Issue Procedure” on page 214 of this Draft Red Herring Prospectus);
4. Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form; and
5. Bids by QIBs (including Anchor Investors) will have to be submitted only to the BRLMs;

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, the 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, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

For further details in relation to withdrawal of the Issue, please see section titled “Issue Structure” on page 209 of this Draft Red Herring Prospectus.

Bid/Issue Program

Bidding Period/Issue Period

| | |
|----------------------------|--------------|
| BID/ISSUE OPENS ON | [●]* |
| BID/ISSUE CLOSES ON | [●]** |

**Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

***Our Company may consider closing the Bidding by QIB Bidders 1 Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of 3 Working Days.*

Except in relation to Anchor Investors, bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m. (Indian Standard Time)** during the Bid/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** (excluding ASBA Bidders) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and Eligible Employees bidding under the Employee Reservation Portion (ii) until 5.00 p.m. or till such other time as may be extended subject to permission from BSE and NSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 1,00,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. 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, 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 under the Issue. If such Bids are not uploaded, our Company, the BRLMs, the Members of the Syndicate, the Registrars to Issue and the SCSBs will not be responsible. Bids will only be accepted on Business Days, i.e., any day other than Saturday or Sunday on which commercial banks in Mumbai, India are open for business. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion after taking into account the total number of Bids received up to the closure of the time period for acceptance of Bid cum Application Forms and ASBA Forms as stated herein and reported by the BRLMs and the Members of the Syndicate to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised upwards or downwards to a maximum of 20% of the original Floor Price advertised at least 2 (Two) working days before the Bid/Issue Opening Date. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares, irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

In case of revision of the Price Band, the Bid/Issue Period will be extended for 3 (Three) additional Working Days after revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 (Ten) Working Days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE, the NSE and the SCSBs, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminals of the other Members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Members of the Syndicate do not fulfill their underwriting obligations. 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 filled in 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 Rs. Lakhs) |
|--|---|---|
| IDBI Capital Market Services Limited 5th Floor, Mafatlal Centre Nariman Point Mumbai – 400021 | [●] | [●] |
| PL CAPITAL MARKETS PVT. LTD. 3 rd Floor, Sadhana House 570, P. B. Marg, Worli Mumbai – 400 018 | [●] | [●] |
| PUNJAB NATIONAL BANK Capital Market Services Branch PNB House, 2 nd Floor, Sir P. M. Road, Fort Mumbai – 400001 | [●] | [●] |
| [●] | [●] | [●] |

The abovementioned is indicative underwriting and this would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors / committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLMs and the Members of the Syndicate shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

The equity share capital of our Company, as of the date of this Draft Red Herring Prospectus, before and after the proposed Issue, is set forth below:

(In Rs. except share data)

| | | Aggregate Value at Face Value | Aggregate Value at Issue Price |
|----------|--|----------------------------------|-----------------------------------|
| A | AUTHORISED SHARE CAPITAL | | |
| | 1,80,00,000 equity shares of Rs. 10 each | 18,00,00,000 | |
| B | ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE | | |
| | 1,25,39,591 equity shares of Rs. 10 each | 12,53,95,910 | [•] |
| C | PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS* | | |
| | 42,50,000 Equity Shares of Rs. 10 each | 4,25,00,000 | [•] |
| | Of which: | | |
| | Employee Reservation Portion of 35,000 Equity Shares of Rs. 10 each** | 3,50,000 | [•] |
| | 42,15,000 Equity Shares offered by the Company as Net Issue | 4,21,50,000 | [•] |
| D | Out of Which: | | |
| | QIB Portion not more than 21,07,500 Equity Shares of Rs. 10 each | 2,10,75,000 | [•] |
| | Non Institutional Portion of not less than 6,32,250 Equity Shares of Rs. 10 each | 63,22,500 | [•] |
| | Retail Portion of not less than 14,75,250 Equity Shares of Rs. 10 each | 1,47,52,500 | [•] |
| E | ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE | | |
| | 1,67,89,591 equity shares of Rs. 10 each | 16,78,95,910 | [•] |
| F | SHARE PREMIUM ACCOUNT | | |
| | Before the Issue | 4,66,66,620 | |
| | After the Issue | | [•] |

*The Issue has been authorised by the Board pursuant to a resolution passed in its meeting held on 10 September 2010 and by the shareholders of our Company at an Extra Ordinary General Meeting held on 16 September 2010.

**Under-subscription, if any, in the Employee Reservation Portion, shall be added back to the Net Issue. Under-subscription, if any, in any category, excluding the Employee Reservation Portion, would be allowed to be met with spill over from other categories or a combination of categories at the sole discretion of our Company in consultation with the BRLMs.

Changes in Authorised Share Capital

1. The authorised share capital was increased from Rs. 1,00,000 divided into 10,000 equity shares of Rs. 10 each to Rs. 1,50,000 divided into 15,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders passed at an EGM held on 22 December 2000.
2. The authorised share capital was increased from Rs. 1,50,000 divided into 15,000 equity shares of Rs. 10 each to Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders passed at an EGM held on 27 May 2006.
3. The authorised share capital was increased from Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each to Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders passed at an EGM held on 15 May 2008.

4. Pursuant to a resolution passed by the shareholders on 1 August 2008, the authorized share capital was subdivided from 1,50,00,000 equity shares of Rs. 10 each to 7,50,00,000 equity shares of Rs. 2 each.
5. Pursuant to a resolution passed by the shareholders on 10 March 2010, the authorised share capital was consolidated from 7,50,00,000 equity shares of Rs. 2 each to 1,50,00,000 equity shares of Rs. 10 each.
6. The authorised share capital was increased from Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each to Rs. 18,00,00,000 divided into 1,80,00,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders passed at an EGM held on 20 August 2010.

Notes to Capital Structure

1. Share Capital History of our Company

(a) Equity share capital of our Company:

| Date of allotment | Total equity shares allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Consideration | Issued Equity Capital (Rs.) | Cumulative No. of equity shares | Cumulative Paid-up equity share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|--|------------------|-------------------|-------------------------|-----------------------------|---------------------------------|---|--------------------------------|
| 30 December 1997 | 200 equity shares allotted on subscription to Memorandum of Association: Kailash Chandra Gupta - 100 equity shares Ravi Gupta - 100 equity shares | 10 | 10 | Cash | 2,000 | 200 | 2,000 | NIL |
| 5 February 2001 | Preferential Allotment of 14,800 equity shares: Kailash Chandra Gupta - 4,000 equity shares Ravi Gupta - 2,300 equity shares Kusum Gupta - 5,000 equity shares Payal Gupta - 3,500 equity shares | 10 | 10 | Cash | 1,48,000 | 15,000 | 1,50,000 | NIL |
| 30 June 2007 | Preferential Allotment of 20,000 equity shares to M/s Choudhary Global Limited | 10 | 50 | Cash | 2,00,000 | 35,000 | 3,50,000 | 8,00,000 |
| 22 October 2007 | Bonus Issue of 10,50,000 equity shares (30 Bonus shares for every 1 share held): Kailash Chandra Gupta - 7,23,000 equity shares Ravi Gupta - 72,000 equity shares Kusum Gupta - 1,50,000 equity shares | 10 | N.A. | Bonus Issue | 1,05,00,000 | 10,85,000 | 1,08,50,000 | Nil |

| Date of allotment | Total equity shares allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Consideration | Issued Equity Capital (Rs.) | Cumulative No. of equity shares | Cumulative Paid-up equity share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|--|---|------------------|-------------------|-------------------------|-----------------------------|---------------------------------|---|--------------------------------|
| | Payal Gupta - 1,05,000 equity shares | | | | | | | |
| 29 October 2007 | Bonus Issue of 21,70,000 equity shares (2 Bonus shares for every 1 share held): Kailash Chandra Gupta - 7,94,200 equity shares Ravi Gupta - 8,48,800 equity shares Kusum Gupta - 3,10,000 equity shares Payal Gupta - 2,17,000 equity shares | 10 | N.A. | Bonus Issue | 2,17,00,000 | 32,55,000 | 3,25,50,000 | Nil |
| 15 May 2008 | Bonus Issue of 65,10,000 equity shares (2 Bonus shares for every 1 share held): Kailash Chandra Gupta - 23,82,360 equity shares Ravi Gupta - 25,46,400 equity shares Kusum Gupta - 9,30,000 equity shares Payal Gupta - 6,51,000 equity shares Archana Kejriwal - 200 equity shares Vaibhavi Mahendra Thakkar - 20 equity shares Ramalingam Sankarakrishnan - 20 equity shares | 10 | N.A. | Bonus Issue | 6,51,00,000 | 97,65,000 | 9,76,50,000 | Nil |
| Pursuant to a resolution passed by the shareholders on 1 August 2008, the face value of the equity shares was sub-divided from Rs. 10 each to Rs. 2 each and consequently the number of equity shares outstanding have become 4,88,25,000 equity shares. | | | | | | | | |
| 30 March 2009 | Preferential allotment of 20 equity shares to: Kailash Chandra Gupta HUF - 10 equity shares | 2 | 2 | Cash | 40 | 4,88,25,020 | 9,76,50,040 | Nil |

| Date of allotment | Total equity shares allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Consideration | Issued Equity Capital (Rs.) | Cumulative No. of equity shares | Cumulative Paid-up equity share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|---|---|------------------|-------------------|-------------------------|-----------------------------|---------------------------------|---|--------------------------------|
| | Ravi Gupta HUF - 10 equity shares | | | | | | | |
| Pursuant to a resolution passed by the shareholders on 10 March 2010, the face value of the equity shares was consolidated from Rs. 2 each to Rs. 10 each and consequently the number of equity shares outstanding have become 97,65,004 equity shares. | | | | | | | | |
| 24 August 2010 | Bonus Issue of 24,41,254 equity shares (1 Bonus share for every 4 shares held): Kailash Chandra Gupta – 8,43,358 equity shares Ravi Gupta – 9,07,250 equity shares Vaibhavi Mahendra Thakkar – 97,658 equity shares Kusum Gupta – 3,48,750 equity shares Payal Gupta – 2,44,125 equity shares Archana Kejriwal - 100 equity shares Kinnari Patel – 3 equity shares S. Mahesh – 8 equity shares Kailash Chandra Gupta HUF - 1 equity share Ravi Gupta HUF - 1 equity share | 10 | N.A. | Bonus Issue | 2,44,12,540 | 1,22,06,258 | 12,20,62,580 | Nil |
| 17 September 2010 | Preferential Allotment of 3,33,333 equity shares to Wisdom Global Enterprises Limited | 10 | 150 | Cash | 33,33,330 | 1,25,39,591 | 12,53,95,910 | 4,66,66,620 |
| TOTAL | | - | - | - | 1,25,39,591 | 1,25,39,591 | 12,53,95,910 | 4,66,66,620 |

(b) Equity shares Allotted for consideration other than cash:

| Date of allotment | No. of equity shares allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Consideration | Issued Equity Capital (Rs.) | Cumulative No. of equity shares | Cumulative Paid-up equity share Capital (Rs.) | Cumulative Share Premium (Rs.) |
|-------------------|---|------------------|-------------------|-------------------------|-----------------------------|---------------------------------|---|--------------------------------|
| 22 October 2007 | Bonus Issue of 10,50,000 equity shares to (30 Bonus shares for every 1 share held): Ravi Gupta – 72,000 equity shares Kailash Chandra Gupta – 7,23,000 equity shares Kusum Gupta – 1,50,000 equity shares Payal Gupta – 1,05,000 equity shares | 10 | - | Bonus Issue | 1,05,00,000 | 10,50,000 | 1,05,00,000 | Nil |
| 29 October 2007 | Bonus Issue of 21,70,000 equity shares to (2 Bonus shares for every 1 share held): Kailash Chandra Gupta – 7,94,200 equity shares Ravi Gupta – 8,48,800 equity shares Kusum Gupta – 3,10,000 equity shares Payal Gupta – 2,17,000 equity shares | 10 | - | Bonus Issue | 2,17,00,000 | 32,20,000 | 3,22,00,000 | Nil |

| | | | | | | | | |
|-------------|---|----|---|-------------|-------------|-----------|-------------|-----|
| 15 May 2008 | <p>Bonus Issue of 65,10,000 equity shares to (2 Bonus shares for every 1 share held):</p> <p>Kailash Chandra Gupta – 23,82,360 equity shares</p> <p>Ravi Gupta – 25,46,400 equity shares</p> <p>Kusum Gupta – 9,30,000 equity shares</p> <p>Payal Gupta – 6,51,000 equity shares</p> <p>Archana Kejriwal – 200 equity shares</p> <p>Vaibhavi Mahendra Thakkar – 20 equity shares</p> <p>Ramalingam Sankar Krishnan - 20 equity shares</p> | 10 | - | Bonus Issue | 6,51,00,000 | 97,30,000 | 9,73,00,000 | Nil |
|-------------|---|----|---|-------------|-------------|-----------|-------------|-----|

| | | | | | | | | |
|----------------|--|----|---|-------------|-------------|-------------|--------------|-----|
| 24 August 2010 | <p>Bonus Issue of 24,41,254 equity shares (1 Bonus share for every 4 shares held):</p> <p>Kailash Chandra Gupta – 8,43,358 equity shares</p> <p>Ravi Gupta – 9,07,250 equity shares</p> <p>Vaibhavi Mahendra Thakkar – 97,658 equity shares</p> <p>Kusum Gupta – 3,48,750 equity shares</p> <p>Payal Gupta – 2,44,125 equity shares</p> <p>Archana Kejriwal - 100 equity shares</p> <p>Kinnari Patel – 3 equity shares</p> <p>S. Mahesh – 8 equity shares</p> <p>Kailash Chandra Gupta HUF - 1 equity share</p> <p>Ravi Gupta HUF - 1 equity share</p> | 10 | - | Bonus Issue | 2,44,12,540 | 1,21,71,254 | 12,17,12,540 | Nil |
|----------------|--|----|---|-------------|-------------|-------------|--------------|-----|

2. History of equity share capital held by our Promoters

(a) Details of the build up of our Promoters' shareholding in our Company

| Name of Promoter | Date of Allotment /Transfer* | Consideration (Cash/other than cash/Bonus Issue) | Number of equity shares | Face Value (Rs.) | Acquisition Price (Rs.) | Pre-Issue paid-up capital (%) | Nature of Issue/ Acquisition | Post-Issue paid-up capital (%) |
|---------------------------|------------------------------|--|-------------------------|------------------|-------------------------|-------------------------------|---|--------------------------------|
| Mr. Kailash Chandra Gupta | 30 December 1997 | Cash | 100 | 10 | 1,000 | Negligible | Subscriber to Memorandum of Association | Negligible |
| | 5 February 2001 | Cash | 4,000 | 10 | 40,000 | 0.03 | Preferential Allotment | 0.02 |
| | 24 August 2007 | Cash | 20,000 | 10 | 25,000 | 0.16 | Transfer | 0.12 |
| | 22 October 2007 | Bonus Issue | 7,23,000 | 10 | N.A. | 5.77 | Bonus Issue | 4.31 |
| | 24 October 2007 | Other than cash | (3,50,000) | 10 | N.A. | (2.79) | Transfer | (2.08) |
| | 29 October 2007 | Bonus Issue | 7,94,200 | 10 | N.A. | 6.33 | Bonus Issue | 4.73 |
| | 13 March 2008 | Cash | (10) | 10 | (100) | (Negligible) | Transfer | (Negligible) |
| | 13 March 2008 | Cash | (100) | 10 | (1000) | (Negligible) | Transfer | (Negligible) |
| | 13 March 2008 | Cash | (10) | 10 | (100) | (Negligible) | Transfer | (Negligible) |
| | 15 May 2008 | Bonus Issue | 23,82,360 | 10 | N.A. | 19.00 | Bonus Issue | 14.19 |
| | 7 July 2008 | Cash | (10) | 10 | (700) | (Negligible) | Transfer | (Negligible) |
| 19 January 2010 | Cash | (10,00,000)* | 2 | (20,00,000) | (1.59) | Transfer | (1.19) | |

| Name of Promoter | Date of Allotment /Transfer* | Consideration (Cash/other than cash/Bonus Issue) | Number of equity shares | Face Value (Rs.) | Acquisition Price (Rs.) | Pre-Issue paid-up capital (%) | Nature of Issue/ Acquisition | Post-Issue paid-up capital (%) |
|--------------------------------------|------------------------------|--|-------------------------|------------------|-------------------------|-------------------------------|---|--------------------------------|
| | 19 January 2010 | Cash | (500)* | 2 | (1,000) | (Negligible) | Transfer | (Negligible) |
| | 24 August 2010 | Bonus Issue | 8,43,358 | 10 | N.A. | 6.72 | Bonus Issue | 5.02 |
| | 18 September 2010 | Cash | (3,33,333) | 10 | (5,00,00,000) | (2.66) | Transfer | (1.99) |
| | Sub-Total | | 38,83,455** | 10 | | 30.97 | | 23.13 |
| Mr. Ravi Gupta | 30 December 1997 | Cash | 100 | 10 | 1,000 | Negligible | Subscriber to Memorandum of Association | Negligible |
| | 5 February 2001 | Cash | 2,300 | 10 | 23,000 | 0.02 | Preferential Allotment | 0.01 |
| | 22 October 2007 | Bonus Issue | 72,000 | 10 | N.A. | 0.57 | Bonus Issue | 0.43 |
| | 24 October 2007 | Other than cash | 3,50,000 | 10 | 35,00,000 | 2.79 | Transfer | 2.09 |
| | 29 October 2007 | Bonus Issue | 8,48,800 | 10 | N.A. | 6.77 | Bonus Issue | 5.06 |
| | 15 May 2008 | Bonus Issue | 25,46,400 | 10 | N.A. | 20.31 | Bonus Issue | 15.17 |
| | 19 January 2010 | Cash | (9,53,000)* | 2 | (19,06,000) | (1.52) | Transfer | (1.14) |
| | 24 August 2010 | Bonus Issue | 9,07,250 | 10 | N.A. | 7.24 | Bonus Issue | 5.40 |
| | Sub-Total | | 45,36,250** | | | 36.18 | | 27.02 |
| Ms. Vaibhavi Mahendra Thakkar | 13 March 2008 | Cash | 10 | 10 | 100 | Negligible | Transfer | Negligible |
| | 15 May 2008 | Cash | 20 | 10 | 200 | Negligible | Preferential Allotment | Negligible |
| | 19 January 2010 | Cash | 10,00,000* | 2 | 20,00,000 | 1.59 | Transfer | 1.19 |
| | 19 January 2010 | Cash | 9,53,000* | 2 | 19,06,000 | 1.52 | Transfer | 1.14 |
| | 24 August 2010 | Bonus Issue | 97,658 | 10 | N.A. | 0.78 | Bonus Issue | 0.58 |
| | Sub-Total | | 4,88,288** | | | 3.89 | | 2.91 |
| Total | | | 89,07,993 | | | 71.04 | | 53.06 |

* Pursuant to a resolution passed by the shareholders on 1 August 2008, the face value of the equity shares was sub-divided from Rs. 10 each to Rs. 2 each and consequently the 10,00,000 equity shares transferred by Mr. Kailash Chandra Gupta to Ms. Vaibhavi Mahendra Thakkar on 19 January 2010, 9,53,000 equity shares transferred by Mr. Ravi Gupta to Ms. Vaibhavi Mahendra Thakkar on 19 January 2010 and 500 equity shares transferred by Mr. Kailash Chandra Gupta to Mrs. Archana Kejriwal on 19 January 2010 were at a face value of Rs. 2 each.

**Pursuant to a resolution passed by the shareholders on 10 March 2010, the face value of the equity shares was consolidated from Rs. 2 each to Rs. 10 each and consequently, prior to 24 August 2010, the number of equity shares held by Mr. Kailash Chandra Gupta was 33,73,430 equity shares, Mr. Ravi Gupta was 36,29,000 equity shares and Ms. Vaibhavi Mahendra Thakkar was 3,90,630 equity shares of face value of Rs. 10 each.

(b) Details of Promoters' Contribution and Lock-in

An aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("Promoters' Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares.

Our Promoters have, pursuant to their undertakings dated 18 September 2010, granted consent to include such number of equity shares held by them as may constitute 20% of the post-Issue equity share capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose off in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

The details of Promoters' Contribution are as provided below:

| Sr.No. | Promoters | No. of equity shares locked in | Face Value (Rs.) | Date of Acquisition and when made fully paid up | Nature of Allotment/ Transfer | Consideration (Cash/ Other than cash) | Percentage of post-Issue paid-up capital | Period of lock-in |
|------------------|-----------------------|--------------------------------|------------------|---|---|---------------------------------------|--|-------------------|
| 1 | Kailash Chandra Gupta | 8,43,358 | 10 | 24 August 2010 | Bonus Issue in the ratio of 1 equity shares for 4 (four) equity shares held | Bonus Issue | 5.02 | 3 years |
| | | 8,40,601 | 10 | 15 May 2008 | Bonus Issue in the ratio of 2 equity shares for each equity share held | Bonus Issue | 5.01 | 3 years |
| Sub-Total | | 16,83,959 | | | | | 10.03 | |
| 2 | Ravi Gupta | 9,07,250 | 10 | 24 August 2010 | Bonus Issue in the ratio of 1 equity shares for 4 (four) equity shares held | Bonus Issue | 5.40 | 3 years |
| | | 7,76,710 | 10 | 15 May 2008 | Bonus Issue in the ratio of 2 equity shares for each equity share held | Bonus Issue | 4.63 | 3 years |
| Sub-Total | | 16,83,960 | | | | | 10.03 | |
| Total | | 33,67,919 | | | | | 20.06 | |

The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations. The Promoters' contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

All equity shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI Regulations. The equity shares proposed to be included as part of the Promoters' Contribution:

- have not been subject to pledge or any other form of encumbrance; or
- have not been issued out of revaluation reserves or capitalization of intangible assets and have not been issued against shares, which are otherwise ineligible for Promoters' Contribution; or
- have not been acquired for consideration other than cash and revaluation of assets; or
- have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Red Herring Prospectus at a price lower than the Issue Price.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the equity shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the

purpose of financing one or more of the objects of this Issue. For further details regarding the objects, see section titled “Objects of the Issue” on page 39 of this Draft Red Herring Prospectus.

The equity shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

The equity shares held by persons other than our Promoters and locked-in for a period of one year from the date of allotment in the Issue may be transferred to any other person holding equity shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

(c) **Details of pre-Issue equity share capital locked in for one year:**

In addition to 20% of the post-Issue shareholding of our Company held by the Promoters and locked in for three years as specified above, the entire pre-Issue share capital of our Company (including the equity shares held by our Promoters) shall be locked in for a period of one year from the date of Allotment.

(d) **Lock-in of equity shares to be issued, if any, to the Anchor Investor**

Any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

3. **Shareholding Pattern of our Company**

| Shareholders | Pre-Issue | | Post-Issue | |
|---|----------------------|---------------|----------------------|---------------|
| | No. of equity shares | Percentage | No. of equity shares | Percentage |
| Promoters (A) | | | | |
| Kailash Chandra Gupta | 38,83,455 | 30.97 | 38,83,455 | 23.13 |
| Ravi Gupta | 45,36,250 | 36.18 | 45,36,250 | 27.02 |
| Vaibhavi Mahendra Thakkar | 4,88,288 | 3.89 | 4,88,288 | 2.91 |
| Total (A) | 89,07,993 | 71.04 | 89,07,993 | 53.06 |
| Promoter Group (B) | | | | |
| Kusum Gupta | 17,43,750 | 13.91 | 17,43,750 | 10.39 |
| Payal Gupta | 12,20,625 | 9.73 | 12,20,625 | 7.27 |
| Archana Kejriwal | 500 | Negligible | 500 | Negligible |
| Kailash Chandra Gupta HUF | 3 | Negligible | 3 | Negligible |
| Ravi Gupta HUF | 3 | Negligible | 3 | Negligible |
| Total (B) | 29,64,881 | 23.64 | 29,64,881 | 17.66 |
| Total (A + B) | 1,18,72,874 | 94.68 | 1,18,72,874 | 70.72 |
| Non-Promoter Group (C) | | | | |
| Wisdom Global Enterprises Limited | 3,33,333 | 2.66 | [•] | [•] |
| Jain Energy Limited | 3,33,333 | 2.66 | [•] | [•] |
| Kinnari Patel | 13 | Negligible | [•] | [•] |
| Employees | 38 | Negligible | [•] | [•] |
| Total (C) | 6,66,717 | 5.32 | [•] | [•] |
| Total Pre-Issue Share Capital (A+B+C) | 1,25,39,591 | 100.00 | [•] | [•] |
| Public (Pursuant to the Issue) (D) | - | - | [•] | [•] |
| Total Post-Issue Share Capital (A+B+C+D) | 1,25,39,591 | 100.00 | 1,67,89,591 | 100.00 |

4. Equity shares held by top ten shareholders

(a) On the date of filing this Draft Red Herring Prospectus with SEBI:

| Sr. No. | Name of Shareholder | No. of equity shares (of Rs. 10 each) | % to Paid up Capital |
|---------|-----------------------------------|---------------------------------------|----------------------|
| 1. | Ravi Gupta | 45,36,250 | 36.18 |
| 2. | Kailash Chandra Gupta | 38,83,455 | 30.97 |
| 3. | Kusum Gupta | 17,43,750 | 13.91 |
| 4. | Payal Gupta | 12,20,625 | 9.73 |
| 5. | Vaibhavi Mahendra Thakkar | 4,88,288 | 3.89 |
| 6. | Wisdom Global Enterprises Limited | 3,33,333 | 2.66 |
| 7. | Jain Energy Limited | 3,33,333 | 2.66 |
| 8. | Archana Kejriwal | 500 | Negligible |
| 9. | S. Mahesh | 38 | Negligible |
| 10. | Kinnari Patel | 13 | Negligible |
| | Total | 1,25,39,585 | 99.99 |

(b) 10 days prior to the date of filing this Draft Red Herring Prospectus with SEBI:

| Sr. No. | Name of Shareholder | No. of equity shares (of Rs. 10 each) | % to Paid up Capital |
|---------|---------------------------|---------------------------------------|----------------------|
| 1. | Ravi Gupta | 45,36,250 | 37.16 |
| 2. | Kailash Chandra Gupta | 42,16,788 | 34.55 |
| 3. | Kusum Gupta | 17,43,750 | 14.29 |
| 4. | Payal Gupta | 12,20,625 | 10.00 |
| 5. | Vaibhavi Mahendra Thakkar | 4,88,288 | 4.00 |
| 6. | Archana Kejriwal | 500 | Negligible |
| 7. | S. Mahesh | 38 | Negligible |
| 8. | Kinnari Patel | 13 | Negligible |
| 9. | Kailash Chandra Gupta HUF | 3 | Negligible |
| 10. | Ravi Gupta HUF | 3 | Negligible |
| | Total | 1,22,06,258 | 100.00 |

(c) Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

| S. No. | Name of the shareholder | No. of equity shares (of Rs. 2 each) | Percentage |
|--------|---------------------------|--------------------------------------|---------------|
| 1. | Ravi Gupta | 1,90,98,000 | 39.12 |
| 2. | Kailash Chandra Gupta | 1,78,67,650 | 36.60 |
| 3. | Kusum Gupta | 69,75,000 | 14.29 |
| 4. | Payal Gupta | 48,82,500 | 10.00 |
| 5. | Archana Kejriwal | 1,500 | Negligible |
| 6. | Vaibhavi Mahendra Thakkar | 150 | Negligible |
| 7. | S Mahesh | 150 | Negligible |
| 8. | Kinnari Patel | 50 | Negligible |
| | Total | 4,88,25,000 | 100.00 |

5. Employee Stock Option Plan (“ESOP”)

The Employee Stock Option Plan, 2010 (“ESOP 2010”) approved by the ESOS Compensation Committee of the Board of Directors (“ECC”) was approved by our Board on 25 May 2010 and by our shareholders on 25 June 2010. The objective of ESOP 2010 is to reward high performing employees, encourage performance improvement, align employees’ interests with those of the organization and encourage them to contribute to the success of the Company. The shareholders have approved an issue of 7,35,000 options (convertible into equity shares in the ratio of 1:1) to be issued under one or more

stock option plans as may be decided by the Board of Directors aggregating to 7.53% of the outstanding equity share capital of the Company. The equity shares resulting out of the conversion will rank pari passu in all respects with the then existing equity shares of the Company. Further, except with the specific approval of the members during a general meeting, during any particular year, no employee should be granted options equal to or exceeding 1 (One) % of the issued equity share capital. There was no stock option plan for employees of our Company prior to implementation of ESOP 2010.

The options will be granted in one or more tranches as decided by the ECC. A grant of 2,32,000 options has been made by the ECC under the ESOP 2010. There shall be a minimum period of 1 (One) year between the date of grant and date of vesting of the options granted. The options granted under ESOP 2010 would vest annually starting June 2011 over the next 4 years as under:

At the end of 1st year - 20% of the options granted

At the end of 2nd year - 20% of the options granted

At the end of 3rd year - 25% of the options granted

At the end of 4th year - 35% of the options granted

The vested options have to be exercised within a period of 180 days from the date of vesting of options, failing which the vested options shall lapse.

| Sl. No. | Particulars | 2010-11 |
|---------|---|----------|
| 1. | Options granted | 2,32,000 |
| 2. | Exercise Price | Rs. 20 |
| 3. | Options Vested | Nil |
| 4. | Options Exercised | Nil |
| 5. | Total no. of shares arising as result of exercise of Options | 2,32,000 |
| 6. | Options lapsed * | Nil |
| 7. | Variation in terms of Options | None |
| 8. | Money realized by exercise of Options | Nil |
| 9. | Total number of options in force | 2,32,000 |
| | <i>*Lapsed options include options forfeited and options cancelled / lapsed</i> | |

As the grant of options is made post reporting date of the financials appearing in the offer document i.e. 31 March 2010, the disclosures regarding the fair value of options as per an acceptable Option pricing model are not applicable. However, the detailed disclosures will be made in the "Director's report disclosures" in the forthcoming annual report. The Key Managerial Personnel and the employees have confirmed that there would not be any sale of equity shares arising pursuant to the exercise of the options granted within three months after the date of listing of the shares.

The employees eligible for grant of options under the ESOP 2010 are as under:

| Sl. No. | Name of Employee | No. of options granted under the ESOP 2010 |
|---------|----------------------|--|
| 1. | Mr. S. Mahesh | 45,000 |
| 2. | Mr. Sukesh Pansari | 25,000 |
| 3. | Mr. Sanjay Jain | 20,000 |
| 4. | Mr. Praveen M | 16,000 |
| 5. | Mr. Amit Kumar | 16,000 |
| 6. | Mr. Yash Agarwal | 15,000 |
| 7. | Mr. Amarendra Mishra | 13,000 |
| 8. | Mr. Chirag Deliwala | 12,000 |
| 9. | Mr. Siva Sarvanan | 12,000 |
| 10. | Mr. Saurabh Chandra | 11,000 |
| 11. | Mr. Amit Pandey | 11,000 |
| 12. | Mr. Amit Khanna | 9,000 |
| 13. | Mr. J K Pradhan | 7,000 |
| 14. | Mr. Ramaseshan | 5,000 |
| 15. | Mr. Prashant Purohit | 5,000 |
| 16. | Ms. Geeta Komar | 5,000 |

| Sl. No. | Name of Employee | No. of options granted under the ESOP 2010 |
|---------|--|--|
| 17. | Ms. Chetna Patil | 5,000 |
| | Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year | Nil |
| | Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant. | Nil |

6. Our Company, our Promoters, our Directors and the BRLMs have not entered into any buy-back arrangements and/or safety net facility for the purchase of Equity Shares from any person.
8. Except as disclosed in the sections titled “Our Management” and “Capital Structure”, none of our Directors or key management personnel holds any equity shares in our Company.
9. Our Company has not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, please see section titled “Objects of the Issue”.
10. There has been no transaction in equity shares by and from the Directors, Promoters and Promoter Group entities during the six months preceding the filing of this Draft Red Herring Prospectus with SEBI except for 3,33,333 Equity Shares sold by Mr. Kailash Chandra Gupta on 18 September 2010 to Jain Energy Limited at Rs 150.00 per share
11. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
12. Under-subscription, if any, in any of category will be allowed to be met with spill over from any other category at the discretion of our Company, in consultation with the BRLMs.
13. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum Allotment lot.
14. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
15. As on date of this Draft Red Herring Prospectus, except as disclosed in this chapter, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our equity shares.
16. We presently do not intend to issue further capital whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
17. We presently do not intend to or propose to alter the capital structure by way of split or consolidation of the denomination of our equity shares or issue equity shares on a preferential basis or issue of bonus or rights or further public issue of equity shares or qualified institutions placement, within a period of

six months from the date of opening of the Issue. However, if business needs of the Company so require, the company may alter the capital structure by way of split or consolidation of the denomination of the shares/issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Draft Red Herring Prospectus or from the date the application moneys are refunded on account of failure.

18. All securities offered through the issue shall be made fully paid-up or may be forfeited for non-payment of calls within twelve months from the date of allotment of securities.
19. Our Company has not issued any equity shares out of revaluation reserves or for consideration other than cash except as stated in the equity share capital history table above.
20. The Equity Shares being offered in this Issue will be fully paid up at the time of Allotment.
21. There will be only one denomination of the equity shares of our Company unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
22. The Company has not come out with any public issue since its incorporation.
23. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.
24. As of the date of this Draft Red Herring Prospectus, the total number of holders of equity shares is 12 (Twelve).
25. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
26. 35,000 Equity Shares have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at the Issue Price. Bids by Eligible Employees bidding under the Employee Reservation Portion can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 35,000 Equity Shares, allocation shall be made on a proportionate basis.
27. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, excluding the Employee Reservation Portion, would be met with spill-over from any other category or a combination of other categories, at the sole discretion of our Company, in consultation with Book Running Lead Managers. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
28. Except as disclosed in this section, the Company has not granted ESOPs to its employees.
29. The Promoter Group, Directors, Promoters and their relatives have not financed the purchase by any other person of securities of the 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 this Draft Red Herring Prospectus with SEBI.
30. Following are the transactions by and between the the relative of the promoters:

| Sr No. | Name of Allottee/Transferee and relationship | Date | Number of equity shares | Acquisition Price (Rs.) | Nature of Allotment |
|-----------------|--|--------------------------------------|-----------------------------------|-------------------------|------------------------|
| 1. | Mrs. Payal Gupta (wife of Mr. Ravi Gupta) | 5 February 2001 | 3,500 equity shares (Rs. 10 each) | 35,000 | Preferential Allotment |
| 22 October 2007 | | 1,05,000 equity shares (Rs. 10 each) | NA | Bonus Issue | |
| 29 October | | 2,17,000 equity shares | NA | Bonus Issue | |

| Sr No. | Name of Allottee/Transferee and relationship | Date | Number of equity shares | Acquisition Price (Rs.) | Nature of Allotment |
|--------|---|-----------------|--------------------------------------|-------------------------|------------------------|
| | | 2007 | (Rs. 10 each) | | |
| | | 15 May 2008 | 6,51,000 equity shares (Rs. 10 each) | NA | Bonus Issue |
| | | 24 August 2010 | 2,44,125 equity shares (Rs. 10 each) | NA | Bonus Issue |
| 2. | Mrs. Kusum Gupta (wife of Mr. K. C. Gupta) | 5 February 2001 | 5,000 equity shares (Rs. 10 each) | 50,000 | Preferential Allotment |
| | | 22 October 2007 | 1,50,000 equity shares (Rs. 10 each) | NA | Bonus Issue |
| | | 29 October 2007 | 3,10,000 equity shares (Rs. 10 each) | NA | Bonus Issue |
| | | 15 May 2008 | 9,30,000 equity shares (Rs. 10 each) | NA | Bonus Issue |
| | | 24 August 2010 | 3,48,750 equity shares (Rs. 10 each) | NA | Bonus Issue |
| 3. | Mrs. Archana Kejriwal (Daughter of Mr. K. C. Gupta) | 10 March 2008 | 100 equity shares (Rs. 10 each) | 1,000 | Transfer |
| | | 15 May 2008 | 200 equity shares (Rs. 10 each) | NA | Bonus Issue |
| | | 19 January 2010 | 500 equity shares (Rs. 2 each) | 1,000 | Transfer |
| | | 24 August 2008 | 100 equity shares (Rs. 10 each) | NA | Bonus Issue |

OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue after deducting the issue related expenses (the “**Net Proceeds**”) for the following objects:

1. Expansion of the existing operations of our Company;
2. Investment in India Factoring and Finance Solutions Pvt Ltd (“JV Company”);
3. Making strategic investments or acquisitions of companies engaged in the business of financial services;
4. Brand building; and
5. General corporate purposes

(Collectively referred to herein as the “objects”)

In addition, our company expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the object clause of our Memorandum of Association

Proceeds of the Issue

The details of proceeds of the Issue are summarized in the following table:

(in Rs. Lacs)

| S. No. | Description | Amount |
|--------|--|--------|
| 1 | Gross proceeds of the Issue* | [●] |
| 2 | Issue Expenses* | [●] |
| 3 | Net proceeds of the Issue* (“ Net Proceeds ”) | [●] |

* To be finalised upon completion of the Issue

Utilisation of Net Proceeds

We intend to use the Net Proceeds of Rs. [●] lacs as follows:

(in Rs. Lacs)

| Particulars | Amount |
|---|---------|
| Expansion of existing operations of our Company | 1607.10 |
| Investment in the JV Company | 2450.00 |
| Making strategic investments or acquisitions of companies engaged in the business of financial services | 1000.00 |
| Brand building | 1095.45 |
| General Corporate purposes* | [●] |
| Total* | [●] |

* To be finalised upon completion of the Issue

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

Deployment of Net Proceeds

The details of application of Net Proceeds towards the abovementioned objects and the proposed schedule of deployment of funds are set out below:

(in Rs. Lacs)

| Objects | Amount | Estimated schedule of utilization of Net Proceeds for fiscal | |
|---|---------|--|---------|
| | | 2011 | 2012 |
| Expansion of existing operations of our Company | 1607.10 | Nil | 1607.10 |
| Investment in the JV Company | 2450.00 | 450.00 | 2000.00 |

| Objects | Amount | Estimated schedule of utilization of Net Proceeds for fiscal | |
|---|---------|--|---------|
| | | 2011 | 2012 |
| Making strategic investments or acquisitions of companies engaged in the business of financial services | 1000.00 | Nil | 1000.00 |
| Brand building | 1095.45 | 300.00 | 795.45 |
| General Corporate purposes* | [●] | [●] | [●] |
| Total | [●] | [●] | [●] |

* The amount to be deployed towards general corporate purposes will be decided after finalization of Issue Price.

In the event of a shortfall in raising the requisite funds from the proceeds of the Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals.

In case of any surplus of monies received in relation to the Issue, we may use such surplus towards further expansion and general corporate purposes. In case of variations in the actual utilization of funds earmarked for the purposes mentioned 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 Issue.

We operate in a highly competitive, dynamic market condition, and may have to revise our estimates from time to time. We may also reallocate expenditure depending on our requirements. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management. In case of any shortfall we intend to meet the same from our internal accruals.

Details of Utilization of Net Proceeds

1. Expansion of existing operations of our Company

In addition to our head office in Mumbai, which is owned by our Company, we operate from 7 domestic branches and 2 overseas branches in Dubai and Hong Kong, which are taken on lease by our Company. Going forward, we intend to set up / upgrade regional offices in Ahmedabad, Bengaluru, Chennai, Delhi and Hyderabad which will be owned by our Company. In addition we further intend to set up offices in 8 domestic cities and 2 international cities on lease basis.

Setting up regional offices

Regional Offices are proposed to be set up for carrying out business activities which will not only result in greater visibility and more business but also help in exercising better control over the branches in the region. Our Company intends to utilize approximately Rs. 1272.83Lacs from the Net Proceeds towards setting up the new regional offices.

The following table highlights the break-up of costs under various heads expected to be incurred towards setting up these regional offices.

(in Rs. Lacs)

| Location | Area | Purchase Price (Rs./Sqt) ¹ | Cost | Commission ² | Registration | Interior & Electricals ³ | IT & Equip ⁴ | Total |
|-------------------------------|------|---------------------------------------|--------|-------------------------|--------------|-------------------------------------|-------------------------|---------------|
| Delhi, Rajendra Place | 2000 | 17,000 | 340.00 | 3.40 | 10.71 | 30.00 | 5.02 | 389.13 |
| Bengaluru, Race Course | 2000 | 11,000 | 220.00 | 2.20 | 23.10 | 30.00 | 5.02 | 280.32 |

| Location | Area | Purchase Price (Rs./Sqft) ¹ | Cost | Commission ² | Registration | Interior & Electricals ³ | IT & Equip ⁴ | Total |
|---------------------------------|------|--|----------------|-------------------------|--------------|-------------------------------------|-------------------------|----------------|
| <i>Road</i> | | | | | | | | |
| Hyderabad, Banjara Hills | 2000 | 11,000 | 220.00 | 2.20 | 11.00 | 30.00 | 5.02 | 268.22 |
| Chennai, Mount Road | 2000 | 9,000 | 180.00 | 1.80 | 14.40 | 30.00 | 5.02 | 231.22 |
| Ahmedabad, Near IIM | 1550 | 4,350 | 68.17 | 0.68 | 6.82 | 23.25 | 5.02 | 103.94 |
| Total | | | 1028.17 | 10.28 | 66.03 | 143.25 | 25.10 | 1272.83 |

Notes:

1. Based on quotations dated 16 September 2010 received from Cushman & Wakefield
2. Commission equivalent to 1% of gross transaction amount
3. Interiors & Electricals @ Rs.1500 per sqft – based on quotation from Kunal & Associates dated September 16, 2010
4. IT & Equipment @ Rs. 5.02 Lakhs per branch – based on quotation from Trimax IT Infrastructure Ltd dated September 18, 2010

Adding new branches on lease

We want to expand our reach in 10 new cities including 2 overseas locations by setting up branches on lease basis. The proposed new domestic branches are in the cities of Indore, Patna, Nagpur, Coimbatore, Bhopal, Bhubaneshwar, Raipur and Chandigarh in India. Two overseas branches are proposed to be set up in London and Singapore.

The cost involved in setting up a new branch on lease primarily comprises of advance rent and deposit for lease & license arrangements, expenditure on interiors, furniture and fixtures, electricals, installation of computers, network-connectivity, etc. Except the advance rent and deposit for lease & license component, the other costs largely remain the same for similar sized branches. The break-up of estimated cost of setting up branches in these locations is as follows:

Domestic Branches

(in Rs. Lacs)

| City | Location | Space in sqft | Deposit ¹ | Commission ¹ | Interiors and Electricals ² | Annual Rental ¹ | IT & Equipment ³ | Total |
|--------------|---------------|---------------|----------------------|-------------------------|--|----------------------------|-----------------------------|---------------|
| Indore | Vijay Nagar | 1800 | 3.24 | 1.08 | 12.60 | 6.48 | 3.46 | 26.86 |
| Patna | MauryaLok | 1700 | 4.08 | 1.36 | 11.90 | 8.16 | 3.46 | 28.96 |
| Nagpur | Sita Buldi | 1500 | 4.50 | 1.50 | 10.50 | 9.00 | 3.46 | 28.96 |
| Coimbatore | Avinash Road | 1700 | 3.00 | 1.00 | 11.90 | 6.00 | 3.46 | 25.36 |
| Bhopal | Malviya Nagar | 1500 | 2.70 | 0.90 | 10.50 | 5.40 | 3.46 | 22.96 |
| Bhubaneshwar | Asoka Road | 2200 | 2.70 | 0.90 | 15.40 | 5.40 | 3.46 | 27.86 |
| Raipur | GE Road | 2400 | 2.1 | 0.70 | 16.8 | 4.20 | 3.46 | 27.26 |
| Chandigarh | Sector 17 | 2500 | 4.8 | 1.60 | 17.5 | 9.60 | 3.46 | 36.96 |
| Total | | | 27.12 | 9.04 | 107.10 | 54.24 | 27.72 | 225.22 |

Note:

1. Based on quotations dated 15 September 2010 received from SJL Company Limited
2. Interiors @ Rs 700 per sqft - based on quotation from Kunal & Associates dated September 16, 2010
3. IT & Equipment @ Rs. 3.46 Lakhs per branch – based on quotation from Trimax IT Infrastructure Ltd dated September 18, 2010

Foreign Branches

(in Rs. Lacs)

| City | Location | Area in sqft | Annual Rental | Deposit | Commission | Total |
|------------|---------------------|--------------|---------------|---------|------------|-------|
| London* | Near Central London | 1200 | 27.51 | 13.75 | 8.48 | 49.74 |
| Singapore* | Equity Plaza | 1528 | 50.83 | 8.47 | - | 59.31 |

*Based on quotations dated 16 September 2010 received from Cushman & Wakefield

Note: Exchanges rate quotes have been taken from www.rbi.org.in as on 16th September 2010

Currently we have not made any prior arrangements for establishment of any of these new branches. We expect to incur a total cost of Rs. 1607.10 lacs towards setting up of 10 new branches on lease basis.

2. Investment in the JV Company

Our Company considers the investment in the JV Company as a very important and strategic milestone in the Company's lifecycle. Our Company's strength is in advising our clients on the availability and use of factoring as a means of financing and cash management. Thus, investment in a Factor company is, for our Company, a natural progression towards ensuring future growth. Our Company's strengths in sourcing clients for advising on factoring coupled with the availability of a new Factor Company will enable us use our Factoring advisory skills for business development.

Besides the above, the inherent advantages of being one of the 4 or 5 strategic investors investing in a Company which will have PNB holding 30% stake is in itself a matter of prestige.

We have been actively involved in arranging finance through Factoring in past and it continues to remain one of the major thrust areas. As a part of the business strategy, our Company has entered into a share subscription agreement and shareholders agreement, both dated 4 November, 2009 with FIMBank Plc.(now assigned to FIMFactors BV, a wholly owned subsidiary of FIMBank Plc.), PNB and BancaFIS to set up a Factoring Company named India Factoring and Finance Solutions Pvt Ltd to carry out the business of factoring, forfaiting and leasing in India. The JV Company has made an application to RBI for an NBFC license vide an application letter dated March 29, 2010. The license is still awaited. Our Company is currently holding 5,00,000 equity shares of face value Rs 10/- each, constituting 1% of the total paid up capital of the JV Company. The second allotment will become due on receipt of the aforesaid license. On conclusion of the second allotment, our company will hold 10,00,000 equity shares of face value Rs 10/- each, constituting a 1% stake of the increased paid up capital. After the second allotment, our Company would have a right to purchase an additional 4% of the total issued and paid up share capital of the JV Company from the shares held by one of the existing shareholder for a consideration of Rs 4 Crores within 24 months of the second allotment. After the NBFC license is received from RBI, the JV Company may need capital infusion for its growth. The JV agreement entitles the JV Company to raise up to Rs 500 crores for its growth. This capital call, when made by the JV Company, its existing shareholders will be required to compulsorily subscribe to securities in the ratio of their shareholding in the Company.

For more information, please refer to section, "History and Certain Corporate Matters" on page 84.

Investment in Joint Venture is in the form of equity. We estimate a total capital infusion of Rs. 2450.00 lacs in the JV by financial year 2011 -12.

The investment does not have a fixed dividend payout and therefore returns from the same are dependent on the operations and the dividend policy of the factoring company.

3. Making strategic investments or acquisitions of companies engaged in the business of financial services

We seek to further enhance our position as a player in the financial services industry. In addition to continued investments organically, we intend to enhance our capabilities through strategic investments or acquisition of companies engaged in similar line of business.

Towards this end, we propose to target companies which are offering services in the financial services space. We have ascertained an amount of Rs. 1000 lacs based on our internal estimate for making such strategic investments or acquisitions. Any specific acquisition opportunity will be considered based on actual value estimates at that time.

The proposed investment will be in form of equity stake in the target companies.

We will enter into non-binding letters of intent or memorandum of understanding once the potential target has been identified, evaluate risks associated with such an acquisition and then either enter into a binding definitive agreement with the target company or terminate the non-binding letter of intent or the memorandum of understanding as the case may be. We shall ensure that such acquisitions and strategic initiatives will be in accordance with applicable laws as may be amended from time to time. As of the date of this DRHP, we have not appointed any financial advisor nor have we entered into any definitive agreement for any acquisition, investment or joint venture in any company, nor have we made any payment as an advance for any such acquisition, investment or joint venture in any company.

For the above-mentioned objective, we have constituted a Strategic Planning committee comprising of 3 directors. The committee is in the process of scouting for the right company which will be a strategic fit to our Company.

4. Brand building

Brands are a means of differentiating an entity's products and services from those of its competitors. In the financial services sector, a strong brand will help us to make our services distinct from competition. It will also increase awareness about the services provided by our company. In line with our Company's expansion plans, we propose to establish a recognized brand for our Company. For this purpose, we intend to make advertisements in various forms of media including TV, Print, OOH, etc. The total expenditure to be incurred is estimated to be Rs. 1,095.45lacs.

(in Rs. Lacs)

| Media Budget Summary | |
|----------------------|---------|
| Media | Budget |
| TV | 265.90 |
| Print Dailies | 476.00 |
| Print Magazines | 53.55 |
| OOH | 300.00 |
| Total* | 1095.45 |

* Exclusive of Taxes

The above estimates are based on quotations dated 16 September 2010 received from Percept H Pvt Limited.

This would help us enhance visibility of the brand and strengthen our recognition in the Indian financial services industry.

5. General Corporate Purposes

We intend to deploy the balance Net Proceeds aggregating Rs. [●] lacs towards the general corporate purposes, including but not restricted to entering into strategic alliances, partnership, investment in other segments of the industry or any other purposes as approved by our Board of Directors.

The figures relating to the expenditure plans are based on management estimates and have not been appraised by an independent organization. In addition, the Company's expenditure plans are subject to a number of variables,

including possible cost overruns and changes in the management's view of the desirability of the current plans, among others.

Funds Deployed

Suresh Surana & Associates, Chartered Accountants, have issued a certificate dated 18 September 2010 for the deployment of funds as on August 31, 2010, stating that the Company has not deployed any funds towards the aforesaid objects for which the Net Proceeds are being raised. The certificate further states that an amount of Rs 20.65 has been incurred by our Company towards Issue related expenses out of their internal accruals.

Bridge Financing Facilities

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds of the Issue.

Issue Related Expenses

The estimated Issue related expenses are as follows:

| Activity | Expenses* (Rs. in lacs) | As a Percentage of the Issue Expenses | As a Percentage of the Issue size* |
|--|------------------------------------|--|---|
| Lead manager fee | [•] | [•] | [•] |
| Registrar to the Issue | [•] | [•] | [•] |
| Underwriting commission, brokerage and selling commission | | | |
| Advertising and marketing expenses | [•] | [•] | [•] |
| Printing and stationery | [•] | [•] | [•] |
| Others (SEBI filing fees, IPO grading expenses, Listing Fee ,Legal fees, etc.) | [•] | [•] | [•] |
| Total estimated Issue expenses | [•] | [•] | [•] |

* To be incorporated after finalization of the Issue price.

Interim use of funds

Our Company intends to use the proceeds of the Issue to meet all or any of the uses of funds described above. Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or reducing overdrafts. Such investments would be in accordance with investment policies approved by the Board from time to time.

Monitoring Utilization of Funds

Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our balance sheet for the relevant financial years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the statutory auditors of our Company.

We shall be required to inform material deviations in the utilization of Issue proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations/ adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter group companies, our Directors, group companies or key managerial employees, except in the normal course of our business.

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable

BASIS FOR ISSUE PRICE

The Price Band will be decided by the Company in consultation with the BRLMs and advertised at least two days prior to the Bid/Issue Opening Date. The Issue Price will be determined by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the offered Equity Shares by the Book Building process. The face value of our Equity Shares is Rs. 10 each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value.

Qualitative Factors

- Diversified and balanced mix of services
- Scalable Execution Model
- Strong management team and Partnership Culture
- Strong corporate relationships
- Strong relationships with institutional investors / lenders
- Distinctive product expertise with focused servicing model
- Strong national presence
- International Presence
- 360 degrees solutions for SMEs

For details on qualitative factors, refer to the section titled “Our Business” beginning on page 70 of this Draft Red Herring Prospectus.

Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements of our Company for Fiscal 2008, 2009 and 2010 prepared in accordance with Indian GAAP. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. (A) Basic and Diluted Earnings Per Share (“EPS”) - Consolidated

| Year / Period | EPS (Rs.) | Weight |
|-------------------------|--------------|--------|
| Fiscal 2010 | 15.63 | 3 |
| Fiscal 2009 | 0.76 | 2 |
| Fiscal 2008 | 12.05 | 1 |
| WEIGHTED AVERAGE | 10.08 | |

(B) Basic and Diluted Earnings Per Share (“EPS”) - Standalone

| Year / Period | EPS (Rs.) | Weight |
|-------------------------|-------------|--------|
| Fiscal 2010 | 4.99 | 3 |
| Fiscal 2009 | 1.53 | 2 |
| Fiscal 2008 | 10.78 | 1 |
| WEIGHTED AVERAGE | 4.80 | |

Note: Earnings per share calculations are in accordance with the Accounting Standard 20 "Earnings per Share" issued by Chartered Accountants of India.

2. Price/Earnings (P/E) ratio in relation to Price Band

| Particulars | P/E at the lower end of Price Band (no. of times) | P/E at the higher end of Price Band (no. of times) |
|--|---|--|
| Based on Basic and Diluted EPS (Consolidated) of Rs. 15.63 per share | [●] | [●] |
| Industry: Finance & Investments | | P/E Ratio |
| Highest | | 284.10 |
| Lowest | | 1.40 |
| Industry Composite | | 24.30 |

Source: Capital Markets, Volume XXV/14 dated September 06-September 19, 2010; Industry: Finance & Investments

3. (A) Return on Net Worth - Consolidated

Return on Net Worth ("RoNW") as per restated financial statements:

| Year / Period | RoNW (%) | Weight |
|-------------------------|--------------|--------|
| Fiscal 2010 | 46.52 | 3 |
| Fiscal 2009 | 4.02 | 2 |
| Fiscal 2008 | 69.30 | 1 |
| WEIGHTED AVERAGE | 36.15 | |

(B) Return on Net Worth - Standalone

Return on Net Worth ("RoNW") as per restated financial statements:

| Year / Period | RoNW (%) | Weight |
|-------------------------|--------------|--------|
| Fiscal 2010 | 22.03 | 3 |
| Fiscal 2009 | 8.67 | 2 |
| Fiscal 2008 | 66.83 | 1 |
| WEIGHTED AVERAGE | 25.04 | |

4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS :

Minimum Return on post-Issue Net Worth required to maintain pre-Issue EPS is [●]

5. Net Asset Value per Equity Share

| Particulars | Value per equity share (Rs.) |
|--|------------------------------|
| NAV per Equity Share (Consolidated) as of March 31, 2010 | 33.60 |
| NAV per Equity Share (Consolidated) after the Issue | [●] |
| Issue Price per Equity Share | [●] |

6. Comparison with Peer Group Comparisons

We are engaged in the business of financial services with a focus on the debt segment. We have drawn comparison with the listed companies mentioned hereunder based on the sector our company operates in.

| Company | Face Value per share (Rs) | EPS (Rs) | RONW (%) | Book Value Per share (Rs) | P/E Ratio |
|--|---------------------------|--------------|--------------|---------------------------|------------|
| Blend Financial Services Limited (Consolidated)⁽¹⁾ | 10 | 15.63 | 46.52 | 33.60 | [●] |
| Money Matters Financial Services Limited | 10 | 41.70 | 54.90 | 97.80 | 14.90 |
| Almondz Global Securities Limited | 10 | 4.30 | 6.90 | 39.80 | 19.00 |

Source: Capital Markets, Volume XXV/14 dated September 06-September 19, 2010; Industry: Finance & Investments

(1) Based on Restated Financial Statements for the Financial Year ended / as on 31 March 2010.

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

The Issue Price of Rs. [●] per Equity Share has been determined by us, in consultation with the BRLMs, on the basis of assessment of market demand from the investors for the Equity Shares through the Book building process. The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire DRHP including, in particular the sections titled “Risk Factors”, “Our Business” and Financial Statements” beginning on pages XII, 70 and 114 respectively of this DRHP to have more informed view.

STATEMENT OF TAX BENEFITS

The below Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The Statements made are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

To,
The Board of Directors,
Blend Financial Services Limited,
404, 4th Floor, C- Wing, Pramukh Plaza,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai – 400069,
Maharashtra

Dear Sirs,

We hereby report that we have reviewed the enclosed annexure which states the possible tax benefits available to Blend Financial Services Limited ('the Company') and its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957 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 relevant tax laws. 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 or shareholders as the case may be, may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

The Direct Taxes Code, Bill 2010 ('DTC') has been presented on 30 August 2010 in Lok Sabha. The DTC is expected to be implemented with effect from 1 April 2012 and would replace the existing Income Tax Act, 1961 and the Wealth Tax Act, 1957. The proposals in DTC may alter the tax benefits discussed in the said enclosed statement. However, since, DTC is yet to be legislated into an Act, the impact of provisions contained in the DTC has not been discussed in this statement of tax benefits.

We do not express any opinion or provide any assurance as to whether:

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

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

For **Suresh Surana & Associates**
Chartered Accountants
Firm Registration No. 121750W
Sd

Nirmal Jain
Partner
Membership No. 34709
Date: 13 September 2010
Mumbai

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO BLEND FINANCIAL SERVICES LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

STATEMENT OF TAX BENEFITS

I] Income Tax Benefits available to the Company

A. Special tax benefits to the company under the Income Tax Act, 1961 ('the Act')

There are no special income tax benefits available to the Company.

B. General tax benefits to the company under the Act

1) Preliminary Expenditure: (Section 35D of the Act)

As per Section 35D, the Company is eligible for deduction in respect of preliminary expenditure incurred by the Company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses over 5 successive years in accordance with provisions contained therein.

2) Depreciation (Section 32 of the Act)

The Company is entitled to claim depreciation on block of assets comprising specified tangible assets (being buildings, machinery, plant, furniture); and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned, wholly or partly, by it and used for the purpose of its business.

Unabsorbed depreciation, if any, can be carried forward and set off against any source of income in subsequent years in accordance with the provisions of the Act.

3) Carry forward of business loss (Section 72 of the Act)

Unabsorbed business losses, if any, for any year can be carried forward and set off against business profits for subsequent years (up to 8 years).

4) Minimum Alternate Tax ('MAT') and Credit thereof

The Company would be required to pay tax on its book profits under the provisions of section 115JB of the Act in case where tax on its 'total income' [as term defined under section 2(45) of the Act] is less than 18% of its 'book profits' (as term defined under section 115JB of the Act) for Assessment Year 2011-12. Such tax is referred to as MAT.

The difference between the MAT paid for any assessment year and the tax on its total income payable for that assessment year shall be allowed to be carried forward as 'MAT credit'. The MAT credit shall be utilized to be set off against taxes payable on the total income in the subsequent assessment years computed in accordance with the provisions other than Section 115JB. However, it can be carried forward up to 10 assessment years succeeding the assessment year in which such MAT was paid.

5) Dividend exempt under Section 10(34) and 10(35) of the Act:

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempt as per the provisions of section 10(34) read with section 115O of the Act. Further, income received from units of a Mutual Fund specified under section 10(23D) of the Act would also be exempt as per the provisions of section 10(35) of the Act. However, a domestic company / a mutual fund have to pay Dividend Distribution Tax ('DDT') on the amount of dividend declared, distributed or paid. From assessment year 2009-10 onwards, while computing the DDT payable, the domestic company can reduce the amount of dividend received from its subsidiary, which

has paid the DDT on such dividend distributed subject to fulfilment of certain conditions prescribed therein.

6) Share of Profit from Partnership Firm exempt under Section 10(2A) of the Act

Under section 10(2A) of the Act, any share of profit of the Company in the total Income of the Firm in which the Company is a partner is exempt from tax.

7) Long Term Capital Gains exempt under Section 10(38) of the Act

Under section 10(38) of the Act, any long-term capital gains arising to the Company from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the Company, if the transaction of sale of such equity share or unit is chargeable to securities transaction tax. However, such income will be considered in computing Minimum Alternate Tax (MAT) under section 115JB of the Act.

8) Provisions concerning expenditure incurred for exempt income

Section 14A provides that no deduction shall be allowed in respect of expenditure incurred by the company in respect of income which does not form part of the total income under the Act.

9) Mode of computation of Long term Capital Gains and Indexation Benefit provided under 2nd proviso to Section 48 of the Act

Under section 48 read with section 2(42A) of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [other than covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition/improvement adjusts the cost of acquisition/ improvement by the cost inflation index, as prescribed from time to time.

Under section 112 of the Act, long term capital gains, are subject to tax at a rate of 20% after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% without indexation benefit, at the option of the Company in cases where securities transaction tax is not levied.

10) Exemption of capital gains arising from transfer of Long term capital asset

Under Section 54EC of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in certain notified bonds (not exceeding Rs. 50 lacs in a financial year) within a period of six months after the date of such transfer. However, if the company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by the National Highways Authority of India (NHAI) and Rural Electrification Corporation Limited (RECL).

11) Benefit of Section 111A in respect of Short Term Capital Gains

Under section 111A of the Act, short-term capital gains (i.e., if the equity shares are held for a period not exceeding twelve months), arising on sale of equity shares are taxed at the rate of 15% in cases where securities transaction tax has been levied. Short term capital gains realised on transfer of shares on which securities transaction tax has not been paid are taxable at the normal rates applicable.

II] Income Tax Benefits available to the Shareholders of the Company under the Act

a) Resident Shareholders

1. Dividends exempt under Section 10(34) of the Act

Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholders as per the provisions of Section 10(34) read with Section 115O of the Act. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Characterization of income

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

3. Computation of capital gains

i) Categorization of Capital Assets

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

ii) Mode of computation of Capital gains & Taxability of Long term Capital Gains

- (a) Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains shareholders are permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
- (b) As per the provisions of Section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess). However, proviso to Section 112(1) of the Act specifies that if the long-term capital gains arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).
- (c) According to the proviso to clause (a) of sub-Section (1) of Section 112 of the Act, in case of an individual and a Hindu Undivided Family ('HUF'), if the total income as reduced by the long-term capital gains is below the basic exemption limit, then the long-term capital gains shall be reduced to the extent the total income as reduced falls short of the basic exemption limit and the balance long-term capital gains would be charged to tax.

iii) Long Term Capital Gains exempt under Section 10(38) of the Act

Effective 1 October 2004, long-term capital gains arising on sale of equity shares through recognized stock exchange, are exempt from tax under Section 10(38) of the Act, subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004. However, long term capital gain of shareholder being a company shall be subject to income tax computed on book profit under Section 115JB of the Act.

iv) **Benefit of Section 111A in respect of Short Term Capital Gains**

- (a) Effective 1 October 2004, as per the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares through recognized stock exchange (i.e. if shares are held for a period not exceeding 12 months), are subject to tax at the rate of 15% from 1 April 2008 (plus applicable surcharge and education cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.
- (b) According to the proviso to sub-Section (1) of Section 111A of the Act, in case of an individual and a Hindu Undivided Family ('HUF'), if the total income as reduced by the short-term capital gains is below the basic exemption limit, then the short-term capital gains shall be reduced to the extent the total income as reduced falls short of the basic exemption limit and the balance short-term capital gains would be charged to tax.

v) **Dividend Stripping provision under Section 94(7) of the Act**

Section 94(7) of the Act, provides that losses arising from the sale/ transfer of shares within a period of three months prior to the record date and sold / transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt.

4. Exemption of capital gains arising from transfer of Long Term Capital Asset

- (i) As per Section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (not exceeding Rs. 50 lakhs per FY) within six months from the date of transfer. In such a case, the cost of such bonds will not qualify for deduction under Section 80C of the Act. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued by NHAI and REC.
- (ii) As per the provisions of Section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under Section 10(38) of the Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual / HUF should not own more than one residential house other than the new residential house on the date of transfer. If only part of such net consideration is invested within the prescribed period in a residential house property, the exemption shall be allowed proportionately.

For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as long-term capital gains in the year in which the additional residential house is acquired.

5. Business Income

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', the business profits in the hands of the shareholder may be subject to tax @ 30% (plus surcharge and education cess) in case of domestic company or partnership firm.

6. Deduction of Securities Transaction Tax in respect of Business Income

Under Section 36(xv) of the Act, securities transaction tax paid by a share holder in respect of the taxable securities transactions entered into in the course of his business or profession, would be eligible for deduction in computing income under the head "Profit and gains of business or profession" arising from taxable securities transactions.

7. Provision concerning expenditure incurred for exempt income

As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

8. Exemption of amount received on account of New Pension System Trust

Any Income received by any person for or on behalf of the New Pension System Trust established on 27 February 2008, under the Indian Trust Act, 1882 (2 of 1882) is exempt from tax under Section 10(44) of the Income Tax Act, 1961 and is also not liable for Dividend Distribution Tax and Securities Transaction Tax.

b) Non-Resident Indians / Non Residents Shareholders (Other than FIIs and Foreign Venture Capital Investors)

1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends referred to in Section 115O of the Act (i.e. dividends declared, distributed or paid) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') on the shares of the company is exempt from tax. However, the company has to pay Dividend Distribution Tax (DDT) on the amount of dividend declared, distributed or paid.

2. Characterization of income

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

3. Computation of Capital Gains

(i) Categorization of Capital Assets

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

(ii) Mode of computation of Capital gains & Taxability of Long term Capital Gains

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. Under first proviso to Section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure 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 done at the prescribed rates prevailing on dates stipulated.

As per the provisions of Section 112 of the Act, long-term gains are subject to tax at a rate of 20% (plus applicable surcharge and education cess). Based on the judicial precedents, a view may be taken long-term capital gains arising on transfer of listed securities or units can be computed at the rate of 10% without indexation benefit in case of non resident shares holders.

(iii) Long Term Capital Gains exempt under Section 10(38) of the Act

Effective 1 October 2004, long-term capital gains arising on sale of equity shares through recognized stock exchange, are exempt from tax under Section 10(38) of the Act, subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004. However, long term capital gain of shareholder being a company shall be subject to income tax computed on book profit under Section 115JB of the Act.

(iv) Benefit of Section 111A in respect of Short Term Capital Gains

Effective 1 October 2004, as per the provisions of Section 111A of the Act, short term capital gains arising on sale of equity shares through recognized stock exchange (i.e. if shares are held for a period not exceeding 12 months), are subject to tax at the rate of 15% (plus applicable surcharge and education cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

(v) Dividend Stripping provision under Section 94(7) of the Act

Section 94(7) of the Act, provides that losses arising from the sale/ transfer of shares within a period of three months prior to the record date and sold / transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt.

4. Exemption of capital gains arising from transfer of Long Term Capital Asset

- (i) As per Section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (not exceeding Rs. 50 lakhs per FY) within six months from the date of transfer. In such a case, the cost of such bonds will not qualify for deduction under Section 80C of the Act. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued by NHAI and REC.
- (ii) As per the provisions of Section 54F of the Act and subject to conditions specified therein, long-term capital gains (in cases not covered under Section 10(38) of the Act) arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual / HUF should not own more than one residential house other than the new residential house on the date of transfer. If only part of such net consideration is invested within the prescribed period in a residential house property, the exemption shall be allowed proportionately.

For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax

exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as long-term capital gains in the year in which the additional residential house is acquired.

5. Provisions concerning expenditure incurred for exempt income

As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

6. Deduction of Securities Transaction Tax

Under Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions.

7. Special provisions relating to certain incomes of Non-Resident Indians

- (i) As per the provisions of Section 115-I of the Act, a Non-Resident Indian (‘NRI’) as defined therein has the option to be governed by the normal provisions of the Act as applicable to non-resident shareholders as per para ‘5(ii)’ above or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter interalia entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.
- (ii) As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, taxable long-term capital gains arising on transfer of an Indian company’s shares, will be subject to tax at the rate of 10% (plus applicable surcharge and education cess).
- (iii) As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If whole or part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.
- (iv) As per the provisions of Section 115G of the Act, NRIs are not obliged to file a return of income under Section 139(1) of the Act, if:
 - (a) Their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both; and
 - (b) The tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.

- (v) As per the provision of Section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply until such assets are converted into money, in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

8. Tax Treaty Benefits

Under Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the double tax avoidance agreement ('tax treaty') entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident.

Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

c) Foreign Institutional Investors (FIIs)

1. Dividends exempt under Section 10(34) of the Act

Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholders as per the provisions of Section 10(34) read with Section 115O of the Act. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Characterization of income

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

3. Provisions concerning expenditure incurred for exempt income

As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the any person in relation to income which does not form part of the total income under this Act.

4. Deduction of Securities Transaction Tax

In terms of Section 36(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of his business would be eligible for deduction from income chargeable under the head "Profits and gains of business or profession" arising from such taxable securities transactions.

5. Computation of Capital Gains

(i) Categorization of Capital Assets

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

(ii) Long Term Capital Gains exempt under Section 10(38) of the Act

Effective 1 October 2004, long-term capital gains arising on sale of equity shares through recognized stock exchange, are exempt from tax under Section 10(38) of the Act, subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004. However, long term capital gain of shareholder being a company shall be subject to income tax computed on book profit under Section 115JB of the Act.

(iii) Benefit of Section 111A in respect of Short Term Capital Gains

Effective 1 October 2004, as per the provisions of Section 111A of the Act, short term capital gains arising on sale of equity shares through recognized stock exchange (i.e. if shares are held for a period not exceeding 12 months), are subject to tax at the rate of 15% (plus applicable surcharge and education cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act, 2004.

(iv) Dividend Stripping provision under Section 94(7) of the Act

Section 94(7) of the Act, provides that losses arising from the sale/ transfer of shares within a period of three months prior to the record date and sold / transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt.

(v) Taxability of Capital Gains

As per the provisions of Section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

| Nature of Income | Rate of tax (%) * |
|--|-------------------|
| Long-term capital gains | 10 |
| Short-term capital gains (referred in 111A) | 15 |
| Short-term capital gains (other than referred in 111A) | 30 |

* Plus applicable surcharge and education cess

The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII.

If the income realized from the disposition of equity shares is chargeable to tax in India as 'business income', the business profits in the hands of FII may be subject to tax @ 40% in case of foreign company plus surcharge and education cess. However, the benefit of DTAA can be examined in such case.

6. Exemption of capital gains arising from transfer of Long Term Capital Asset

As per Section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds (not exceeding Rs. 50 lakhs per FY) within six months from the date of transfer. In such a case, the cost of such bonds will not qualify for deduction under Section 80C of the Act. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this Section are bonds issued by NHAI and REC.

7. Tax Treaty Benefits

Under Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident, including FIIs can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever are more beneficial.

d) Mutual Funds

1. Dividends exempt under Section 10(34) of the Act

Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholders as per the provisions of

Section 10(34) read with Section 115O of the Act. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Income exempt under Section 10(23D) of the Act

As per the provisions of Section 10(23D) of the Act, any income of Mutual Fund 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, would be exempt from income tax, subject to the prescribed conditions. However, the Mutual Fund shall be liable to pay tax while distributing income to unit holders under Section 115R of the Act.

e) Venture Capital Companies/Funds

1. Dividends exempt under Section 10(34) of the Act

Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholders as per the provisions of Section 10(34) read with Section 115O of the Act. However, the Company has to pay DDT on the amount of dividend declared, distributed or paid.

2. Income exempt under Section 10(23FB) of the Act

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, which is engaged in certain specified business, would be exempt from income tax.

III] BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act does not include shares in companies and hence, shares are not liable to wealth tax. The basic limit for wealth tax exemption has been increased to Rs. 30 lakhs from the Assessment Year 2010-11.

IV] BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE GIFT TAX ACT, 1958

1. The Gift Tax Act, 1958 is now abolished and accordingly, Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.
2. However, as per the provisions of Section 2(24)(xv) of the Income Tax Act, 1961 read with Section 56(2)(vii) of the Income Tax Act, on or after 1st October, 2009 income of an individual or HUF shall include any property other than immovable property, the aggregate fair value of which exceeds Rs 50,000 received from any person or persons without consideration or for inadequate consideration expect for receipt under certain specified conditions. The term "any property" also includes shares and securities.
3. Where a firm or a company (other than a company in which public are substantially interested) receives on or after June 1, 2010 any property, being shares of a company (other than a company in which public are substantially interested)
 - (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
 - (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

would be treated as the income of such recipient firm/company.

4. Some of the exceptions to the provisions in 2 & 3 hereinabove include:

- (i) amount received from any relative (as specifically defined);
- (ii) amount received on the occasion of the marriage of the individual;

- (iii) amount received under a will or by way of inheritance;
- (iv) amount received in contemplation of death of the payer;
- (v) amount received from any local authority as defined in the Explanation to clause (20) of Section 10 of the Act;
- (vi) amount received from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of Section 10 of the Act;
- (vii) amount received from any trust or institution registered under Section 12AA of the Act.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2010. Many of these benefits are subject to the Company and the Shareholders complying with various conditions specified in the relevant tax laws
2. All the rates of tax mentioned above are subject to applicable surcharge and education cess. However, surcharge is not applicable in case of an Individual, HUF, AOP and partnership firm from the assessment year 2010-11.
3. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences. This is not an opinion or assurance that the Company and/or shareholders will be eligible for any of the tax benefits.
4. The stated benefits will be available only to the sole / First named holder in case the share is held by joint holders.
5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the Company.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this Section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation.

The Company had commissioned CARE Research to conduct a study on the Indian Financial Services Sector and the relevant extracts from the CARE Research report of September 2010 (the "CARE Report") have been reproduced in this document with the permission from CARE and with the understanding that CARE is not held liable. Neither we nor any other person connected with the Issue have verified the information sourced from this CARE Report. Prospective investors are advised not to place undue reliance on the information sourced from this report when making their investment decision.

Overview of Indian Economy

India, the world's largest democracy in terms of population had a Gross Domestic Product (GDP) on purchasing power parity basis at approximately USD 3,561 bn in 2009 with India's GDP at 7.4% for FY10 (**Source Central Intelligence Agency Factbook 2009 & RBI**). This makes it the fourth-largest economy in the world after USA, China and Japan. During the pre-liberalisation period, India was always considered an agrarian economy adhering to socialist policies with more than 70% of the GDP being contributed by agriculture growth. In 1991, the Government of India (GoI) initiated a series of economic reforms to promote industrial growth to bring in economic stability and growth. The new policies (liberal) included opening of international trade and investment, privatisation, tax reforms etc to transform the economy from socialism to capitalism. Due to this, the low annual growth rate of the economy of India which stagnated at about 3.5% from 1950s to 1980s has increased to above 8% average GDP growth from 2004-2009. This makes India one of the fastest growing emerging economies in the world. CARE Research expects the overall GDP to touch the double digit figure by 2015 at 10% led by higher domestic consumption and growth in exports. Service sector will continue to dominate GDP growth.

GDP Trend Past & Future

Source: RBI & CARE Research (Economics Cell)

| FY | 2006 | 2007 | 2008 | 2009 | 2010 | 2011e | 2012e | 2013e | 2014e | 2015e |
|-------------|------|-------|-------|------|------|-------|-------|-------|-------|-------|
| GDP | 9.49 | 9.71 | 9.22 | 6.72 | 7.44 | 8.5 | 9 | 9 | 9.5 | 10 |
| Agriculture | 5.25 | 3.68 | 4.73 | 1.58 | 0.22 | 4 | 3 | 3 | 3 | 4 |
| Services | 11.1 | 10.17 | 10.51 | 9.75 | 8.53 | 10 | 11 | 11 | 11.5 | 11.5 |
| Industry | 9.28 | 12.75 | 9.49 | 3.87 | 9.27 | 8.5 | 9 | 9.5 | 10 | 10.5 |

Growth in Q1 of 2010-11 was estimated at 8.8 per cent. Although some of this is attributable to a favourable base effect, the growth rate indicates that the recovery is consolidating and the economy is rapidly converging to its trend rate of growth. The index of industrial production (IIP) showed some slippage in the last month of the quarter (June 2010) with the revised numbers showing growth to be a relatively sluggish 5.8 per cent. The trend was sharply reversed in July, with growth surging to 13.8 per cent, led by capital goods, which grew by 63 per cent. Although the year-on-year growth rate for the first four months of the year remains robust at 11.4 per cent, the high volatility over the past two months raises some doubts about how effectively the index reflects the underlying momentum in the industrial sector.

(Source: RBI Publication Trends and progress of banking in India-October 22, 2009)

The market capitalization of Indian Equities market has increased more than 10 times from USD112 bn in FY03 to USD 1,131 bn up to November 2009. The number of companies going in for Initial Public Offering (IPO) has also increased manifold in the last five years as can be seen from growth in the number of listed companies in India. The Indian equity markets are highly regulated by SEBI (primary and secondary) and have gone a long way from offline trading to online trading with NSE and BSE as premier market exchanges of the country.

Though the equity market is highly active, the Indian Debt market is still at a nascent stage. The market capitalization of outstanding corporate bonds in India as a percentage of GDP stands only at about 2.5% against 43%, 34%, 35% and 19% in Malaysia, Singapore, Hong Kong and Japan respectively. The role of the debt market in the Indian economy is mainly efficient mobilization and allocation of resources, facilitating liquidity management in tune with overall short-term and long-term objectives & financing the development activities of the Government and industry.

A Brief Overview of Indian Banking Sector

The modern economic system depends on a reliable flow of financing through intermediaries. Modern life requires the smooth operation of banks, insurance companies, securities firms, mutual funds, finance companies, pension funds and Governments. These institutions channel resources from those who save to those who invest, and they are supposed to transfer risk from those who cannot afford it to those who are willing and able to bear it. India too has a well-diversified financial system which is still dominated by bank intermediation, though the size of the capital market has expanded significantly with financial liberalisation in the early 1990s.

Important components of the financial sector in India broadly fall into categories namely, commercial banks, co-operative banks, nonbanking financial institutions (NBFIs) and the insurance sector. Commercial banks together with cooperative banks account for nearly 70 per cent of the total assets of Indian financial institutions.

Significant financial deepening has been taking place in Indian economy over the years as seen from Credit-GDP, M3-GDP ratios as well as flow of funds indicators. In contrast to a number of countries, a noteworthy feature discernible in Indian context is that the rise in indicators of financial deepening takes place along with a noticeable rise in the domestic savings rate. The rate of domestic savings has specially picked up in the recent period during 2003-04 to 2007-08 against the backdrop of financial sectors reforms, rise in total factor productivity and investment boom, which had led to acceleration in the growth performance.

Moreover, as regards the impact on banking system's ability to lend, it may be mentioned that there had been high credit growth with credit deployment by the Indian banking sector growing rapidly at an average rate of around 30 per cent per year during three years before the international crisis surfaced. The Reserve Bank had initiated a conscious and judicious combination of monetary and countercyclical prudential measures to moderate the bank credit growth and build-up of asset bubbles in certain segments.

The growth rate of loans and advances of SCBs, which was as high as 33.2 per cent as at end-March 2005 has been witnessing a slowdown since then. In continuation of the trend, the growth rate of aggregate loans and advances of SCBs decelerated to 21.2 per cent as at end-March 2009 from 25.0 per cent in the previous year. Apart from cyclical factors which lead to slowdown in growth after a period of high credit growth, the deceleration was accentuated this year due to the overall slowdown in the economy in the aftermath of global financial turmoil. Notwithstanding the deceleration in growth of the term loans, their share in investment in the economy increased to 81.0 per cent in 2008-09 from 77.8 per cent in the previous year. The deceleration in bank credit growth witnessed during 2007-08 continued in 2008-09 as well mainly reflective of the slowdown in real economy as also cautious approach adopted by banks against the backdrop of growing uncertainties. The data suggests that growth rate of bank's lending to industries, personal loans and services sector witnessed a deceleration, while bank's lending to agriculture and allied activities increased substantially during 2008-09. Provisional data on sectoral deployment of credit available till July 17, 2009 indicate that on year-on-year basis bank credit growth to industry, services and personal loans decelerated to 20.8 per cent, 13.8 per cent and 3.4 per cent, respectively, from 30.7 per cent, 36.9 per cent and 17.0 per cent. Growth of credit to agriculture accelerated to 29.1 per cent from 14.9 per cent in the same period of the previous year. Credit to real estate and non-banking financial companies (NBFCs) remained high at 46.7 per cent (43.9 per cent in July 2008) and 31.4 per cent (53.9 per cent in July 2008).

Priority Sector Advances

The outstanding priority sector advances of public sector banks increased by 18.0 per cent during 2008-09 as compared to 17.1 per cent during 2007-08 and formed 42.5 per cent of Adjusted Net Bank Credit (ANBC). Similarly, in the case of private sector banks, the priority sector advances increased by 15.9 per cent during 2008-09 as compared to 13.5 per cent during the last year and formed 46.8 per cent of ANBC. It is noteworthy that this increase in priority sector lending at an accelerated pace has come against the backdrop of general slowdown in the economy and a decelerating in total bank credit.

In contrast to the trend witnessed in the case of public sector banks and private sector banks, growth rate of lending to the priority sector by foreign banks decelerated to 10.4 per cent as at end-March 2009, as compared to 32.8 per cent last year. Even in terms of percentage to ANBC/CEOBSE, their disbursements constituted 34.3 per cent, down from 39.5 per cent last year

Credit to Industry

As at end-March 2009, growth rate of credit to industry (small, medium and large) decelerated for the second consecutive year to 21.6 per cent from 24.3 per cent as at end-March 2008 and 27.0 per cent as at end-March 2007. In line with last year, the industrial credit growth rate was higher than the overall credit growth rate. Therefore, the share of outstanding credit to industry in non-food gross bank credit increased to 40.5 per cent at end-March 2009 from 39.4 per cent at end-March 2008.

Infrastructure, which has the largest share in credit outstanding, also accounted for the largest share of incremental bank credit to industry in absolute terms, followed by basic metals and metal products, and textiles. In terms of growth rates, credit to petroleum, coal products and nuclear fuels registered the sharpest rise in growth rate (63.8 per cent), followed by construction (37.8 per cent) and infrastructure (31.6 per cent). It is noteworthy that notwithstanding the slowdown, credit to select sectors specially petroleum and coal products registered a sharp rise.

Role of Financial Advisory Services Sector

The financial advisory services sector acts as an intermediary between the fund raising and fund investing entities. It plays a vital role in assisting the business units to achieve their goals.

In order to assist their clients, intermediaries are required to equip themselves with adequate infrastructure so as to ensure that they provide necessary support and guidance to the units to start and run their businesses. The services may start from beginning to the end or it may start from in between from any of the activity enumerated above depending upon the preparedness of the prospective fund raising agency and the purpose for which the funds are required.

There are many agencies such as merchant bankers and dedicated divisions of the lenders to support the equity and debt capital needs of Large sized units whereas there are not many agencies in the organized sector who take care of need of micro, small and medium enterprises. These units generally look forward to Chartered Accountants and financial advisors to assist them in arranging funds for them who may not be fully equipped to assess the needs properly and the various options available. In view of their own limitations and also of the intermediaries in the unorganized sector, these units some time suffer for want of timely and adequate funds at a reasonable cost.

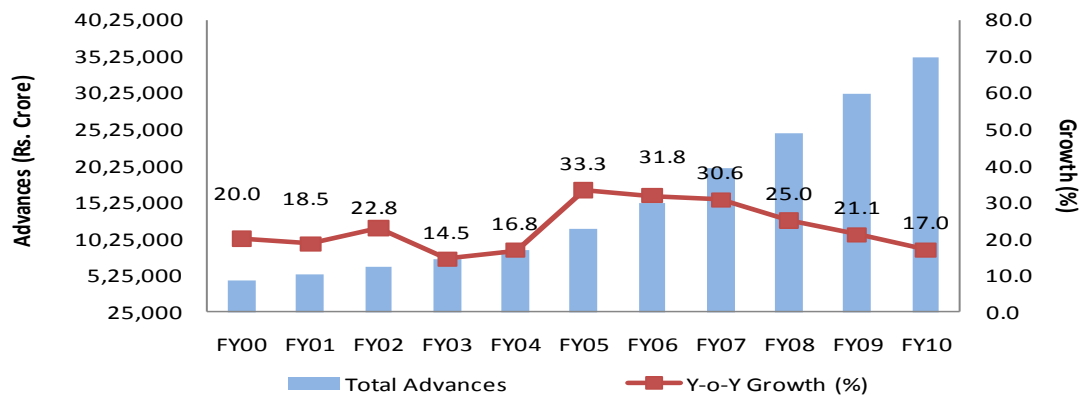
There are very few agencies who can cater to the needs of such units who are well organized to understand and assist SME sector thus leaving a wide scope of business opportunities for financial intermediaries catering to the needs of this sector.

Bank Credit

Bank credit is one of oldest and traditional sources of financing. Credit growth is directly proportional to country's GDP growth. With increasing consumption, Indian companies will look for capacity expansions resulting in more need for capital.

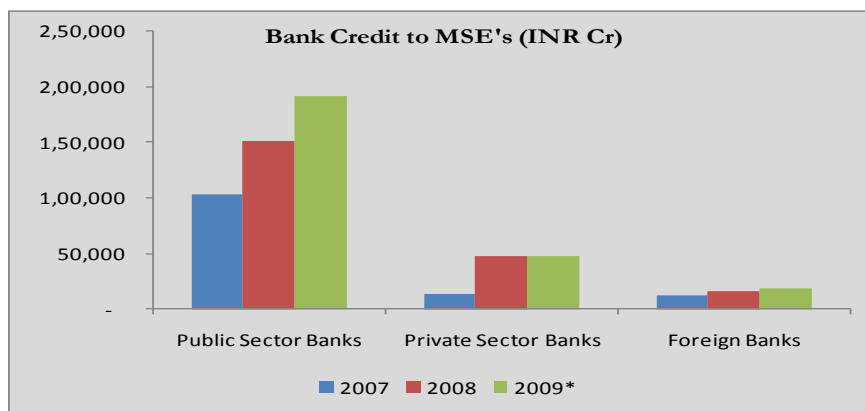
RBI classifies lending to certain sectors of the economy as priority sector lending. Priority sectors include agriculture, Micro, Small & Medium-sized Enterprises (MSMEs), housing and education. Target for priority

sector lending for Public Sector Banks (PSBs) and private sector banks is kept at 40% of the Net Bank Credit. The chart below depicts the credit growth over the years in the banking sector. The banking credit in the country has grown at a CAGR of 26 % over the last decade and CARE Research expects a CAGR of 20% credit growth during FY11 – FY13.



source: RBI

Credit flow to SME has been one of the focus areas of banks in recent years. The chart below depicts the growth in bank credit to SME sector in the last three years. Credit flow to MSME has doubled from Rs.1,27,000 cr in 2006-07 to Rs.2,57,000 cr in 2008-09. (Source: Bank Credit to MSME: Present Status and Way Forward).

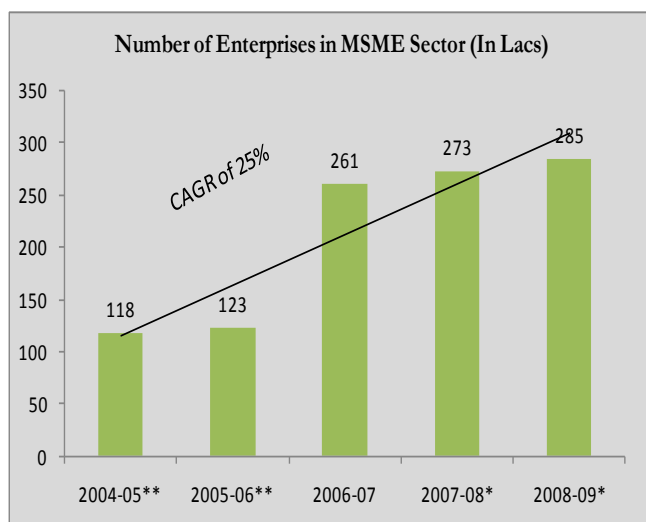


Source: RBI (* 2009 data provisional)

Importance of SME sector in India

The recent focus of most of the financial institutions in the country along with the GoI has been the SME sector to bring about inclusive growth in the economy of the country as the sector is one of the largest employers in the country.

The SME Sector contributes 8% of India's GDP and plays a catalytic role in the Indian economy. It is estimated that the sector contributes around 45% of the manufacturing output and 40% of the total exports of the country. The sector employs about 59mn people in over 26mn units all over India. There are more than 6,000 products ranging from traditional handicrafts to hi-tech items. Urban area accounts for 55% of MSME sector whereas rural accounts for 45%. Two-third of the SMEs is engaged in manufacturing activities whereas one-third is engaged in service-oriented business. Around 90% of the MSMEs in India are proprietary enterprises followed by 3.85% partnerships and 2.69% run by private companies. The sector is governed by Micro, Small and Medium Enterprises Act (MSMED) Act 2006 and rules made under the same. Advances extended to the SME sector are treated as priority sector advances and as per RBI guidelines banks are required to extend at least 60% of their advances to the micro enterprises.



Source: MSME Annual report 2009-2010

Share of States in Number of Registered & Working Enterprises

| State | Percentage (%) of MSMEs to the Total no. of registered MSMEs | No of MSMEs |
|----------------|--|-------------|
| Tamilnadu | 15.33 | 2,33,815 |
| Gujarat | 15.07 | 2,29,728 |
| Uttar Pradesh | 12.27 | 1,87,176 |
| Kerala | 9.72 | 1,49,013 |
| Karnataka | 9.17 | 1,40,195 |
| Madhya Pradesh | 7.49 | 1,08,810 |
| Maharashtra | 5.66 | 86,528 |
| Rajasthan | 3.61 | 55,110 |
| Bihar | 3.41 | 52,233 |
| Punjab | 3.29 | 50,127 |
| West Bengal | 2.68 | 41,019 |
| Haryana | 2.22 | 33,787 |

Source: Small Industrial Development Bank of India (SIDBI) Report on SME Sector 2010

SMEs in India during the FY2009 had to face tough time as they had incurred losses and also had tough time for accessing equity capital from investors. According to a recent paper by Assocham the total number of Private Equity (PE) deals signed by SMEs in 2009 was 81, worth USD 580 mn as against 187 deals worth USD 1,812 mn in 2008 (Source: VCEdge June 2010). For the SME sector as a whole the rating can provide an important impetus in raising standards through better financial discipline, disclosures and governance practices. The major benefits for the company would be credibility, confidence building with business partners, self-improvement tool and finally an improved visibility.

MSME segment in India is characterised by

- High product/service diversity
- Existence in clusters
- Either export driven or ancillary to an organized industry
- Huge unorganized segment
- Key operating constraints – financing, technology upgradation, dearth of managerial/technical personnel & poor marketing function

Issues in SME Financing

- Unstructured information flow
- Lack of evaluation expertise with limited information and diverse nature of operations
- High risk perception resulting in avoidance by many institutions and banks
- High transaction cost
- High operational risk due to inability to attract capable management & technical personnel
- Lack of collateral
- Historically high default rates
- Diverse clients with diverse needs

Credit to Micro and Small Enterprises (MSE) Sector

The total credit provided by public sector banks to MSE sector as on the last reporting Friday of March 2009 was Rs.1,91,307 crore which formed 11.3 per cent of ANBC/CEOBSE and 26.5 per cent of the total priority sector advances of these banks. Advances to manufacturing enterprises and service enterprises by public sector banks amounted to Rs.1,31,177 crore and Rs.54,449 crore respectively, constituting 68.6 per cent and 28.5 per cent respectively of the total advances to MSE sector.

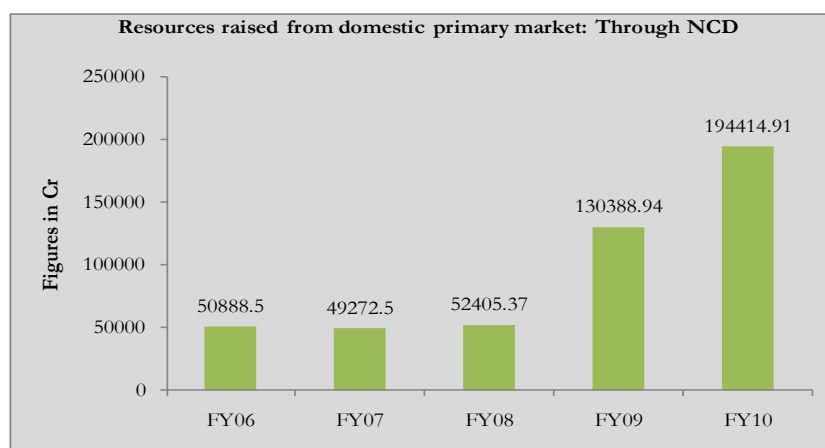
The total credit provided by private sector banks to MSE sector as on the last reporting Friday of March 2009 was Rs.47,916 crore, which formed 11.8 per cent of ANBC/ CEOBSE and 25.2 per cent of the total priority sector advances of these banks. Advances to manufacturing enterprises and service enterprises by private sector banks amounted to Rs.17,625 crore and Rs.26,363 crore, respectively, constituting 36.8 per cent and 55.0 per cent respectively of the total advances to MSE sector. The total credit to MSE sector by SCBs as on the last reporting Friday of March 2009 was Rs. 2,57,361 crore which formed 11.4 per cent of ANBC/CEOBSE and 26.7 per cent of the total priority sector advances.

Non Convertible Debentures (NCDs):

NCDs mean debt instruments issued by a corporate (including NBFCs) with original or initial maturity up to 10-20 years. Short term NCDs may also be issued with maturity upto one year but not less than 90 days. If the maturity period of debentures is less than 18 months, it is not necessary to create a charge or appoint a trustee or create a Debenture Redemption Reserve. If no charge is created on such debentures they are unsecured and are treated as "deposits". The issuer has to comply with the requirements of the Companies (Acceptance of Deposits) Rules, 1975. The offer document should disclose this.

Governing Law

Issuance of NCDs should be in accordance with the provisions of the Companies Act, 1956, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, or any other law, that may be applicable.



Commercial Paper

Commercial Paper (CP) is an unsecured money market instrument issued in the form of a promissory note and transferable by endorsement and delivery. CP was introduced in India in 1990 with a view to enable highly-rated corporate borrowers to diversify their sources of short-term borrowings as also to provide an additional instrument to investors but got regulated in 2000. CP can be issued only for raising working capital finance.

Governing Law

Since, financial institutions which are non-banking company are already exempted from the provisions of Section 58A of the Companies Act for issue of CP, only other FIs which are in the nature of statutory corporations, may have to be brought under the overall purview of directions issued by RBI under Section 45K of RBI Act, 1934, in consultation with the Central Government.

The total outstanding amount as on July 31, 2010 is Rs.1,12,704 cr in the CP Market. The market has risen almost 10-fold from 2005 levels when the outstanding amount was Rs.12,215 cr. There has been volatility on the interest spread front - at present the spread is 2.9 per cent. The variation in the spread can be attributed to liquidity scenario and availability of bank credit in the system. From the below graph we have seen a structural shift in the share of manufacturing services as major issuers for CPs has increased from 28.9% in March 2009 to 43.4% in June 2010.

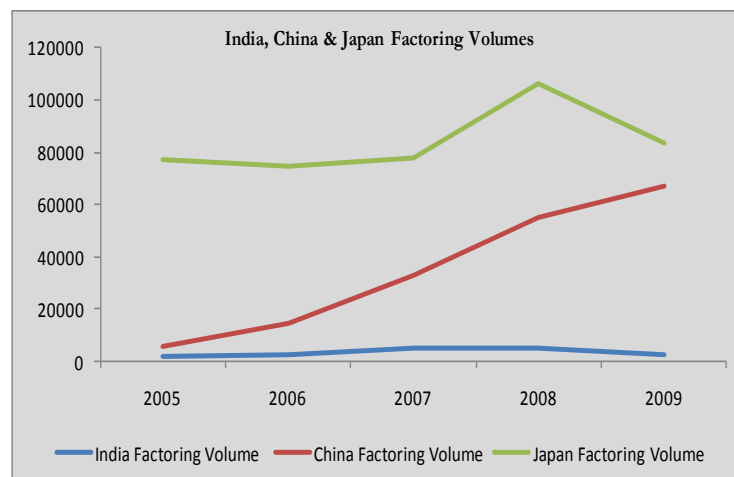
Factoring

Factoring is one of the oldest forms of business financing. It can be regarded as a cash management tool. It had initially started in US in 1920s and later introduced in other parts around 1960. Factoring is a service that covers the financing and collection of account receivables in domestic and international trade. It is an ongoing arrangement between the exporter and the factor. The first factoring company was started by SBI in 1991 namely Factors and Commercial (SBI FACS) followed by Canara Bank. The new entrants in the market include private banks like ICICI and HSBC. There are generally two types of factoring:

1. **Recourse Factoring:** In this type of factoring, the risk of account debtor non-payment remains with the customer. If the account debtor is financially unable to pay the money due under the invoice, the factor may collect that money from the customer.
2. **Non-recourse Factoring:** In this type of factoring, the risk of client non-repayment is assumed by the factor. Factoring fees are often higher for this form of factoring and the customer is still responsible for performance-related responsibilities relative to the quality of the products and/or services provided.

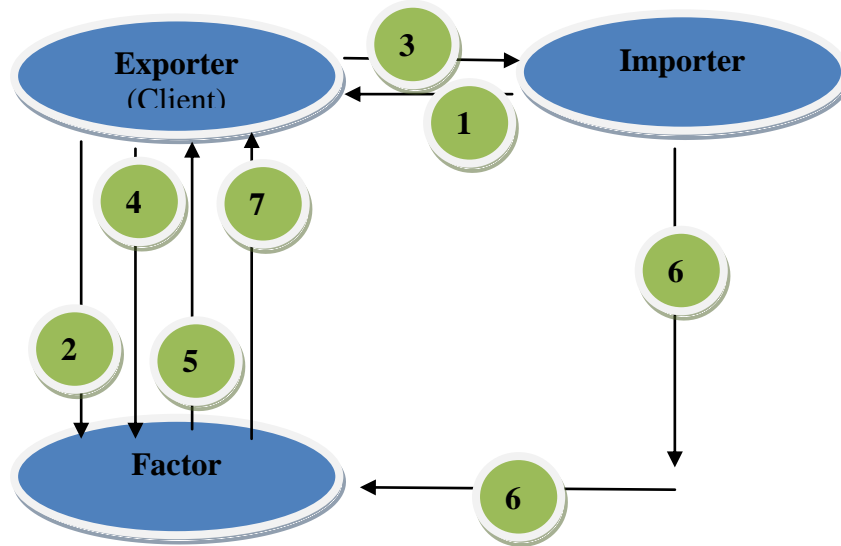
Advantages of factoring

- Large boost to the cash flow and working capital
- It provides credit protection for the receivables
- It helps the business to meet increasing sales demand and expand
- Factoring helps in saving time as the factoring company collects the money itself



Source: Factor Chain International

Europe is one of the largest markets for Factoring globally. Asian markets have overtaken the US markets in last two years. India's share in total factoring business in Asia is only 2.2%. The lower level of volumes can be attributed to agriculture and service sectors contributing about 70% to the economy. Globally factoring business grew at a Compounded Annual Growth Rate (CAGR) of 15% during the period 2005-2009 whereas in India it grew at a CAGR of 7.4% during the same period. Looking at the growth of SMEs in India, many factoring companies like HSBC, SBIFACS etc have started providing factoring services for SME sector. It helps the SMEs to have easy access to finance especially meeting their working capital requirements without adding debt burden.



Source: Apparel Export Promotion Council

The above graph represents the Factoring process

Step 1: Importer places an order with the exporter

Step 2: Exporter gives the details of the transaction to the factor.

Step 3: Exporter dispatches the goods to the importer and sends an invoice well to pay the amount on due date to the factor.

Step 4: Exporter submits the copy of invoice to the factor.

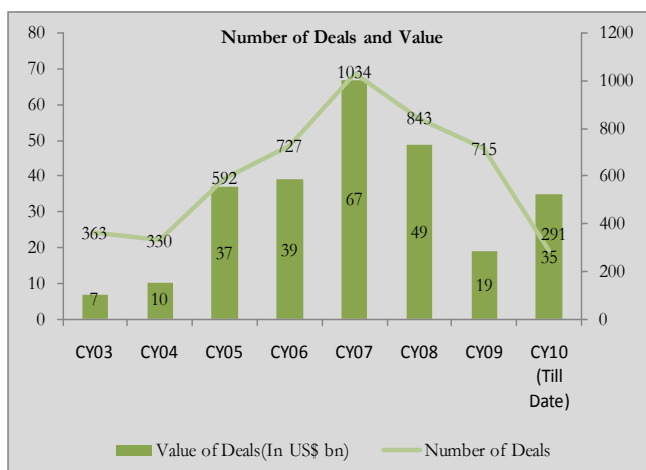
Step 5: Factor pays the amount to the exporter

Step 6: Customer pays the amount to the factor on due date

Step 7: Factor pays the balance to the exporter

Merger & Acquisition (M&A)

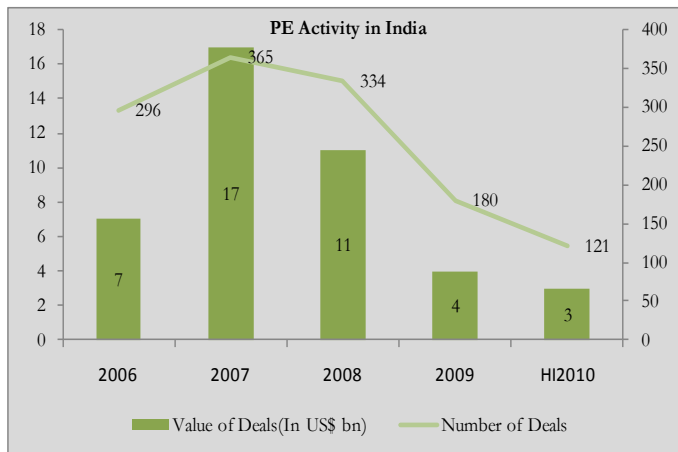
Increasing internationalization by big industrial houses and MNCs operating in India with increasing competition has spurred the M&A activity in India. M&A has taken the form of substantial purchase of equity or purchase of assets. The increased competition in the global market has prompted the Indian companies to go for mergers and acquisitions as an important strategic choice. The trends of mergers and acquisitions in India have changed over the years. The immediate effects of the mergers and acquisitions have also been diverse across the various sectors of the Indian economy.



Source: IBEF

Private Equity (PE)

PE is an asset class consisting of equity securities in operating companies that are not publicly traded on a stock exchange. Investments in PE most often involve either an investment of capital into an operating company or the acquisition of an operating company. Capital for private equity is raised primarily from institutional investors. PE can happen at various stages of a company namely: early stage, growth stage, late stage, pre-IPO and Private Investment in Public Entity (PIPE) transactions. Most of the investments have a fixed duration post which they divest their investments in companies so as to make a return. The PE environment in India has fundamentally changed post the credit crunch in terms of deal volume, size of investments and fund raising which had been severely impacted has started improving. Over US\$90 bn of PE was invested globally in 2009, a significant fall from the US\$181bn invested in the previous year. Deal making however gathered momentum during the year 2010 with larger deals announced towards the end of 2009.



Source: IBEF

Regulatory Environment

SEBI is the nodal agency for registration and regulator of both domestic and overseas PE Funds. All funds must submit their quarterly reports to SEBI in pre-defined format. SEBI has issued regulations for Venture Capital in 1996 and has laid down the guidelines for the same.

OUR BUSINESS

Overview

We are a diversified financial services company with primary focus in assisting small and medium enterprises (SMEs) in corporate and non corporate sector in their financial planning and arranging debt funds for them. We also offer investment banking services to corporate clients. We are headquartered in Mumbai and have offices in Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi and Pune in India. We also have international presence through our subsidiaries in Dubai and Hong Kong.

Our core business is to assist SMEs in developing their growth plans and arranging debt funds for their growth as well as working capital. To arrange debt funds for our clients, we understand their business model and during the course of our assignment, we assist them in identifying and negotiating/corresponding with the various intermediaries' right from the planning stage to growth stage.

Based on our experience with SMEs, we have understood their financial needs at different stages of their life cycle. Accordingly, we suggest the right composition of debt and equity mix and develop a bankable financial model. Once the structure is finalized, we arrange debt funds, long term as well as short term, as per the needs of the business. Since the entire business plan of SMEs hinge on the availability of debt funds, our fee is linked to successfully arranging the same.

We have historically derived a major portion of our revenues from debt syndication services. This includes syndicating term loans, project finance and working capital loans. We also focus on providing advisory services to our clients for factoring. We are one of the few intermediaries in the country to advise corporates on factoring. Our Company has recently extended the focus on investment banking services which are mainly in the nature of private equity and mergers & acquisition advisory services. Our understanding of difficulties of SMEs in raising adequate funds at competitive costs has helped us to focus on alternate channels of short terms funds. Over the years we have gained expertise in arranging buyers' credit, trade finance, factoring of receivables, placement of commercial paper and NCDs at competitive cost for our clients. We have also focused on arranging private equity for small and mid sized corporates. We have developed the capability to provide end to end financial solution to our clients. This makes us a one stop shop for all the financing requirements of our clients.

Buoyed by the increased economic activity and the progress by all business sectors during FY 2009-10, most of our clients are on expansion mode and have strong appetite for funds, both debt and equity.

Our expertise lies in designing structured financial products and complex financial models and executing the same for companies across a wide cross Section of industries. We have strong relationships with corporates as well as all major public sector banks, private sector banks, financial institutions and private equity funds.

We started our international operations by setting up a subsidiary company in Dubai. The subsidiary company at Dubai provides management services primarily in the nature of debt syndication services to clients in Dubai and has started getting good response from the clients. Our subsidiary company in Hong Kong is yet to commence operations. We further propose to setup our operations in London and Singapore as a part of our strategy to broad base our International operations.

As a part of the business strategy, our Company has entered into a joint venture agreement with FIMBank Plc.(now assigned to FIMFactors BV, a wholly owned subsidiary of FIMBank Plc.), Banca IFIS and Punjab National Bank to set up a Company engaged in the business of factoring, forfaiting and leasing in India. We have thus reinforced our interest in factoring as a business segment. For more information on this joint venture agreement, please refer to Section, "**History and Certain Corporate Matters**" on page 84.

Based on our restated consolidated financial statements for the years ended March 31, 2008, 2009 and 2010, we generated total income of Rs. 3955.35 lakhs, Rs. 1727.11 lakhs and Rs. 3616.54 lakhs, respectively, and profit after tax of Rs. 1176.51 lakhs, Rs. 73.86 lakhs and Rs. 1526.44 lakhs, respectively.

Our Competitive Strengths

We believe that we have the following key competitive strengths -

Diversified and balanced mix of services

We offer a wide range of financial services to our clients. Our services offerings include debt syndication services, advisory services for factoring, investment banking services and other ancillary services. For a company looking to raise debt, we can arrange various types of financing like project finance, term loan, working capital finance, external commercial borrowing, etc. Our understanding of factoring also enables us to sell factoring as a cash management product to our clients. In the investment banking gamut, we mainly provide advisory services for private equity and mergers and acquisitions. We also facilitate buyers / suppliers credit and placement of commercial papers and non-convertible debentures for our clients. We continue to explore opportunities to build new businesses and widen our product portfolio to include products and services that are related to our current offerings, where we can leverage our existing expertise. We believe that our presence in diverse lines of business across asset classes enables us to reduce risks arising from service and client concentration. We believe in maintaining a balanced mix between our various services.

Scalable Execution Model

We have designed a model for execution of our mandates. Under this model, we follow a two tier structure, which consists of (i) centralized planning and co-ordination and (ii) de-centralized deal management and execution

i. Centralized planning and co-ordination

We have a centralized assessment team which analyses each proposal against a set of parameters included in our 'doability check' report prior to acceptance. This ensures we take up quality mandates.

ii. De-centralized deal management and execution

Having branch offices across the country helps us in execution of mandates at local level. Critical steps like risk mitigation, log book follow up, indexing, reference check helps us in working on mandates in a time efficient manner. This not also disciplines the team but ensures timely delivery to clients.

Strong management team and Partnership Culture

Our senior management comprises qualified and experienced professionals with a successful track record. Our Promoters are actively involved in day to day management of our business. A strong second line in management supplements the top management. We strongly believe that our employees are one of the key factors for our growth. We value the individuality of our employees and our customers, which we believe results in a management, operations and training philosophy distinct from that of our competitors. We have a team of qualified professionals with requisite experience in our business. We focus on employee welfare and a partnership culture with our professionals. We have introduced ESOP Plan'2010 to motivate employees .We believe the ESOP plan and other incentives foster a partnership culture, commitment and entrepreneurial spirit among our employees.

Strong corporate relationships

We believe that our focus on nurturing long-term relationships with companies, and servicing these companies through the course of their development, by providing ongoing and innovative solutions has enabled us to form strong relationships with these clients, thereby leading to repeat business. We focus on SMEs and serve these companies throughout the course of their growth. These SMEs gradually evolve into larger enterprises thereby enabling us offer them larger bouquet of services including complex structured products viz. mergers and acquisitions (including cross border), international fund raising and off market capital raising. We believe that these strong relationships provide us with an edge in sourcing and executing more deals for a growing clientele.

Strong relationships with institutional investors / lenders

We have raised funds for our clients across a broad range of businesses and industry segments. We have been associated with lenders and institutional investors for a long term. We believe that our strong relationships with investors / lenders relationships will enable us to continue to grow our business. We showcase our clients to these lenders / investors, based on their investment philosophy and their return and risk profiles which has enabled us to generate repeat business.

Distinctive product expertise with focused servicing model

Our business model is based on providing specialized and value added services like advisory services in factoring, investment banking, debt syndication and other ancillary services to our clients. We encourage product specialization within our organization. We have different product teams to service the specific requirements of our clients. This helps us to create capabilities and expertise for each product so that a well informed & structured advice is given to the clients to meet their objectives.

Our business development team frequently interacts with new clients to cross sell our other offerings. Advisory on factoring is one of the specialized services offered by us which enables us initiate relationships with first time clients.

Strong national presence

We are operating through 8 branch offices spread across major metropolitan cities in India. With our corporate office in Mumbai, we have branch offices in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune in India. The locations of our offices are driven by the demand for financial services. We are poised to set up more branches, especially in smaller cities and towns which we believe will provide attractive growth opportunities. We propose to set up 8 additional domestic branch offices spread across 8 cities by the end of Fiscal 2012. At present our existing branch offices tap smaller cities and towns through regular visits and/or representative offices. Our expanded branch network will help us to strengthen our pan India presence.

International Presence

We started our Dubai operations through our subsidiary Blend Management Services FZCO in the financial year 2007 - 08. Though Dubai was largely affected by the global financial turmoil in 2008, we have been able to establish our foothold with careful selection of non real estate and non construction linked companies which were less affected. Our strategy of tapping India based corporates is helping us strengthen our domestic relationships. With successful establishment of our international operations in Dubai and effective delivery model at hand, we have set up a subsidiary in Hong Kong, Blend Fin Cap Ltd., during current financial year to focus on providing structured trade/financial solutions. Hong Kong, will additionally provide us with the much needed advantage on buyer's credit front as Hong Kong is one of the major markets for such funding.

360 degrees solutions for SMEs

We provide a gamut of services to our clients. We are associated with a diversified team of professionals who cater to our clients by providing tax advisory services, IT services, HR services, brand building exercise etc. This helps us in providing a one stop shop solution to our clients and also reinforces our commitment towards them.

Business Strategies

Focus on Small and Medium Enterprises (SME)

We mainly cater to the financial needs of the SME clients. We believe that an SME needs much more attention and professional support than large enterprises. Our focus is to partner in the growth of a company from an SME to a large corporate. We believe in "hand holding" an SME, whereby we address all its financial and strategic requirements of growing business. We believe this is a unique model and gives us a leverage to build a strong relationship with an SME. Once a relationship is established, it leads to repetitive business in various forms.

Continue to maintain a diversified service portfolio to cater to most of the customer needs and demands

We continuously endeavor to introduce new services that provide clients access to a range of financial services to suit their varied needs. We intend to continue the strategy of maintaining a diversified service portfolio to preserve our uniqueness and competitive advantage. Maintaining a diversified range of services not only allows us to mitigate the risk associated with over dependence on a few sources of revenues but it also allows us to cross sell the services to the customers.

Continue to develop client relationships

We propose to expand our business by increasing the number of our client relationships. We believe that increased client relationships will further expand and add stability to our business. We continue to develop our existing client relationships and also focus on increasing our client base by adding more companies / clients to our portfolio. We have developed a 41 member sourcing team spread across our branches who constantly remain in touch with clients and tap new clients through various means including and not limited to database mining, referrals from clients, lenders, practicing Chartered Accountants, tele - calling sponsorship of events etc. The trade finance products and rating services are effectively used to tap clients. We believe that our sourcing capabilities are strong which is reflected in the order book size that we have.

Further strengthen the brand name

We propose to further increase the brand recognition vis-à-vis competition through brand building efforts, communication and various promotional initiatives like participation in industry events, public relations and investor relations efforts. The same would enhance the visibility of our brand name and enhance our position and image in the industry.

Focus on other metro/mini metro cities to increase our market share

We intend to further penetrate key markets in India by increasing the number of branch offices, thereby increasing our market share in the industry. We plan to open branches in other cities in India to increase our clientele base. We plan to open 8 branch offices across 8 cities in India in the year financial year 2011 - 12. All the branch offices shall be full service branches, offering all products.

Tapping international markets

Our international operations were launched from Dubai through our Subsidiary 'Blend Management Services FZCO' in the financial year 2007 - 08. We now have another subsidiary in Hong Kong by the name of 'Blend Fincap Limited'. We plan to have a presence in London and Singapore through the proposed setting up of branches. Our international presence provides a window for growing companies in India to tap overseas capital. It also gives us proximity to foreign investors who look to invest in India.

Attracting and retaining the quality professionals

Our people are our most important asset, and it is their reputation, talent, integrity and dedication that results in our success. We have been successful in attracting and retaining key professionals and intend to continue to seek out talent to further enhance and grow our business. As a human resource policy of our Company, to fill in vacancies at higher levels, a suitable candidate from within the organization is identified. In the eventuality that a suitable candidate is not found in house, a fresh recruitment is done. We offer a highly entrepreneurial culture with a strong, team-based approach that we believe is motivating to our employees. Additionally, we believe that becoming a publicly traded company will further enable us to offer attractive stock-based incentives to talented professionals, which will aid our recruitment effort and our retention of key employees.

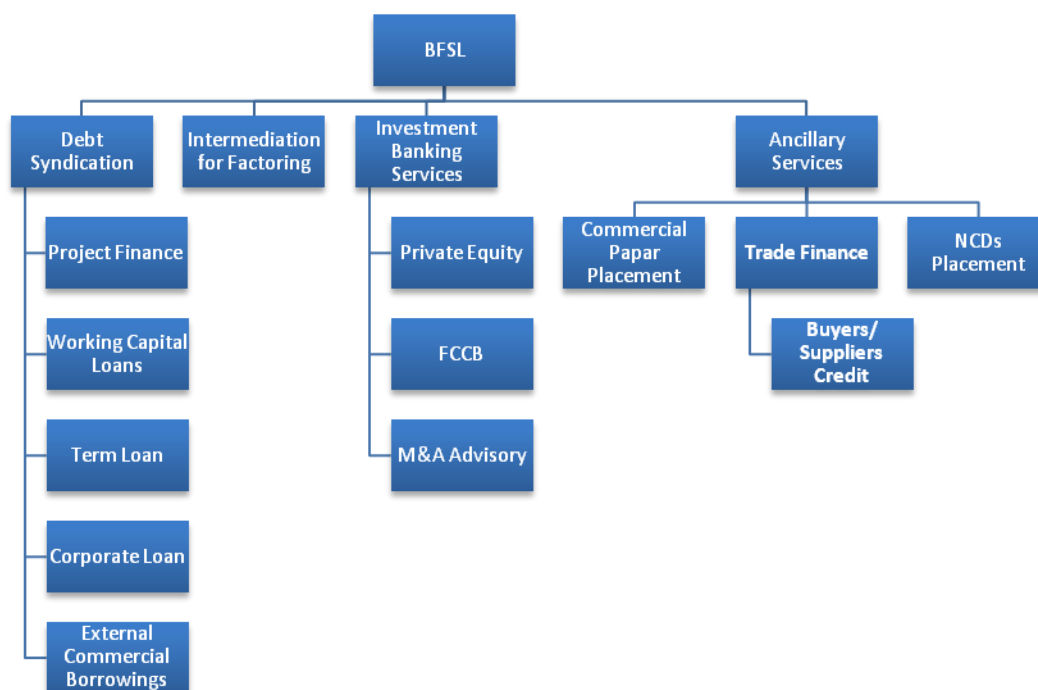
Focus on Factoring

Factoring as a product for trade financing is relatively lesser used among the Indian businesses. We have a strong focus on factoring as means of trade finance for the Indian SMEs. We have been advising SMEs on factoring as a means of trade finance since 2003. Over the years, we have created a knowledge base in various types of factoring.

BUSINESS MODEL

Service Offerings

We have a wide range of service offerings aimed at providing financing and corporate advisory services to the SME sector. The various business segments we operate in and services offering under each head can be classified as follows:



A. Debt Syndication

In this business segment, we focus on arranging debt for the corporate, short term as well as long term in the form of term loans, project finance, working capital loans, external commercial borrowings, acquisition finance etc. The process of debt syndication requires strong knowledge base combined with the excellent relationship with banks and other financial institutions along with efficient analytical ability to bring to the clients the best deal in the shortest time. We fulfill client's funding needs for green field projects, brown field projects, expansions and modernization projects through conventional and non conventional debt products. The solutions differ from corporate to corporate based on the nature of business, current/future requirement, industry, capital structure, financial health etc. We facilitate debt for our clients at the most competitive interest rates, make strategies for interest rate optimization and provide other related advisory services. Our fee is typically a percentage of the amount raised or arranged. Following are the range of services or product offering under Debt Syndication.

1. Project Finance

Project finance is a loan arrangement in which repayment is made from the cash flows generated from the project, and the project's assets, rights, and interests are held as collaterals. It can be for green field or brown field projects. We help the client in arranging project finance on the optimum structure and provide ancillary services with relation to the same, including preparation of project report, financial model, etc.

2. Working capital loans

We focus on arranging finances for the working capital needs of corporates, including fund based and non fund based through various sources of financing at competitive interest rates. We also suggest to our clients a better mix of working capital financing options. There are basically two types of limits under working capital loans:

- i. Fund based limit is financial assistance that involves disbursement of funds. Fund based limits are provided in the form of cash credit facility, overdraft, bill discounting, working capital demand loan, etc.
- ii. Non Fund Based Limits is financial assistance wherein there is no disbursement of funds and is fee based facility provided by the bank to support the working capital cycle. Non fund based limits are provided in the form of Letter of Credit, Bank Guarantees, Acceptances, etc.

3. Term Loans

Term loans are asset based loans provided for a term normally ranging between 1 to 7 years payable in pre-determined number of installments over the tenure of the loan. Term loans generally provide for acquiring income producing assets (machinery, equipment, inventory, etc) that generate the cash flows for repayment of the loan. We focus on providing term loan at competitive rate of interest and structure the same in the best interest of the corporate.

4. Corporate Loan

We arrange corporate loans for periods ranging between 1 to 5 years for normal capital expenditure, working capital margin, shortfall in working capital, general corporate purpose etc. We focus on structuring of proposal according to the clients requirement.

5 ECB

External Commercial Borrowings are commercial loans in the form of bank loan availed from non-resident lenders with minimum average maturity of 3 years. It can be raised under automatic or approval route based on the ECB guidelines set forth by Reserve Bank of India. Through our Dubai subsidiary, we are able to get competitive interest rates from foreign lenders for our clients.

B. Intermediation of Factoring

Factoring is a form of receivable / payable financing. Under this facility, the borrower sells the receivables or payables to the lender (Factor) at a discount to raise cash. We advise our clients to convert its credit sales or credit purchases to cash sales or cash purchases. Thus, it serves as a cash management tool helping them to improve their working capital cycle and margins.

Other advantages of factoring include –

- It provides credit protection for the receivables
- It helps the business to meet increasing sales demand and expand
- Factoring helps in saving time as the factoring company collects the money itself

Factoring consists of different sub products viz.: domestic factoring, reverse factoring, export factoring, import factoring, silent factoring, with recourse factoring, without recourse factoring, LC factoring, any debtor factoring etc.

C. Investment Banking Services

Our investment banking Services business is primarily driven by the strength of our corporate relationships, focus and understanding of the growth oriented SMEs.

Our team focuses on structuring and advising diverse equity capital raising transactions in the public and private markets for our clients. This vertical can be further broken down into -

1. Placement of private equity

Offering advisory services for raising private equity capital was the genesis of our investment banking business and remains an area of focus for us. We arrange growth financing from private equity funds for companies in various industries.

2. Arranging FCCB

We also advise and arrange placement of Foreign Currency Convertible Bonds for our clients. This placement has to be in compliance with the requirements of the FEMA and the Companies Act. These instruments are listed on select foreign stock exchanges. We identify corporate in India which can raise funds by issue of FCCBs, advise the Indian company on the appointment of an authorized intermediary of the foreign stock exchange, identify potential investors and provide documentation assistance to the Indian company.

3. Merger and Acquisition advisory

Our merger and acquisition advisory team provides financial advice pertaining to mergers, acquisitions, divestments, restructuring, joint ventures and strategic alliances and de-mergers. Our services encompass strategy formulation, identification of buyers or targets, valuation, negotiations and bidding, capital structuring, transaction structuring and execution. Our fee as a percentage of the value of transaction is dependent upon successful completion of the transaction. Our advisory team comprises of a team of professionals with experience and understanding of the Indian regulatory, legal and financial framework.

D. Ancillary Services

1. Trade Finance

We arrange trade finance for import of goods from overseas suppliers through overseas branches of Indian / foreign banks. In the trade finance vertical, we primarily focus on the following two products -

- i. **Buyer's Credit** - It is an import loan availed from an international bank for meeting import (raw material or capital goods) obligation on due date at the behest of the buyer. It is arranged under Letter of Undertaking (LOU) issued by a bank in India. It is arranged for a period upto 1 year for non capital goods and upto 3 years for capital goods.
- ii. **Supplier's Credit** – Suppliers credit means discounting of bills arranged under import usance letter of credit thereby arranging payment on sight for the exporter/supplier in other country and credit for the importer/buyer. It is generally done at LIBOR plus margin, It is arranged for a period of upto 1 year for non capital goods and upto 3 years for capital goods.

Our overseas subsidiaries help us arrange buyers & suppliers credit for our clients at competitive rates.

2. Commercial Paper

Commercial Paper is an unsecured money market instrument issued in the form of a promissory note and transferable by endorsement and delivery. It is a short term unsecured promissory note issued by companies with a credit rating. We place commercial paper with various banks, mutual fund and other institutions. Through this means of financing, we help our clients to raise working capital finance. The issuance of commercial papers is governed by RBI guidelines.

3. NCDs

This is a debt instrument offered by the company without a convertible option, having a fixed maturity and bearing a stated coupon rate. NCDs may be unsecured or secured by assets such as land and buildings of the issuing company. Specified minimum credit rating to be obtained from a credit rating or other agencies registered with SEBI or other credit rating agencies specified by RBI. We assist corporates in placing NCDs with different institutions at terms and conditions suitable to them. The NCDs placed have a minimum tenure of 90 days.

BUSINESS PROCESS

Standardization of business process is a pre requisite to ensure the rapid implementation of processes, to meet speed-to-market, service quality and compliance requirements. Standardization of processes becomes more important since we also operate in global markets. We follow an integrated business processes allowing us to define our products, processes and systems in such a way that we are able to meet the customer requirement

with low turnaround time. Our Business model can be broadly divided into three processes; each process having its own set of objectives. The details of each are given as follows:

1. Sourcing

We focus on both direct as well as indirect client sourcing. Our sourcing and client acquisition can be through any of the following sources:

- i. Direct Client Acquisitions: We have presence in 8 Indian cities through our branch offices in India. Through these branches, we cover 20 locations in the country. We have a dedicated 41 members sourcing team who source business through various modes including existing database, state / region directory, internet search, calling etc.
- ii. Through Referrals: Our existing clients refer their contacts / associates
- iii. Bank Referrals: We also get referrals from our existing banking relationships

Before taking any mandate, we do a 'doability study' of the proposed transaction. A 'doability study' is an exercise wherein we assess a proposal on certain pre-determined criteria. An assignment is accepted only when we are satisfied about executeability of the proposal.

2. Execution

Success in any market especially in case of financial services firms stems from differentiation of services provided, ability to provide new products and services, quality of customer services and responsiveness to change. All these characteristics can only be achieved if one can have a robust execution model and therefore, process execution is the most important part of the process.

We have execution teams across each of our branches to take care of proposals at branch level. The branches handle transactions upto a ticket size of Rs. 2500 Lakhs. However, transactions of size more than Rs. 2500 Lakhs are executed by a central credit pool located at Chennai under the supervision of our Chief Operating Officer for regular monitoring.

Execution Process

We have a dedicated credit team to take care of each proposal. Debt & factoring proposals are analyzed and executed at branch level and / or by central credit pool. Investment Banking and ancillary services proposals are executed centrally at the head office. We follow a comprehensive execution process for our proposals which is summarized as under:

- i. Our credit team analyses the proposal in detail and prepares the documents required to execute the transaction, with the help of client.
- ii. Reference Check – To further ensure quality of proposal, we take references of client from different sources, including existing lender, customer, competitor, supplier of client, employees etc. before logging-in the proposal with the lenders.
- iii. Risk Mitigation Report - Upon receipt of mandate, the concerned credit team prepares a detailed risk mitigation report detailing therein the risk and concerns involved in the proposal and their mitigants, if any. The risk mitigation report also forms part of the proposal sent to prospective lenders / institutions to have a look on the issues involved in the proposal. This helps in gaining the confidence of the lenders and institutions.
- iv. Identification of lender- Identification of the right lender is a critical part of the transaction. Identification depends upon facts and parameters of each transaction and certain standard parameters including size of transaction, time frame, nature of transaction, etc.
- v. Indexing- We prepare a standard file with proper indexing for the proposed lender containing all the documents required for the transaction.

- vi. Log Book- We prepare and run a log book on daily basis for each proposal lender –wise. This will enable us to track the time frame starting from the date of mandate. It also helps us to take corrective actions and frame plans & policies to improve the time required for execution of a transaction.
- vii. Ongoing Mandated Deal Sheet - We also prepare an ongoing mandated deal sheet branch-wise for ready reference of each ongoing proposal on pan India basis. We update the same on alternate date basis with remarks of status. Top management regularly analyses the same and suggests any corrective actions, if required.
- viii. Sanction & Disbursement - We advise and help the client for sanction of the proposed transactions, including arranging meeting with prospective lenders and institutions, plant and office visits, co-ordination, reply to various queries raised etc. After sanction of the proposal, we assist the client to complete the disbursement formalities.
- ix. Sanction Note - After completion of transaction, we prepare a sanction note detailing therein the issues involved in the transaction for our internal use, which helps in structuring the future proposals.

3. Relationship Management

Relationship with Lenders/ Investors

The last leg of our business process is maintaining relationship with existing customers and lenders / investors. We have a layered system within the organization to maintain relationship with lenders at different levels. The team member responsibility is to remain in touch with the lenders at all levels either through written communication or meetings, whether or not any proposal is pending with the lender. We maintain a database of lenders / investors on pan India basis, which helps us to put the proposal with right lenders / investors. This ultimately results in speedy execution of proposal. Over the years, we have developed relationships with various Private Equity funds/investors and understood their appetite in terms of deal size, industry, structuring and expected returns etc. This helps in referring the proposal to the right funds leading to a quicker execution of proposal.

Relationship with Corporate Clients

We believe that our focus on nurturing long-term relationships with companies, and serving these companies through the course of their development, has enabled us to form strong relationships with these clients, resulting in repeat business. Our dedicated focus on client servicing and our ability to provide ongoing and innovative solutions, enables us to establish long-term relationships with corporates. We focus on SMEs and serve these companies through the course of their growth. We believe that our capability to offer innovative solutions in line with the market condition helps in clinching the deals.

Our Subsidiaries

Our Company has two subsidiaries viz. Blend Management Services FZCO located at Dubai and Blend Fincap Limited located in Hong Kong. Our subsidiary in Dubai is engaged in providing management services with primary interest in debt syndication services offered to corporate clients. We have established our subsidiary at Hong Kong which is yet to commence operations which will focus on structured financial products. For more information on our subsidiaries, please see the Section “*History and certain corporate matters*” on page 84.

Mandate book Size as on August 31, 2010

Our Company is holding mandates worth of Rs. 11,63,600.00 lakhs as on August 31, 2010 comprising of different products. The mandates in our mandate book are subject to cancellation and modification provisions contained in mandates and other relevant documentation. The following tables set forth the value of our mandate book industry wise, geography wise and stream wise as of August 31, 2010:

A. Industry-Wise

| S. No. | Industry | Amount of Mandates (In Rs. Lakhs) |
|--------|----------------|--------------------------------------|
| 1 | Infrastructure | 1,03,550.00 |
| 2 | Pharma | 37,500.00 |
| 3 | FMCG | 16,250.00 |
| 4 | IT | 16,500.00 |
| 5 | Education | 82,000.00 |
| 6 | Real Estate | 79,900.00 |
| 7 | Telecom | 39,000.00 |
| 8 | Power | 2,53,700.00 |
| 9 | Manufacturing | 3,23,950.00 |
| 10 | Finance | 50,000.00 |
| 11 | Retail | 21,500.00 |
| 12 | Services | 21,800.00 |
| 13 | Media | 8,000.00 |
| 14 | Engineering | 71,500.00 |
| 15 | Trading | 38,150.00 |
| | Total | 11,63,300.00 |

B. Geography-Wise (in India)

| S. No. | Industry | Amount of Mandates (In Rs. lakhs) |
|--------|--------------|--------------------------------------|
| 1 | North | 2,62,300.00 |
| 2 | East | 2,98,850.00 |
| 3 | West | 1,79,150.00 |
| 4 | South | 4,23,000.00 |
| | Total | 11,63,300.00 |

B. Stream-Wise

| S. No. | Industry | Amount of Mandates (In Rs. lakhs) |
|--------|------------------------------|--------------------------------------|
| 1 | Debt Syndication | 8,60,300.00 |
| 2 | Intermediation for Factoring | 2,64,400.00 |
| 3 | Investment Banking Services | 32,600.00 |
| 4 | Ancillary Services | 6,000.00 |
| | Total | 11,63,300.00 |

Order book size of our Dubai subsidiary

Our Dubai subsidiary is holding mandates totaling to AED 550.00 Mn for syndication of debt. These mandates are subject to cancellation and modification provisions contained in mandate letters and other relevant documentation.

Information Technology

We have in-house database software, used pan India by all the branches to record the details of transactions, activities, clients, lenders, institutions etc. The database helps us to track the daily activities on a pan India basis and also serves as a data and knowledge house for our future transactions.

Human Resources

As of August 31, 2010 we have 117 people on our payroll. The permanent employees include personnel engaged in management, administration, marketing, operations, auditing and finance. Our employees are not unionized or covered by collective bargaining agreements. We have not experienced any employee action and believe that our relationship with our employees is cordial.

Following is the category-wise break-up of our employees -

| Category | No. |
|-------------------------|------------|
| Management cadre | 6 |
| Branch / Business Heads | 10 |
| Sourcing team | 41 |
| Credit appraisal team | 28 |
| Administration team | 32 |
| Total | 117 |

The key elements of our human resource management strategy include:

- i. Sourcing, nurturing and retaining the best talent in the industry
- ii. Work culture designed and evolved around the principles of ownership and accountability
- iii. Objective-based performance management system
- iv. Performance-based reward and recognition mechanism
- v. Encouraging employee communication, flexible and dynamic redress system
- vi. Focus on training to provide an environment of continuous learning and skill upgrading
- vii. Creating second line support for all key positions and effective succession planning through employee career planning process

Intellectual Property

We use the trade name / logo “Blend” and invest our resources in building our brand. We have applied with the Registry for Trade Marks for registration of our trade mark / logo, “Blend”. As of the date of this Draft Red Herring Prospectus, the application for trade mark registration is pending.

Insurance

Our Company currently maintains insurance cover on building, electronic equipments covering servers, switch and modems. Our Company’s insurance policies cover physical loss or damage to its property arising from a number of specified risks including burglary, fire and other perils. Our Company maintains insurance on equipment and property in amounts believed to be consistent with industry practices. Notwithstanding the insurance coverage that our Company carries, the occurrence of events / accidents that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially affect our Company’s financial condition and future operating results.

Competition

We face stiff competition in all of our main business lines of financial and investment banking. Many of our competitors have significantly greater financial, technical, marketing and other resources than those available to us. Though, we do not have exact peer competitor, we face competition from financial services companies like Money Matters Financial Services Limited, A.K. Capital Services Limited, Centrum Capital Limited, Microsec Financial Services Limited in our different verticals of business.

Property

We own the following properties:

| Address | Area (In Square Feet) |
|--|------------------------------|
| Registered & Corporate Office: | |
| 404, 405 & 406, Pramukh Plaza, 4 th Floor, C-Wing, Chakala, Andheri (East), Mumbai- 400099. | 5711.00 (Carpet Area) |
| Others: | |
| 109, 1 st Floor, RIZVI Chambers, Hill Road, Bandra, Mumbai- 400050 | 270.00 |

All our branch offices are on lease/rental agreement basis. Payment of rent during the year ended March 31, 2010 was Rs. 31.57 lakhs. Set forth below are the details of the leases of our branch offices:

| Address | Area (in Square feet) | Term |
|---|------------------------------|-----------------|
| 101, 3 rd Floor, Paradise Plaza, 911/912, Synagogue Street, Pune- 411001 | 200.00 | Till 30-04-2011 |
| 205, Iscon Plaza, Near Nima Bunglows, Opposite Star India Bazaar, Satellite Road, Ahmedabad- 380015 | 1000.00 | Till 29-03-2011 |
| 55/1, 15 th Cross, East Park Road, Malleswaram, Bangalore- 560055 | 1250.00 | Till 31-12-2010 |
| 1-C, First Floor, Century Plaza, No. 560/ 562, Mount Road, Chennai- 600018 | 1195.00 | Till 31-05-2011 |
| 1402-1403, Vikram Tower, 16, Rajendra Place New Delhi- 110008 | 1214.07 | Till 19-07-2012 |
| 103, Nirmal Towers, Dwarakapuri Colony, Panjagutta, Hyderabad-m 500082 | 1230.00 | Till 31-03-2011 |
| 22, 2 nd Floor, 9, Mangoe Lane, Kolkata- 700001 | 196.00 | Till 31-01-2011 |
| Units 101, 102, 201 and 202, Shriram Trade Centre, SVP Road, Borivali (West), Mumbai - 400092 | 3600.00 | Till 31-03-2011 |

REGULATIONS AND POLICIES

The following description is a summary of certain laws and regulations, which are relevant for our business. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

We are engaged in the business of providing varied financial services. We may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see “Government Approvals” on page 194 of this Draft Red Herring Prospectus.

Laws relating to factoring business

Indian Contract Act

The Indian Contract Act, 1872 (“**Indian Contract Act**”) is the main source of law regulating contracts in Indian law. The Act applies to the whole of India except the state of Jammu and Kashmir. The Indian Contract Act consists of the limiting factors subject to which contract may be entered into, executed and enforced. The Act provides the framework of rules and regulations which govern formation and performance of contract. The rights and duties of parties and terms of agreement are decided by the contracting parties themselves.

Sale of Goods Act

The Sale of Goods Act, 1930 (“**Sale of Goods Act**”) governs the contracts relating to sale of goods. The Act applies to the whole of India except the State of Jammu & Kashmir. The contracts for sale of goods are subject to the general principles of the law relating to contracts i.e. the Indian Contract Act, 1872. The provisions of the Act include transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract, conditions and warranties implied under a contract for sale of goods, etc.

Insider Trading

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time (“**Insider Trading Regulations**”) govern the law with respect to insider trading in India. The Insider Trading Regulations *inter alia* prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information (“**UPSI**”). It further prohibits an insider from communicating, counseling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities.

Information is said to be price sensitive if it is likely to materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an “insider” is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in the company or stands in a professional or business relationship with the company and when he or she may reasonably be expected to have access to UPSI and includes *inter alia* market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, portfolio managers, investment advisors.

The Insider Trading Regulations further provide that 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 etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

Laws relating to Employment

Shops and Establishments Legislations in Various States

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

The Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, Employees State Insurance Act, 1948 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to Intellectual Property

The Trade Marks Act, 1999 and the Copyright Act, 1957 amongst others govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

Other regulations

In addition to the above, the Company is required to comply with the provisions of the Companies Act, FEMA, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Overview

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act as “Blend Financial Services Private Limited” pursuant to a certificate of incorporation issued by the RoC at Mumbai, Maharashtra dated 4 December 1997. Thereafter, our Company was converted into a public limited company pursuant to a resolution passed by the shareholders of our Company at an EGM held on 1 August 2008 and a fresh certificate of incorporation dated 26 September 2008 was issued by the RoC. Consequently, the name of our Company was changed from “Blend Financial Services Private Limited” to “Blend Financial Services Limited”.

Corporate Profile of our Company

We are a diversified financial services company with primary focus in assisting small and medium enterprises (SMEs) in corporate and non corporate sector in their financial planning and arranging debt funds for them. We also offer investment banking services to corporate clients. For further details of the business of our Company, please see Section titled “Our Business” on page 70 of this Draft Red Herring Prospectus.

Changes in Registered Office of our Company

The Registered Office of the Company at the time of incorporation was 44, Sterling Tower, 3rd Cross Road, Lokhandwala Complex, Andheri (W), Mumbai - 400058. With effect from 18 June 2003, the Registered Office of the Company was shifted to 109 Rizvi Chambers, A Wing, Hill Road, Bandra (W), Mumbai – 400050 as we moved to our owned premises. Thereafter, for better operational efficiency and to meet requirement for a larger office space, our Company acquired new office premises and shifted its Registered Office to the same viz. 404, 4th Floor, C-Wing, Pramukh Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400069 with effect from 15 December 2009.

Major Events in the History of our Company

| Year | Event |
|----------------|--|
| December 1997 | Incorporation of our Company as a private limited company. |
| September 2004 | First branch opened in Ahmedabad. |
| January 2005 | Branch opened in Delhi. |
| June 2005 | Branch opened in Chennai. |
| July 2005 | Branch opened in Kolkata. |
| April 2006 | Concluded a Credit Bank Receivable Funding Facility arrangement of Rs. 50 crores. |
| April 2007 | Concluded first private equity deal of Rs. 90 crores. |
| March 2008 | Incorporation of Blend Management Services FZCO, our first overseas subsidiary in Dubai. |
| September 2008 | Conversion of our Company into a public limited company and name of our Company changed from “Blend Financial Services Private Limited” to “Blend Financial Services Limited”. |
| July 2009 | Concluded a term loan arrangement for a client of Rs 250 crores. |
| August 2009 | Concluded working capital arrangement for a client of Rs. 440 crores. |
| November 2009 | Entered into a Joint Venture with PNB, FIMBank Plc. & Banca IFIS for incorporation of a Private Limited Company “India Factoring & Finance Solutions Private Limited” to carry out factoring business. |
| December 2009 | Setting up of our own registered and corporate office in Mumbai. |
| August 2010 | Incorporation of Blend Fincap Limited, a wholly owned subsidiary in Hong Kong. |

Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association are:

1. To carry on the business of providing financial, corporate and investment advisory services, management and facilitation services, including but not limited to identifying investment opportunities, conducting analysis and assessment, providing investment recommendations and consultancy service for making available infrastructure (including but not limited to administrative, managerial, logistical, financial, communication and information technology facilities/services) to foreign banks, venture capital funds, including the trustees, beneficiaries and contributories of such funds, other funds (including but not limited to funds for providing debt financing, debt syndication, investing in equity, equity linked securities and all other instruments as permitted under applicable laws), trusts, investment companies, joint ventures, corporate, institutional, group and individual investors, foreign banks, representing foreign banks in India.
2. To carry on the business of merchant banking in all its aspects, to act as managers for issues and offers, whether by way of public offer or otherwise, of shares, stocks, debentures, bond units, participation certificates, deposits, certificates, notes bills, warrants or any other paper or scripts (herein after collectively referred to as the "securities") to act as agents of and or dealers in the securities in the course of merchant banking business, to act as a discount house for any of the securities, to act as financial consultants, advisers and counselors, stock brokers in investment and capital markets, to underwrite, sub underwrite or to provide stand by or procurement arrangements, to issue guarantees or to enter into other commitments for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for the securities, to act as an issue house, or registrar to issue or a transfer agent for the securities, to manage and administer computer centres and clearing houses for the securities, to form syndicates or consortia of managers, agents and agent of or in connection with the securities and to arrange or syndicate any package of financial assistance whether in the domestic market or international markets and whether by way of loans, guarantees, export and import or any other credits.
3. To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to the present and/or prospective customers and/or others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities.

The Object clause of the Memorandum of Association enables our Company to undertake activities for which the funds are being raised in this issue and also the activities, which our Company has been carrying on till date.

Amendments to the Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

| Date of Shareholder Resolution | Details |
|--------------------------------|--|
| 22 December 2000 | The initial authorized share capital of Rs.1,00,000 divided into 10,000 equity shares of Rs. 10 each was increased to Rs. 1,50,000 divided into 15,000 equity shares of Rs. 10 each. |
| 27 May 2006 | The authorised share capital of Rs. 1,50,000 divided into 15,000 equity shares of Rs. 10 each was increased to Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each. |
| 15 May 2008 | The authorised share capital of Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each was increased to Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each. |
| 1 August 2008 | The shares of the Company were sub-divided and the face value of the shares was reduced to Rs. 2 per share from Rs. 10 per share. Consequently, the authorised share capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each was changed to Rs. 15,00,00,000 divided into 7,50,00,000 equity shares of Rs. 2 each. |
| 1 August 2008 | Change of main object by substituting existing main object clause III (A) 1 by new clauses 1 to 3. |
| 10 March 2010 | The shares of the Company were consolidated and the face value of the shares was increased from Rs. 2 per share to Rs. 10 per share. Consequently, the authorised share capital of Rs. 15,00,00,000 divided into 7,50,00,000 equity shares of Rs. 10 each was |

| Date of Shareholder Resolution | Details |
|--------------------------------|---|
| | changed to Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each. |
| 20 August 2010 | The authorised share capital of Rs. 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10 each was increased to Rs. 18,00,00,000 divided into 1,80,00,000 equity shares of Rs. 10 each. |

Change of Name

Since incorporation, the name of the Company has changed only once, which is as follows:

| Date of Shareholder Resolution | Details |
|--------------------------------|--|
| 1 August 2008 | Upon the conversion of our Company to a public limited company, the name of our Company was changed to "Blend Financial Services Limited". |

Our Subsidiaries

1. Blend Management Services FZCO ("Blend Management")

Blend Management Services FZCO is promoted by our Company and has been incorporated as our first overseas subsidiary with the Registration No. DAFZA-FZCO-CF-0494 on 27 March 2008. The registered office of Blend Management is situated at Office No. E1 203, Dubai Airport Free Zone, Dubai, United Arab Emirates.

Principal Business of Blend Management

Blend Management has been formed mainly to carry out management services, particularly in United Arab Emirates.

Board of directors of Blend Management

The Manager/Director of Blend Management as of 31 August 2010 is:

| Name | Age | Position | Director Since |
|------------|-----|----------|----------------|
| Ravi Gupta | 38 | Director | Incorporation |

Shareholding Pattern of Blend Management as on 31 August 2010

| Name of the Shareholders | No. of equity shares of AED 1,00,000 each | % of total equity holding |
|----------------------------------|---|---------------------------|
| Blend Financial Services Limited | 4 | 80% |
| Vaibhavi Mahendra Thakkar | 1 | 20% |

Financial Information of Blend Management

| Particulars | FY 2010 (in AED) | FY 2010 (in INR)* | FY 2009 (in AED) | FY 2009 (in INR)** | FY 2008 (in AED) | FY 2008 (in INR)*** |
|------------------------|------------------|-------------------|------------------|--------------------|------------------|---------------------|
| Sales and Other Income | 73,47,600 | 9,55,40,622 | - | - | 17,00,000 | 1,85,27,008 |
| PAT | 71,91,710 | 9,35,13,589 | (7,96,720) | (1,00,82,621) | 15,84,166 | 1,72,64,621 |

| Particulars | FY 2010 (in AED) | FY 2010 (in INR)* | FY 2009 (in AED) | FY 2009 (in INR)** | FY 2008 (in AED) | FY 2008 (in INR)*** |
|--|---------------------|----------------------|---------------------|-----------------------|---------------------|------------------------|
| Equity Capital | 5,00,000 | 54,69,050 | 5,00,000 | 5469050 | 5,00,000 | 54,69,050 |
| Reserves (excluding revaluation reserves) | 79,79,155 | 9,85,12,934 | 7,87,445 | 12822972 | 15,84,166 | 1,71,79,999 |
| EPS | 14,38,342 | 1,87,02,717.80 | (1,59,344) | (2016524.20) | 3,16,833.20 | 34,52,924.20 |
| Book Value | 16,95,831 | 2,07,96,396.80 | 2,57,489 | 36,58,404.40 | 4,16,833.20 | 45,29,809.80 |

*Conversion Rate- Balance Sheet: AED = 12.2633; Profit & Loss: AED = 13.002970

** Conversion Rate- Balance Sheet: AED = 14.208; Profit & Loss: AED = 12.655150

*** Conversion Rate- Balance Sheet: AED = 10.8672; Profit & Loss: AED = 13.002970

Source of Conversion Rates: www.oanda.com

Other Information

Blend Management is not listed on any Stock Exchange. Blend Management is neither a sick industrial company nor is it under winding up.

2. Blend Fincap Limited (“Blend Fincap”)

Blend Fincap Limited is promoted by our Company and has been incorporated on 5 August 2010 as a wholly owned overseas subsidiary in Hong Kong. The registered office of Blend Fincap is situated at 6202, The Center, 66nd Floor, 99 Queen’s Road Central, Hong Kong.

Principal Business of Blend Fincap

Blend Fincap has been formed mainly to carry out the business of management and corporate advisory services.

Board of directors of Blend Fincap

The Manager/Director of Blend Fincap as of 31 August 2010 is:

| Name | Age | Position | Director Since |
|-----------|-----|----------|----------------|
| S. Mahesh | 31 | Director | Incorporation |

Shareholding Pattern of Blend Fincap as on 31 August 2010

| Name of the Shareholders | No. of equity shares of HK\$ 1 each | % of total equity holding |
|----------------------------------|--|------------------------------|
| Blend Financial Services Limited | 1 | 100% |

Financial Information of Blend Management

As Blend Fincap has been incorporated on 5 August 2010, no financial statements have been prepared as on date of this Draft Red Herring Prospectus.

Other Information

Blend Fincap is not listed on any Stock Exchange. Blend Fincap is neither a sick industrial company nor is it under winding up.

MATERIAL CONTRACTS

Agreement for formation of Joint Venture between FIMBank Plc., Punjab National Bank, Banca IFIS and our Company for carrying out factoring, forfeiting and leasing business in India

On 4 November 2009, FIMBank Plc. (“**FIMBank**”), Punjab National Bank (“**PNB**”), Banca IFIS (“**IFIS**”) and our Company entered into a Share Subscription Agreement (“**SSA**”) and a Shareholders’ Agreement (“**SHA**”) thereby agreeing to subscribe to the shares of a company to be newly incorporated in Mumbai (“**JV Company**”) to carry out the business of factoring, forfeiting and leasing in India. The responsibility of incorporating the JV Company would be on our Company and our promoters would be the initial directors of the JV Company. Prior to the first allotment, all the initial directors, except Mr. Ravi Gupta (who shall continue as a nominee of Blend), shall tender their resignations from the directorship of the JV company. The SSA also contemplates the setting up of a trust to administer an employee stock incentive scheme for the benefit of certain employees of the JV Company (“**Trust**”). The issuance of shares to the Trust shall be simultaneous with the issuance of shares to the other shareholders as detailed in the table below.

The Capital Structure of the JV Company would be as follows:

| Sr No | Name of Shareholder | After first allotment | | After second allotment | |
|-------|------------------------------------|--------------------------------------|------------|--------------------------------------|------------|
| | | Number of Shares (of Rs. 10 each) | % | Number of Shares (of Rs. 10 each) | % |
| 1 | FIMBank | 2,45,00,000 | 49 | 4,90,00,000 | 49 |
| 2 | PNB | 1,50,00,000 | 30 | 3,00,00,000 | 30 |
| 3 | IFIS | 50,00,000 | 10 | 100,00,000 | 10 |
| 4 | Blend | 5,00,000 | 1 | 10,00,000 | 1 |
| 5 | Trust (acting through its trustee) | 50,00,000 | 10 | 1,00,00,000 | 10 |
| | Total | 5,00,00,000 | 100 | 10,00,00,000 | 100 |

The second allotment shall take place subsequent to receipt of the approval of the Reserve Bank of India by the JV Company to operate as a non banking finance company.

Further, our Company would have a right to purchase an additional 4 (Four) % of the total issued and paid up share capital of the JV Company from the shares issued to the Trust (“**Blend Reserved Shares**”) at any time within 24 (Twenty four) months after the second allotment (“**Blend Call Option Period**”) at a price equal to the price paid by FIMBank and PNB for subscription under the SSA.

Thereafter, upon the JV Company (i) meeting its targets as per its business plan; or (ii) requiring additional capital as per applicable law; or (iii) requiring to maintain the minimum CRAR, the JV Company may issue a notice to its existing shareholders requiring them to compulsorily subscribe to securities up to Rs. 500,00,00,000 (Fifty thousand lakhs) in accordance with the ratio of their shareholding in the JV Company. Within 30 (Thirty) days of dispatch of the notice, each shareholder would reply with its decision to subscribe to all or portion of the securities. If a shareholder fails to reply or fully subscribe to the shares, the unsubscribed shares may be offered to other shareholders pro-rata on the basis of the then existing shareholding of the JV Company.

All further issuance of shares shall be offered to the existing shareholders on a proportionate basis in accordance with the then existing shareholding ratio of the JV Company. For each such offer, the JV Company would send a notice to the shareholders containing the details of the shares proposed to be issued along with the issue price (“**Offer Notice**”). The shareholders (or their affiliates) would be required to communicate to the JV Company its decision of subscribing to the shares within 30 (Thirty) days of from the delivery of the same. In the event a shareholder (and/or its affiliate) does not subscribe to all or a portion of the securities, the JV Company shall offer the unsubscribed portion to the shareholders (who have agreed to subscribe to the shares offered in the Offer Notice) vide another offer notice (“**Second Offer Notice**”). In the event the shares offered under the Second Offer Notice remain unsubscribed, the same shall be offered to a party who is not a competitor to the JV Company.

Our Company shall have a right to nominate 1 (One) director in the JV Company (who is acceptable to FIMBank and PNB) till the time it holds atleast 1 (One) % of the total issued and paid up share capital or atleast 5 (Five) % of the issued and paid up share capital after 24 (Twenty four) months of the second allotment.

As per the terms of the SHA, the shares of the JV Company would be subject to a lock-in of 3 (Three) years except that they would be entitled to transfer all or any of the shares to any of their affiliates, provided the affiliate executes a deed of adherence in the prescribed form. Further, the shares would first be offered to other shareholders on a proportionate basis if the shareholder proposes to transfer all or part of its securities to non-affiliates.

The shareholders are permitted to enter into any joint venture, investment, technology transfer, trademark license or any other arrangement with any third party for a new business. However, a shareholder cannot engage in any business or activity, recruit, solicit, entice, assist or engage in any activity any person for employment or business relationship directly or indirectly which competes with the business of the JV Company in India so long as the party continues to be a shareholder in the JV Company and for a period of 1 (One) year after the party ceases to be a shareholder.

By way of an assignment agreement dated 11 December 2009, FIMBank has assigned all its rights, obligations and interests under the SSA to FIMFactors BV.

OUR MANAGEMENT

Under our Articles of Association, our Company is required to have at least three directors and there is no limit on the maximum number of directors. We currently have six directors on our Board.

Our Board

The following table sets forth details regarding our Board as of the date of filing of this Draft Red Herring Prospectus with SEBI:

| Name, Father's Name, Address and Occupation | Age (Years) | Status of Director in our Company | Other Directorships |
|--|-------------|---|--|
| <p>Mr. Kailash Chandra Gupta</p> <p>Father's Name – Bhagwandas Gupta</p> <p>Address – 501-502, Legends, B wing, New Link Road, Lokhandwala, Andheri (West), Mumbai - 400053</p> <p>Occupation – Business</p> <p>Nationality - Indian</p> <p>DIN - 00145676</p> | 60 | Chairman and Whole Time Director | <p>1. Blend Insurance Brokers Private Limited</p> <p>2. Blend Capital Holding Private Limited</p> <p>3. Ambuja Trading Services Private Limited</p> |
| <p>Mr. Ravi Gupta</p> <p>Father's name - Kailash Chandra Gupta</p> <p>Address – 501-502, Legends, B wing, New Link Road, Lokhandwala, Andheri (West), Mumbai - 400053</p> <p>Occupation - Business</p> <p>Nationality - Indian</p> <p>DIN- 00145625</p> | 38 | Managing Director | <p>1. Blend Insurance Brokers Private Limited</p> <p>2. Blend Capital Holding Private Limited</p> <p>3. Ambuja Trading Services Private Limited</p> <p>4. India Factoring & Finance Solutions Private Limited</p> <p>5. Blend Management Services FZCO</p> |
| <p>Ms. Vaibhavi Mahendra Thakkar</p> <p>Father's Name - Mahendra Thakkar</p> <p>Address - Flat No. 2004, Bldg. No. 9/B, Whispering Palms, XX_Clusives, Lokhandwala Township, Kandivali (East), Mumbai - 400101 Maharashtra</p> <p>Occupation - Business</p> <p>Nationality - Indian</p> <p>DIN – 00145527</p> | 29 | Chief Executive Officer & Whole Time Director | Blend Insurance Brokers Private Limited |

| Name, Father's Name, Address and Occupation | Age (Years) | Status of Director in our Company | Other Directorships |
|--|--------------------|--|---|
| <p>Mr. Ashok Purushottam Pradhan</p> <p>Father's Name - Purushottam Pradhan</p> <p>Address - Flat No. 1301, C-Wing, Synchronicity, Chandivali Farm Road, Chandivali, Mumbai - 400072</p> <p>Occupation - Corporate Consultant</p> <p>Nationality - Indian</p> <p>DIN – 00136805</p> | 69 | Independent Director | SBI General Insurance Co. Limited |
| <p>Mr. Ramakant Madhav Nayak</p> <p>Father's Name - Madhav Nayak</p> <p>Address - A-11, Anand Dham, Road No.9, Prabhat Colony, Near Hotel Yatri, Santacruz (East), Mumbai - 400055</p> <p>Occupation - Corporate Consultant</p> <p>Nationality - Indian</p> <p>DIN – 00129854</p> | 65 | Independent Director | <ol style="list-style-type: none"> 1. Sun Capital Advisory Services Private Limited 2. Nine Rivers Capital Holdings Private Limited 3. Sun Global Investments Limited – UK 4. Avon Organics Limited 5. Sunteck Realty Limited 6. Nitin Fire Protection Industries Limited |
| <p>Mr. Anil Beniprasad Agrawal</p> <p>Father's Name - Beniprasad Agrawal</p> <p>Address - 501, Siddhi Building, Marve Road, Malad (W), Mumbai 400064</p> <p>Occupation - Business</p> <p>Nationality - Indian</p> <p>DIN – 00014413</p> | 48 | Independent Director | <ol style="list-style-type: none"> 1. Comfort Intech Limited 2. Comfort Securities Private Limited 3. Comfort Capital Private Limited 4. Luharuka Investment & Consultants Private Limited 5. Luharuka Export Private Limited 6. Comfort Commotrade Private Limited |

Brief Details of Board of Directors

Mr. Kailash Chandra Gupta, aged 60 years, is the Chairman and promoter of our Company. He holds a Bachelors degree in commerce from the University of Calcutta. He has over 36 of work experience. Prior to 2002, he was employed with the Borosil group for 28 years and retired as General Manager - Finance. Since 2002, he has been actively involved in the financial management, accounts, legal and secretarial and strategic decision making of our Company.

Mr. Ravi Gupta, aged 38 years, Managing Director and promoter of our Company. He is commerce graduate from the University of Mumbai and is a member of the Institute of Chartered Accountants of India. He has been instrumental in the growth of our Company and expansion of its business. He is in charge of the overall management and strategic decision making in the Company. He has about 13 years of experience in the field of debt syndication, investment banking and financial advisory services.

Ms. Vaibhavi Mahendra Thakkar, aged 29 years, is the Chief Executive Officer and Whole Time Director of our Company. She holds a post graduate degree in commerce from University of Mumbai with specialisation in business administration. She plays a vital role in identifying development opportunities and building and managing client relationships. She is also responsible for the day-to-day affairs of our Company including the human resource management and administrative functions. She has about 7 years of work experience.

Mr. Ashok Purushottam Pradhan, aged 69 years, is an Independent Director of our Company. He holds a masters degree in commerce and a bachelors degree in law from the University of Mumbai. He is a Certificated Associate of Indian Institute of Bankers. He has 33 years of working experience in finance, investment and general insurance industry and has worked with organizations such as New India Assurance Limited and Express Group of Companies. He has also been the Chairman and Managing Director of New India Assurance Limited. He joined our Company on 4 January 2010 as an independent non-executive director.

Mr. Ramakant Madhav Nayak aged 65 years, is an Independent Director of our Company. He holds a bachelors degree in science from Karnataka University as well as a bachelors degree in law from University of Mumbai. He also holds a Diploma in Marketing and Advertising from University of Mumbai. In the past, he was employed with organizations such as Bank of India, erstwhile Lord Krishna Bank (as Chairman), Lakshmi Vilas Bank (as Chairman) and Bank of Maharashtra. He has about four decades of work experience in general management, human resources, banking, finance and administrative functions. He joined our Company on 26 May 2010 as an independent non-executive director.

Mr. Anil Beniprasad Agrawal, aged 48 years, is an Independent Director of our Company. He holds a bachelors degree in commerce from University of Rajasthan and is also a member of the Institute of Chartered Accountants of India. He has more than 20 years of experience in the field of finance, capital markets and related activities and has worked with organizations such as Comfort Intech Limited, Comfort Securities Private Limited and Luharuka Export Private Limited. He is also a practicing chartered accountant and is currently associated with M/s A.K. Luharuka & Associates. He joined our Company on 23 July 2010 as an independent non-executive director.

Borrowing Powers of the Board of Directors

Pursuant to a shareholders' resolution passed at the Extra Ordinary General Meeting of the Company held on 25 June 2010 in accordance with the provisions of Section 293(1)(d) of the Companies Act, the Board has been authorized to borrow such sums of money upon such terms and conditions as the Board may think fit, for the purpose of the business of the Company provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) do not exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves, if any, that is to say reserves not set apart for any specific purpose, provided that the total amount of moneys to be borrowed by the Board together with monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time exceed a sum of Rs. 100,00,00,000 (Rupees One hundred crores).

Details of Terms of Appointment of our Directors

| Name | Contract / Appointment Letter / Resolution | Term | Date of expiry of term |
|---------------------------|--|---|-------------------------------|
| Mr. Kailash Chandra Gupta | Named as one of the first directors in the Articles of Association Thereafter, was appointed as Chairman and Whole Time Director <i>vide</i> board resolution dated 1 April 2008 and shareholders' resolution dated 15 May 2008 | Not liable to retire by rotation Chairman and Whole Time Director for a period for 5 years with effect from 1 April 2008 | NA 31 March 2013 |
| Mr. Ravi Gupta | Named as one of the first directors in the Articles of Association | Not liable to retire by rotation | NA |

| Name | Contract / Appointment Letter / Resolution | Term | Date of expiry of term |
|-------------------------------|--|--|------------------------------|
| | Thereafter, was appointed as Managing Director <i>vide</i> board resolution dated 5 September 2008 and shareholders' resolution dated 30 September 2008 | Managing Director appointed for 5 years with effect 1 August 2008 | 31 July 2013 |
| Ms. Vaibhavi Mahendra Thakkar | Appointed as a director <i>vide</i> Board Resolution dated 15 April 2007 and shareholders' resolution dated 29 September 2007 Thereafter, was appointed as Whole Time Director <i>vide</i> board resolution dated 1 April 2008 and shareholders' resolution dated 15 May 2008 | Director liable to retire by rotation Whole Time director appointed for 5 years with effect from 1 April 2008 | 31 March 2013 |
| Mr. Ashok Purushottam Pradhan | Appointed as independent director <i>vide</i> Board Resolution dated 19 January 2010 and shareholders' resolution dated 8 September 2010 | Liable to retire by rotation | Liable to retire by rotation |
| Mr. Ramakant Madhav Nayak | Appointed as independent director <i>vide</i> Board Resolution dated 25 May 2010 and shareholders' resolution dated 8 September 2010 | Liable to retire by rotation | Liable to retire by rotation |
| Mr. Anil Beniprasad Agrawal | Appointed as independent director <i>vide</i> Board Resolution dated 23 July 2010 and shareholders' resolution dated 8 September 2010 | Liable to retire by rotation | Liable to retire by rotation |

There is no definitive and /or service agreement that has been entered into between the company and the directors in relation to their appointment. Further, all the directors have been appointed by a Board resolution passed at a Board meeting of the Company.

Corporate Governance

The provisions contained in the Listing Agreements (to be entered into with BSE and NSE) in respect of corporate governance, will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing ("Clause 49"). The Board of Directors consists of a total of six Directors of which three are independent Directors (as defined under Clause 49), which constitutes 50 (Fifty) % of our Board of Directors. This is in compliance with the requirements of Clause 49.

In terms of Clause 49, our Company has already appointed independent directors and constituted the following committees:

Audit Committee

Members:

Mr. Ramakant Nayak, Independent Director
Mr. Ashok Purushottam Pradhan, Independent Director
Mr. Kailash Chandra Gupta, Executive Director

Mr. Ramakant Nayak is the Chairman of the Audit Committee. The Company Secretary of our Company shall

be the secretary of this Committee.

The Audit Committee was constituted at our Board meeting held on 30 September 2008 and was first reconstituted on 4 January 2010 and was again reconstituted on 25 May 2010. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of our Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

Terms of reference of the Audit Committee

1. Overview of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and reflects a true and fair position of our Company.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the external 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; and
 - 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 utilization of proceeds of the 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, and 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. Review of management discussion and analysis of financial condition and results of operations, statements to significant related party transactions submitted by management, management letters/

letters of internal control weakness issued by the statutory auditors, internal audit reports, relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and

16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

General Functions and Powers:

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

Information for review:

- Management discussion and analysis of financial condition and results of operation;
- Statement of significant related party transactions;
- Management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weakness;
- The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
- Review of the financial statements of the unlisted subsidiaries companies, in particular, the investments made by them, if any.

Shareholders' / Investors' Grievance Committee

Members:

Mr. Anil Beniprasad Agarwal, Independent Director
Mr. Ashok Purushottam Pradhan, Independent Director
Mr. Ravi Gupta, Executive Director

Mr. Anil Beniprasad Agarwal is the Chairman of the Shareholders'/Investors' Grievance Committee.

The Shareholders'/Investors' Grievance Committee was constituted at our Board meeting held on 26 August 2010. The purpose of the Shareholders'/Investors' Grievance Committee is to look into the shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

Terms of reference / scope of the Shareholders'/Investors' Grievance Committee

1. Monitor the efficiency and effectiveness of the processes for the discharge of various obligations towards the investors as covered in the Companies Act, SEBI Regulations and the Listing Agreement.
2. Monitor the discharge of obligations relating to disclosures and information flow relating to transfer, transmission, split, consolidation, duplicate share certificates, vesting of corporate actions and book closures within specified timelines.
3. Nomination of compliance officer and reporting on complaints/ non discharge of obligations and their redressal.
4. Appointment and overseeing the performance of the Registrar and Share Transfer Agents.
5. Monitoring and redressing shareholders' grievances relating to transfer of shares/ non-receipt of shares, non-receipt of dividends, corporate actions and annual reports.
6. Generally recommend measures for overall improvement in the quality of investor services.

Compensation Committee

Members:

Mr. Ashok Purushottam Pradhan, Independent Director
Mr. Ramakant Madhav Nayak, Independent Director
Mr. Anil Beniprasad Agrawal, Independent Director

Mr. Ashok Purushottam Pradhan is the Chairman of the Compensation Committee.

The Compensation Committee was constituted at our Board meeting held on 25 May 2010 and was reconstituted on 23 July 2010. The purpose of the Compensation Committee is to determine the company's policy on specific remuneration packages for executive directors on behalf of the shareholders.

Terms of reference / scope of the Compensation Committee

1. To approve payment of any remuneration to be paid to any executive director of the Company including approving variance of remuneration already approved, if any, and to determine the remuneration of the non-executive directors of the Company.
2. To formulate, administer and adopt Employees' Stock Option Plan (ESOP) of the Company.
3. To review and approve any disclosures in the Annual Report or elsewhere in respect of compensation policies or directors' compensation.
4. To obtain such outside or professional advice as it may consider necessary to carry out its duties.
5. To invite any employee or such document as it may deem fit for exercising of its functions.
6. To attend to such matters with respect to remuneration of senior and other employees as may be submitted to it by the Board.
7. To attend any other responsibility as may be entrusted by the Board.
8. To frame policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the senior management.
9. To formulate strategies for attracting and retaining employees, employee development programmes.
10. To determine the Company's remuneration policy, having regard to performance standard and existing industry practice.
11. To implement, administer and superintend the ESOP Scheme and formulate the detailed terms and conditions of the ESOP Scheme and to perform the functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employees Stock Option Plan and Employees Stock Purchase Scheme) Guidelines, 1999.
12. To frame suitable policies and systems to ensure that there is no violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 by any employee.
13. To perform such other functions as may from time to time required by any statutory, contractual or other regulatory requirements to be performed by such committee.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares.

Shareholding of Directors in our Company

The following Directors of our Company hold equity shares of our Company as mentioned below:

| Sr. No. | Name of the Director | No. of Shares | % of the Pre Issue Share Capital | % of the Post Issue Share Capital |
|----------------|-------------------------------|----------------------|---|--|
| 1 | Mr. Kailash Chandra Gupta | 38,83,455 | 30.97 | 23.13 |
| 2 | Mr. Ravi Gupta | 45,36,250 | 36.18 | 27.02 |
| 3 | Ms. Vaibhavi Mahendra Thakkar | 4,88,288 | 3.89 | 2.91 |

Remuneration of the Directors

Non-Executive Directors

Our Company has not paid any remuneration by way of sitting fees and other expenses to our non-executive directors for the financial years ended 31 March 2008, 2009 and 2010.

B. Executive Directors

The present remuneration structure of our Executive directors consists of fixed salary, allowances, provident fund and other perquisites. The following table sets forth all compensation paid to the Executive Directors for financial year ended 31 March 2008, 2009 and 2010:

| Name of the Executive Directors | Salary and allowances (Rs.) | Contribution to provident fund (Rs.) | Total (Rs.) |
|--|------------------------------------|---|--------------------|
| 2008 | | | |
| Mr. Kailash Chandra Gupta | 24,00,000 | NA | 24,00,000 |
| Mr. Ravi Gupta | 24,00,000 | NA | 24,00,000 |
| Ms. Vaibhavi Thakkar | 24,48,735 | 21,744 | 24,70,479 |
| Mr. R. Shankarkrishnan | 11,19,734 | 13,902 | 11,33,636 |
| Total | 83,68,469 | 35,646 | 84,04,115 |
| 2009⁽¹⁾ | | | |
| Mr. Kailash Chandra Gupta | 48,00,000 | NA | 48,00,000 |
| Mr. Ravi Gupta | 48,00,000 | NA | 48,00,000 |
| Ms. Vaibhavi Thakkar | 46,23,084 | 1,17,636 | 47,40,720 |
| Mr. R. Shankarkrishnan | 7,86,643 | 3,952 | 7,90,595 |
| Total | 150,09,727 | 1,21,588 | 151,31,315 |
| 2010⁽¹⁾ | | | |
| Mr. Kailash Chandra Gupta | 64,00,000 | NA | 64,00,000 |
| Mr. Ravi Gupta | 53,00,000 | NA | 53,00,000 |
| Ms. Vaibhavi Thakkar | 23,93,436 | 1,02,864 | 24,96,300 |
| Total | 140,93,436 | 1,02,864 | 141,96,300 |

(1) *The Company has paid an excess remuneration of Rs. 1,02,34,508 and Rs. 49,47,671 to its executive directors for the financial year ended 31 March 2009 and 31 March 2010. In view of the same, the Company has vide its letter dated 10 August 2010 sought approval, under Sections 198(4) and 269 of the Companies Act, 1956, from the Central Government of India for the appointment of Mr Kailash Chandra Gupta, Mr. Ravi Gupta and Ms. Vaibhavi Thakkar as the Chairman, Managing Director and Whole Time Director, respectively and payment of remuneration to them him as the for a period of five years with effect from 1 August 2008. The Company is awaiting response from the Central Government on the approval sought by them.*

Interest of our Directors

Mr. Kailash Chandra Gupta has been appointed as the Chairman and Whole Time Director of our Company for a period of five years with effect from 1 April 2008 by virtue of resolutions passed by our Board in its meeting held on 1 April 2008 and by our shareholders in the EGM held on 15 May 2008.

Mr. Ravi Gupta has been appointed as the Managing Director of our Company for a period of five years with effect from 1 April 2008 by virtue of resolutions passed by our Board in its meeting held on 5 September 2008 and by our shareholders in the EGM held on 15 May 2008.

Ms. Vaibhavi Mahendra Thakkar has been appointed as a Whole Time Director of our Company for a period of 5 years with effect from 1 April 2008 by virtue of a resolution passed by our Board in its meeting held on 1 April 2008 and by our shareholders in the EGM held on 15 May 2008.

All the Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. In addition, the

compensation payable to Directors may include commission representing a percentage of profits subject to the limit prescribed under law.

All the Directors may also be deemed to be interested to the extent of equity shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. The Directors may also be deemed to be interested to the extent of the fees and other payments that may be made to companies in which they are directors.

Nature of any family relationship between the Directors

Mr. Kailash Chandra Gupta is the father of Mr. Ravi Gupta. Except the above, none of the Directors are related to each other.

Changes in our Board of Directors in the last three years

The following changes have occurred in the Board of Directors of our Company in the last three years:

| Name of Director | Date of Appointment / Re-appointment | Date of Cessation | Reason* |
|---------------------------------------|---|--------------------------|----------------|
| Mr. Anil Beniprasad Agrawal | 23 July 2010 | NA | Appointment |
| Mr. Ramakant Madhav Nayak | 26 May 2010 | NA | Appointment |
| Mr. Gagan Hiralal Gupta | NA | 25 May 2010 | Resignation |
| Mr. Pradeep Kumar Choudhary | NA | 4 January 2010 | Resignation |
| Mr. Ashok Purushottam Pradhan | 4 January 2010 | NA | Appointment |
| Mr. Gagan Hiralal Gupta | 30 September 2008 | NA | Appointment |
| Mr. Pradeep Kumar Choudhary | 30 September 2008 | NA | Appointment |
| Mr. Atul Manubhai Desai | 12 April 2008 | NA | Appointment |
| Mr. Atul Manubhai Desai | NA | 11 November 2008 | Resignation |
| Mr. Panchpikesa Subramania Saminathan | 12 April 2008 | NA | Appointment |
| Mr. Panchpikesa Subramania Saminathan | NA | 1 October 2009 | Resignation |
| Mr. Ramalingam Sankar Krishnan | 15 April 2007 | NA | Appointment |
| Mr. Ramalingam Sankar Krishnan | NA | 16 June 2008 | Resignation |
| Ms. Vaibhavi Mahendra Thakkar | 15 April 2007 | NA | Appointment |

* The resignations and consequent appointments were made to facilitate the reconstitution of the Board to respond to the changes in status and business of the Company.

Key Managerial Personnel

The Key Management Personnel of our Company as of the date of this Draft Red Herring Prospectus are as follows:

1 Mr. S. Mahesh – Chief Operating Officer

Mr. S. Mahesh, aged about 31 years, is the Chief Operating Officer of our Company. He is primarily responsible for ensuring smooth execution of proposals across locations through constant deal monitoring and managing client relationships. He is in charge of the overseas operations and has an integral role in the setting up of the overseas subsidiaries of our Company. He holds a Bachelors degree in Computer Science and a Masters degree in Business Administration from University of Madras. Prior to joining our Company, he was employed with organizations such as American Express and Bank of Tokyo & Mitsubishi and has 10 years of experience in banking and financial services. He has joined our Company on 13 June 2005 and is a permanent employee with us. His remuneration for the

last financial year was Rs. 17,59,584.

2 Mr. Sukesh Pansari – Chief Financial Officer

Mr. Sukesh Pansari, aged about 38 years, is the Chief Financial Officer of our Company. He is responsible for the financial, secretarial and legal matters of the Company. He holds a bachelors degree in Commerce from University of Calcutta and a masters degree in Business Administration with specialization in finance from the Indian Institute of Social Welfare & Business Management, University of Calcutta. Further, Mr. Pansari is a member of the Institute of Chartered Accountants of India since 1996 and is a qualified Cost and Works Accountant since 1997. Prior to joining our Company, he was employed with Canara Bank as Divisional Manager in the Financial Management Cell and was proprietor of M/s Sukesh Kumar and Associates, Kolkata. He has about 14 years of work experience. He joined our Company on 1 November 2007 and is a permanent employee with us. His remuneration for the last financial year was Rs. 9,19,764.

3 Mr. Sanjay Jain – Senior Vice President, Investment Banking

Mr. Sanjay Jain, aged about 49 years, is the Senior Vice President of our Company. He heads the investment banking division of our Company. He is a member of the Institute of Chartered Accountants of India since 1988. He has about 23 years of work experience including 15 years' experience in the field of investment banking and corporate finance. Prior to joining our Company, he was employed with organizations such as A. K. Capital Services Limited and Chartered Capital and Investments Limited. Mr. Jain joined our Company on 6 August 2008 and is a permanent employee with us. His remuneration for the last financial year was Rs. 27,22,950.

4 Mr. Anand Goyal – Company Secretary & Compliance Officer

Mr. Anand Goyal, aged about 30 years, is our Company Secretary and compliance officer. He is a member of the Institute of Company Secretaries of India. He also holds a bachelors degree in commerce and in law from the University of Delhi. Prior to joining our Company, he was employed with A. K. Capital Services Limited and Chartered Capital and Investments Limited and has over 7 years of work experience. He joined our Company on 6 August 2008 and is a permanent employee with us. His remuneration for the last financial year was Rs. 8,02,080.

5 Mr. Amit Kumar – Branch Head - Delhi

Mr. Amit Kumar, aged about 31 years, heads our branch located at Delhi. He is primarily responsible for managing the day-to-day affairs and the operations of the branch. He holds a bachelors degree in commerce from the University of Delhi. He also holds a post graduate diploma in Business Administration from Symbiosis Centre for Distance Learning, Pune. Mr. Kumar has over 8 years of experience in financial services industry. Prior to joining this organization, he has worked with organizations such as A. K. Capital Services Limited, Kotak Mahindra Bank Limited, IL&FS Investsmart Limited, Moneyline Telerate, India, Kotak Securities Limited (Kotak Mahindra Group) and S K Mehta & Company, Chartered Accountants. Mr. Kumar joined our Company on 25 October 2007 and is a permanent employee with us. His remuneration for the last financial year was Rs.11,45,024.

6 Mr. Praveen Mruthyunjaya – Branch Head – Bangalore

Mr. Praveen Mruthyunjaya, aged about 31 years, heads our branch located at Bangalore. He is primarily responsible for managing the day-to-day affairs and the operations of the branch. He holds a bachelors degree in arts from Mysore University and a masters degree in Business Administration with specialization in Human Resources and Finance from Bangalore University. Prior to joining our Company, he was employed with organizations such as HDFC Bank (Business Banking) as a relationship executive and ICICI Bank (Business Banking) as senior relationship manager and has about 8 years of work experience. He joined our Company on 15 July 2006 and is a permanent employee with us. His remuneration for the last financial year was Rs. 13,80,276.

7 Mr. Chirag Deliwala - Branch Head -Ahmedabad

Mr. Chirag Deliwala, aged about 30 years, heads our branch located at Ahmedabad. He is primarily responsible for managing the day-to-day affairs and the operations of the branch. He holds a bachelors degree in Business Administration and a masters degree in Business Management from Gujarat University. Prior to joining our Company, Mr. Deliwala has worked with M/s. Bharat H. Shah &

Company, Chartered Accountants and has 8 years of work experience. Mr. Deliwala joined our Company on 12 July 2005 and is a permanent employee with us. His remuneration for the last financial year was Rs. 5,88,736.

8 Mr. Ramaseshan P – Branch Head – Hyderabad

Mr. Ramaseshan P, aged about 55 years, heads our branch located at Hyderabad. He is primarily responsible for managing the day-to-day affairs and the operations of the branch. He holds a bachelors degree in commerce from Madurai University. He qualified as a Certificated Associate of the Indian Institute of Bankers, Mumbai in the year 1985 and became an Associate of the Indian Institute of Bankers in 1987. He has over 31 years of experience and has worked with Indian Overseas Bank as a Senior Manager. Mr. Ramaseshan joined our Company on 13 June 2008 and is a permanent employee with us. His remuneration for the last financial year was Rs. 9,57,920.

9 Mr. S. Siva Saravanan – Branch Head – Chennai

Mr. S. Siva Saravanan, aged about 30 years, heads our branch located at Chennai. He is primarily responsible for managing the day-to-day affairs and the operations of the branch. He holds a bachelors degree in commerce and a masters degree in Business Administration from University of Madras. He has about 7 years of working experience and has worked in Sarvodaya Nano Finance Limited, Chennai as Executive - Operations. He joined our Company on 25 July 2005 and is a permanent employee with us. His remuneration for the last financial year was Rs. 9,69,000.

10 Mr. Yash Agarwal – Head – International Operations

Mr. Yash Agarwal, aged about 30 years, is the head of operations for our international business. He is responsible for the business development and banking relations management of our overseas operations. He holds a Bachelors degree in Commerce from the University of Mumbai along with a Post Graduate Diploma in business management. He has over 7 years of experience and his core competency lies in loan syndication. Prior to joining our Company, he has worked with Trans Warranty Finance Ltd. and A. K. Luharuka & Associates. He joined our Company on 11 March 2005 and is a permanent employee with us. His remuneration for the last financial year was Rs. 11,72,508.

11 Mr. Saurabh Chandra – Vice President - Operations

Mr. Saurabh Chandra, aged about 32 years, is the Vice President, Operations, of our Company. He is primarily responsible for business development and relationship management for the factoring and trade finance business of the Company. He holds a Bachelors degree of Commerce from Magadh University, Patna and a Post Graduate Diploma in financial management from the Indira School of Management, Pune. Prior to joining our Company, he has worked with companies such as Minaean Habitat India Private Limited as Manager (Corporate Finance and MIS) and ISMT Limited as Senior Officer (Corporate Finance Department). He has about 6 years of work experience. He joined our Company on 24 May 2007 and is a permanent employee with us. His remuneration for the last financial year was Rs.8,36,716.

12 Mr. Amit Pandey – Assistant Vice President – Credit, Hyderabad

Mr. Amit Pandey, aged about 28 years, is the Assistant Vice President in the debt department of our branch located at Hyderabad. He is primarily responsible for the credit functions of the branch. He holds a Bachelors degree in Science (Honours in Mathematics) from Delhi University and a Masters degree in business administration with specialization in finance from ICFAI Business School, Hyderabad. He has worked in companies such as Yes Bank Limited and ICICI Bank Limited as a relationship manager. Mr. Pandey has about 3 years of work experience. He joined our Company on 18 March 2009 and is a permanent employee with us. His remuneration for the last financial year was Rs. 8,63,000.

13 Mr. Amit Khanna – Assistant Vice President – Business Development, Delhi

Mr. Amit Khanna, aged about 30 years, is the Assistant Vice President, Business Development of our branch located at Delhi. He is primarily responsible for heading the business development function with key responsibilities of acquiring new clients and relationship management with existing clients. He holds a Bachelors degree in commerce from Delhi University and also holds a Masters degree in business administration from Rochester, New York. Prior to joining our Company, he was employed

with organizations such as Khanna Traders & Engineers and has about 8 years of work experience. He joined our Company on 27 September 2007 and is a permanent employee with us. His remuneration for the last financial year was Rs. 6,29,740.

All our key management personnel are permanent employees of our Company. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our key management personnel were selected as members of the senior management. None of our key management personnel are related to promoters and to each other. Our key management personnel are liable to retire upon attaining the age of 58 years.

Nature of any family relationship between the Key Managerial Personnel

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

Shareholding of Key Managerial Personnel

As on the date of this Draft Red Herring Prospectus, shareholding of the Key Managerial Personnel in our Company is as follows:

| Sr. No. | Name of Shareholder | No. of equity shares | % of Paid up Capital |
|----------------|----------------------------|-----------------------------|-----------------------------|
| 1. | S. Mahesh | 38 | Negligible |

ESOPs granted to our Key Managerial Personnel

Except as disclosed in the Section titled “Capital Structure”, there are no ESOPs granted to the Key Managerial Personnel of our Company.

Bonus or Profit sharing plan for the Key Managerial Personnel

There is no bonus or profit sharing plan for the key managerial personnel of our Company.

Changes in Key Managerial Personnel

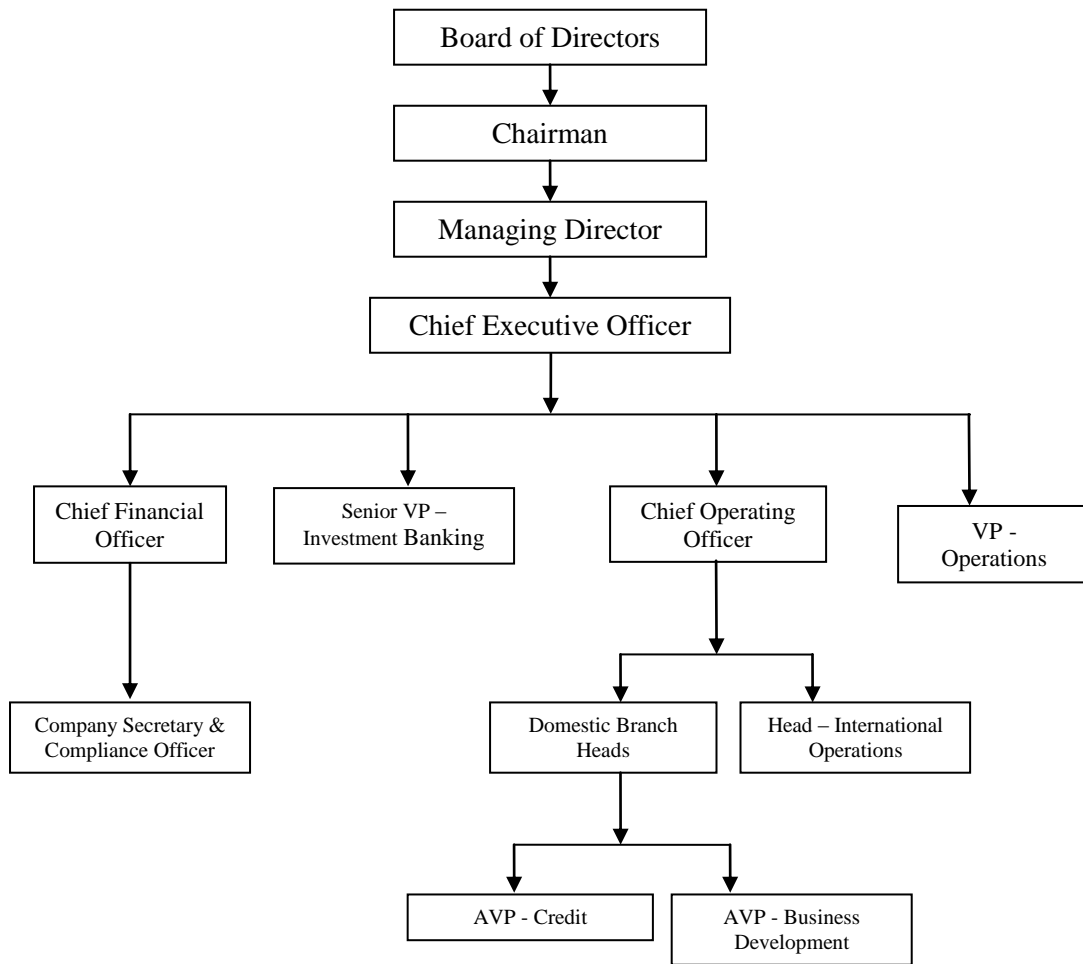
The following are the changes in Key Managerial Personnel during the last three years:

| Sr. No. | Names | Appointment / Resignation | Nature of Change |
|----------------|---|---|-------------------------|
| 1. | Mr. Sukesh Pansari <i>Chief Financial Officer</i> | 1 November 2007 (Appointed as Chief Financial Officer w.e.f. 1 January 2008) | Appointment |
| 2. | Mr. Sanjay Jain <i>Sr. Vice President</i> | 6 August 2008 | Appointment |
| 3. | Mr. Anand Goyal <i>Company Secretary</i> | 6 August 2008 (Appointed as Company Secretary w.e.f. 7 July 2009) | Appointment |
| 4. | Ms. Shreya Shah <i>Company Secretary</i> | 8 June 2009 | Resignation |
| 5. | Ms. Shreya Shah <i>Company Secretary</i> | 2 June 2008 | Appointment |
| 6. | Mr. P. Ramaseshan <i>Branch Head - Hyderabad</i> | 13 June 2008 | Appointment |
| 7. | Mr. Amit Kumar <i>Branch Head - Delhi</i> | 25 October 2007 | Appointment |
| 8. | Mr. Amit Pandey <i>Assistant Vice President – Credit</i> | 18 March 2009 | Appointment |
| 9. | Mr. Amit Khanna <i>Assistant Vice President – Business Development</i> | 27 September 2007 | Appointment |

Payment or benefit to officers of the company (non salary related)

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

MANAGEMENT STRUCTURE OF OUR COMPANY



OUR PROMOTERS AND GROUP COMPANIES

Our Promoters

Mr. Kailash Chandra Gupta, Mr. Ravi Gupta and Ms. Vaibhavi Mahendra Thakkar are the Promoters of our Company.

a. Mr. Kailash Chandra Gupta



Mr. Kailash Chandra Gupta, age 60 years, is Chairman of our Company. For further details, see Section titled “Our Management”. His permanent account number is ADSPG0528J, his driving licence number is MH02 20100013428, his passport number is F7415063 and his voter’s ID number is DZZ3085370.

Address: 501-502, Legends, B wing, New Link Road, Lokhandwala, Andheri (West), Mumbai – 400053.

b. Mr. Ravi Gupta



Mr. Ravi Gupta, age 38 years, is the Managing Director of our Company. For further details, see Section titled “Our Management”. His permanent account number is AGRPG1265C, his driving licence number is 18940/SBA96, his passport number is F8934063 and his voter’s ID number is DZZ3096781.

Address: 501-502, Legends, B wing, New Link Road, Lokhandwala, Andheri (West), Mumbai – 400053.

c. Ms. Vaibhavi Mahendra Thakkar



Ms. Vaibhavi Mahendra Thakkar, age 29 years, is the CEO & Director of our Company. For further details, see Section titled “Our Management”. Her permanent account number is AEBPT9802N, her driving licence number is MH02 2008093461, her passport number is G2711440 and her voter’s ID number is KDD4232831.

Address: Flat No. 2004, Bldg. No. 9/B, Whispering Palms, XX_Clusives, Lokhandwala Township, Kandivali (East) Mumbai - 400101

We confirm that the permanent account number, bank account number, and passport number of Mr. Kailash Chandra Gupta, Mr. Ravi Gupta and Ms. Vaibhavi Mahendra Thakkar has been submitted to BSE and NSE at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

GROUP COMPANIES

Besides our Company the following are the companies, firms and ventures promoted by our Promoters:

| Sr.No. | Names of |
|--------|--|
| 1. | Ambuja Trading Services Private Limited |
| 2. | Blend Insurance Brokers Private Limited |
| 3. | Blend Capital Holding Private Limited |
| 4. | Nirmaan Microfinance Private Limited |
| 5. | Blend Financial Services (Partnership firm) |
| 6. | NR Consultancy & Financial Services (Partnership firm) |
| 7. | Blend Investments (Proprietorship concern) Ravi Gupta |
| 8. | Blend Investments (Proprietorship concern) Payal Gupta |

1. Ambuja Trading Services Private Limited (“ATSPL”)

ATSPL was incorporated as a private limited company under the name and style of “Ambuja Tea & Industries Private Limited” vide Certificate of Incorporation dated 13 November 1990 issued by the Registrar of Companies, Kolkata, West Bengal. The name of the company was subsequently changed to “Ambuja Trading Services Private Limited” vide a fresh certificate of incorporation dated 3 April 2008 issued by the Registrar of Companies, Kolkata, West Bengal. The registered office of ATSPL was located at Office No. 14, Ninth Floor, Shantiniketan, 8, Camac Street, Kolkata - 700017 and the same was changed to Stephan Court, 18A, Park Street, 5th Floor, Flat - 5D, Kolkata - 700071 with effect from 30 June 2008. Thereafter, with effect from 1 February 2009, the registered office of ATSPL was shifted to Flat No.12, Third Floor, Premises No. 4, Dr. Sundari Mohan Avenue, Kolkata – 700014. The CIN of ATSPL is U15491WB1990PTC050291.

Principal Business of ATSPL

The principal business of ATSPL is to trade and to carry on business in all kinds of commodities or articles or merchandise of any description whether raw materials or processed or manufactured articles and whether finished or semi-finished state in India and abroad.

Board of Directors of ATSPL as on 31 August 2010

| Name | Age | Position | Director Since |
|---------------------------|-----|----------|-------------------|
| Mr. Kailash Chandra Gupta | 60 | Director | 30 September 2004 |
| Mr. Ravi Gupta | 38 | Director | 30 September 2004 |

Shareholding Pattern of ATSPL as on 31 August 2010

| Name of Shareholders | No. of Shares | % |
|---------------------------|-----------------|---------------|
| Mr. Kailash Chandra Gupta | 61,500 | 9.59 |
| Mr. Ravi Gupta | 61,500 | 9.59 |
| Mrs. Kusum Gupta | 2,02,550 | 31.58 |
| Mrs. Payal Gupta | 28,400 | 4.43 |
| Mr. Sunil Kejriwal | 8,600 | 1.34 |
| Archana Kejriwal | 1,12,500 | 17.54 |
| Ravi Gupta HUF | 1,66,250 | 25.92 |
| Total | 6,41,300 | 100.00 |

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|--------|--------|
| | 2008 | 2009 | 2010 |
| Equity Share Capital | 64.13 | 64.13 | 64.13 |
| Share Application Money | NA | NA | NA |
| Reserves & Surplus (excluding revaluation reserves) | 408.38 | 346.89 | 187.83 |

| Particulars | For the Financial Year ended 31 March | | |
|-------------------------|---------------------------------------|----------|---------|
| | 2008 | 2009 | 2010 |
| Sales | 227.11 | 848.14 | 347.04 |
| Other Income | 4.92 | 6.22 | 14.04 |
| Profit After Tax | 128.77 | (279.14) | (51.72) |
| Earning Per Share (Rs.) | 22.05 | (43.53) | (8.07) |
| Book Value (Rs.) | 87.29 | 54.96 | 18.61 |

ATSPL is neither a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

2. Blend Insurance Brokers Private Limited (“BIBPL”)

BIBPL was incorporated as a private limited company vide Certificate of Incorporation dated 28 December 2006 issued by the Registrar of Companies located at Mumbai, Maharashtra. The registered office of BIBPL at the time of incorporation was 116-A Wing, Rizvi Chambers, Hill Road, Bandra West, Mumbai – 400050 and the same has been changed to 111-A Wing, Rizvi Chambers, Hill Road, Bandra West, Mumbai – 400050 with effect from 1 December 2007. The CIN of the BIBPL is U67200MH2006PTC166565.

Principal Business of BIBPL

The principal business of BIBPL is to carry on the solicitation or procurement of insurance business as an insurance broker or reinsurance broker or composite insurance broker and to become a member of organizations, institutions, associations, bodies or trusts set up or to be set up in India or abroad to deal in insurance business falling within the provisions of Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002.

Board of Directors of BIBPL as on 31 August 2010

| Name | Age | Position | Director Since |
|-------------------------------|-----|----------|------------------|
| Mr. Kailash Chandra Gupta | 60 | Director | 28 December 2006 |
| Mr. Ravi Gupta | 38 | Director | 28 December 2006 |
| Mr. Vijay Chintaman Joshi | 69 | Director | 16 April 2008 |
| Ms. Kinnari Patel | 32 | Director | 16 April 2008 |
| Ms. Vaibhavi Mahendra Thakkar | 29 | Director | 15 July 2008 |

Shareholding Pattern of BIBPL as on 31 August 2010

| Name of Shareholders | No. of Shares | Percentage (%) |
|---------------------------|------------------|----------------|
| Mr. Kailash Chandra Gupta | 11,17,047 | 65.71 |
| Mr. Ravi Gupta | 5,82,953 | 34.29 |
| Total | 17,00,000 | 100.00 |

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|---------|-------|
| | 2008 | 2009 | 2010 |
| Equity Share Capital | 50 | 50 | 170 |
| Share Application Money | NA | NA | NA |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | NA | NA | 19.36 |
| Other Income | NA | NA | 1.81 |
| Profit After Tax | (43.27) | (65.16) | 8.77 |
| Earning Per Share (Rs.) | NA | NA | NA |
| Book Value (Rs.) | 1.13 | NA | 4.13 |

BIBPL is neither a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

3. Blend Capital Holding Private Limited (“BCHPL”)

BCHPL was incorporated as a private limited company vide Certificate of Incorporation dated 24 March 2008 issued by the Registrar of Companies located at Mumbai, Maharashtra. The registered office of BCHPL is located at A-109, First Floor, Rizvi Chambers, Hill Road, Bandra West, Mumbai – 400050. The CIN of the BCHPL is U67190MH2008PTC180135.

Principal Business of BCHPL

The principal business of BCHPL is to carry on the business of investment, financial advisory services and management and facilitation services.

Board of Directors of BCHPL as on 31 August 2009

| Name | Age | Position | Director Since |
|---------------------------|-----|----------|----------------|
| Mr. Kailash Chandra Gupta | 60 | Director | 24 March 2008 |
| Mr. Ravi Gupta | 38 | Director | 24 March 2008 |

Shareholding Pattern of BCHPL as on 31 August 2010

| Name of Shareholders | No. of Shares | % |
|---------------------------|---------------|---------------|
| Mr. Kailash Chandra Gupta | 5,000 | 50 |
| Mr. Ravi Gupta | 5,000 | 50 |
| Total | 10,000 | 100.00 |

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|---------|---------|
| | 2008 | 2009 | 2010 |
| Equity Share Capital | NA | 1 | 1 |
| Share Application Money | NA | NA | NA |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | NA | NA | NA |
| Other Income | NA | NA | NA |
| Profit After Tax | NA | (0.425) | (2.57) |
| Earning Per Share (Rs.) | NA | (4.25) | (25.71) |
| Book Value (Rs.) | NA | NA | NA |

BCHPL is neither a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

4. Nirmaan Microfinance Private Limited (“NMPL”)

NMPL was incorporated as a private limited company under the Companies Act vide Certificate of Incorporation dated 17 June 2010 issued by the Registrar of Companies located at Mumbai, Maharashtra. The registered office of NMPL is located at 404, 4th Floor, C-Wing, Pramukh Plaza, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400069. The CIN of the company is U65100MH2010PTC204378.

Principal Business of NMPL

The principal business of NMPL is to undertake the business of microfinance services provider and carry on the business of a loan and finance company exclusively for large number of poor men and women directly or indirectly upon such terms and conditions as the Company may think fit for the purposes of agriculture, industrial and market linkage development.

Board of Directors of NMPL as on 31 August 2010

| Name | Age | Position | Director Since |
|---------------------------|-----|----------|----------------|
| Mr. Kailash Chandra Gupta | 60 | Director | 17 June 2010 |
| Mr. Ravi Gupta | 38 | Director | 17 June 2010 |

Shareholding Pattern of NMPL as on 31 August 2010

| Name of Shareholders | No. of Shares | % |
|---------------------------|---------------|---------------|
| Mr. Kailash Chandra Gupta | 5,000 | 50 |
| Mr. Ravi Gupta | 5,000 | 50 |
| Total | 10,000 | 100.00 |

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|------|------|
| | 2008 | 2009 | 2010 |
| Equity Share Capital | NA | NA | NA |
| Share Application Money | NA | NA | NA |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | NA | NA | NA |
| Other Income | NA | NA | NA |
| Profit After Tax | NA | NA | NA |
| Earning Per Share (Rs.) | NA | NA | NA |
| Book Value (Rs.) | NA | NA | NA |

NMPL is neither a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is it under winding up.

5. Blend Financial Services (“BFS”)

BFS is a partnership firm registered in Chennai. Mr. Kailash Chandra Gupta and our Company are the only two partners of BFS who had entered into a partnership deed dated 1 October 2007.

BFS is engaged in the business of consultancy and advisory services and any other business which in the opinion of the partners can be advantageously or conveniently carried on by them. The office of BFS is situated at Evershine Millenium Paradise, Flat No.402, Jupiter Building No.6, Thakur Village, Near Samtanagar, Kandivali (East), Mumbai - 400101. The partnership is “at will”. The seed capital of the firm will be Rs. 50,00,000 and will be contributed in the following manner:

- 1) Kailash Chandra Gupta – Rs. 50,000/-
- 2) Blend Financial Services Private Limited – Rs. 49,50,000/-

Further, the profit and losses of the partnership business after deducting all charges, expenses, interest, remuneration, depreciation and other costs will be divided between the partners in the following proportion:

- 1) Kailash Chandra Gupta – 1%
- 2) Blend Financial Services Private Limited – 99%

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|-------|--------|
| | 2008 | 2009 | 2010 |
| Partner’s Share Capital | 160.34 | 38.79 | 316.12 |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | 285.91 | 94.58 | 433.92 |
| Other Income | NA | 19.58 | 12.09 |
| Profit After Tax | 91.76 | 48.03 | 294.33 |

6. NR Consultancy & Financial Services (“NR”)

NR is a partnership firm registered in Mumbai. Mr. Kailash Chandra Gupta Ms. Kinnari Patel and Ms. Selina Jawahar are the partners of NR who had entered into a partnership deed dated 1 April 2004 under the name of ‘NR Insurance and Financial Services’. Consequently, with effect from 1 January 2008 the name of the firm was changed to ‘NR Consultancy & Financial Services’.

NR is engaged in the business of insurance and commission agents and traders. The office of NR is situated at 111-A, Rizvi Chambers, 1st Floor, Hill Road, Near Bandra Police Station, Bandra (West), Mumbai - 400050 and the partnership is “at will”. Mr. Kailash Chandra Gupta will be entitled to remuneration not exceeding:

- 1) On the first Rs. 1,00,000 of the book-profit or in case of loss Rs. 50,000 at the rate of 90 percent of the book-profit, whichever is more.
- 2) On the next Rs. 1,00,000 of the book-profit at the rate of 60 percent.
- 3) On the balance of the book-profit, at the rate of 40 percent.

Further, each partner will bear any profit or loss accruing to the firm in the following ratio:

- 1) Mr. Kailash Chandra Gupta – 99%
- 2) Ms. Kinnari Patel – 1%

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|--------|-------|
| | 2008 | 2009 | 2010 |
| Partner’s Share Capital | 10.93 | 13.29 | 7.01 |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | 31.19 | 131.85 | 59.43 |
| Other Income | 0.51 | NA | NA |
| Profit After Tax | 16.28 | 12.35 | 3.72 |

7. Blend Investments, Ravi Gupta (“BIRG”)

BIRG is a proprietorship concern of Mr. Ravi Gupta. BIRG carries on the business as insurance agent of Bajaj Alliance General Insurance Company Limited. The office of BIRG is situated at 501/502, Legend, B-Wing, New Link Road, Lokhandwala Complex, Andheri (West), Mumbai - 400053.

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|-------|--------|
| | 2008 | 2009 | 2010 |
| Proprietor’s Capital | 82.25 | 99.68 | 120.44 |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | 79.76 | 58.74 | 59.44 |
| Other Income | 66.73 | 50.08 | 55.13 |
| Profit After Tax | 13.02 | 8.65 | 4.32 |

8. Blend Investments, Payal Gupta (“BIPG”)

BIPG is a proprietorship concern of Mrs Payal Gupta. BIPG carries on the business as insurance agent of Life Insurance Corporation of India. The office of BIPG is situated at 501/502, Legend, B-Wing, New Link Road, Lokhandwala Complex, Andheri (West), Mumbai-400053.

Financial Performance

(Rs. in Lakhs)

| Particulars | For the Financial Year ended 31 March | | |
|----------------------|---------------------------------------|---------|--------|
| | 2008 | 2009 | 2010 |
| Proprietor’s Capital | 26.01 | (10.14) | (9.09) |

| Particulars | For the Financial Year ended 31 March | | |
|---|---------------------------------------|---------|-------|
| | 2008 | 2009 | 2010 |
| Reserves & Surplus (excluding revaluation reserves) | NA | NA | NA |
| Sales | 7.69 | 4.45 | 11.47 |
| Other Income | 4.88 | 4.45 | 4.48 |
| Profit After Tax | 2.81 | (19.91) | 6.99 |

Confirmations

Our Promoters, persons forming part of Promoter Group and Group Companies have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of the Promoters, persons forming part of Promoter Group or Group Companies has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. In addition, none of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statements.

Litigation

For details relating to legal proceedings involving the Promoters and Group Companies, see Section titled “Outstanding Litigations and Defaults” of the Draft Red Herring Prospectus.

Common Pursuits

Our Subsidiary, i.e, Blend management Services FZCO, Dubai; one of our Promoter Group entities i.e, Blend Financial Services (partnership firm); and one of our Group Companies, i.e, Blend Capital Holding Private Limited, are in the same line of business as ours. Hence, there will be common pursuits between us and Blend Management Services FZCO, Dubai, Blend Capital Holding Private Limited and Blend Financial Services (partnership firm) which may result in a conflict of interest with our Company which may affect our results of operations. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the business of all such Group Companies in the similar line of business, please refer to our Section titled “Our Promoters and Group Companies” of the Draft Red Herring Prospectus.

For, further details on the related party transactions, to the extent of which our Company is involved, see “Related Party Transactions” of the Draft Red Herring Prospectus.

Sick Companies

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further, no application has been made in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of the Group Companies have become defunct in the past five years preceding the filing of the Draft Red Herring Prospectus.

Outstanding Litigation

Except as stated in “Outstanding Litigation and Defaults” on page 191, there are no violations of securities laws committed by our Promoters, any member of our Promoter Group or any Group Company, in the past or are currently pending against them and neither our Promoters, nor the directors of our Promoters or the persons in control of our Promoters have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority nor have they been detained as wilful defaulters by the RBI or any other authority.

Further, none of the Promoters was or is a promoter or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board

Disassociation by the Promoters in the last three years

Other than as disclosed below, there are no other ventures with which the Promoters have disassociated during the three years preceding the date of filing of this Draft Red Herring Prospectus.

| Sr.No. | Name of the Promoter | Name of the disassociated company | Reasons for, circumstances leading to the disassociation and terms of disassociation |
|--------|-------------------------------|--|---|
| 1. | Mr. Kailash Chandra Gupta | RVG Trading and Financial Services Private Limited (“RVG”) | <p>Mr. Kailash Chandra Gupta held 10,500 equity shares in RVG which were transferred to Mr. Jigar Mahendra Thakkar vide share transfer form dated 22 March 2009.</p> <p>Mr. Kailash Chandra Gupta also held 4,500 equity shares in RVG which were transferred to Mrs. Kusum Gupta vide share transfer form dated 3 October 2007 which were further transferred to Mr. Jigar Mahendra Thakkar vide share transfer form dated 22 March 2009.</p> <p>As RVG was involved in the business of stock broking and the same did not form a part of the core business of our Company, they decided to dissociate themselves with it.</p> |
| 2. | Mr. Ravi Gupta | NA | NA |
| 3. | Ms. Vaibhavi Mahendra Thakkar | RVG Trading and Financial Services Private Limited (“RVG”) | <p>Ms. Vaibhavi Mahendra Thakkar held 2,000 equity shares in RVG which were transferred to Pramod Manoharlal Jain vide share transfer form dated 22 March 2009.</p> <p>Ms. Vaibhavi Mahendra Thakkar held 3,000 equity shares in RVG which were transferred to Mr. Jigar Mahendra Thakkar vide share transfer form dated 22 March 2009.</p> <p>As RVG was involved in the business of stock broking and the same did not form a part of the core business of our Company, they decided to dissociate themselves with it.</p> |

Related Party Transactions

Except as stated in “Financial Statements” on page 114, our Company has not entered into related party transactions with our Promoters or our Group Companies.

RELATED PARTY TRANSACTIONS

For details of the standalone financials on related party transactions, please see Section titled “Financial Statements” beginning on page 114 of this Draft Red Herring Prospectus.

For details of the consolidated financials on related party transactions, please see Section titled “Financial Statements” beginning on page 114 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including, but not limited to, our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our expansion plans and also the funding requirements for our expansion plans.

For details of the dividend paid by the Company, see “Financial Statements” beginning on page 114 of the Draft Red Herring Prospectus.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION OF BLEND FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES AND JOINT VENTURE

To
The Board of Directors,
BLEND FINANCIAL SERVICES LIMITED
404, 4th Floor, C- Wing, Pramukh Plaza,
Mumbai – 400 069.

Dear Sirs,

- 1) We have examined the attached restated consolidated financial information of Blend Financial Services Limited (hereinafter referred as 'the Company') and its subsidiaries and joint venture (collectively, called 'the Group') annexed to this report. The said restated consolidated financial information has been prepared by the Company and approved by the Board of Directors in accordance with the requirements of:
 - a) paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') on 26 August 2009 in exercise of the powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992); and
 - c) the terms of our engagement agreed upon with you in accordance with our engagement letter dated 21 April 2010 in connection with the proposed Initial Public Offer of equity shares of the Company.
- 2) This Restated Consolidated Financial Information for the financial year ended 31 March 2008, 31 March 2009 and 31 March 2010 have been prepared by the management and approved by the Board of Directors of the Company from standalone audited financial statements of the Company for the financial year ended 31 March 2008, 31 March 2009, and 31 March 2010 and standalone financial statements of its subsidiaries for the financial year ended 31 March 2008, 31 March 2009 and 31 March 2010 and joint venture for the financial period ended 31 March 2010.
- 3) We did not audit the financial statements of the Company for the financial year ended 31 March 2008 and 31 March 2009 and its subsidiaries for the financial year ended 31 March 2008, 31 March 2009 and 31 March 2010 and its joint venture for the period ended 31 March 2010 and accordingly reliance has been placed on the financial statements audited by other auditors for the said years for the purpose of the Restated Consolidated Financial Information.
- 4)
 - a) The Restated Consolidated Financial Information for the financial year ended 31 March 2008, 31 March 2009 and 31 March 2010 has been extracted by the management of the Company from the audited consolidated financial statements of the Group for the years ended 31 March 2008, 31 March 2009 and 31 March 2010 audited by us.
 - b) We did not audit the financial statements of subsidiaries and joint venture, whose financial statements reflects total assets of Rs. 320.21 lacs, Rs. 568.60 lacs and Rs. 1,497.73 lacs as at 31 March 2008, 31 March 2009 and 31 March 2010 respectively, total revenue of Rs. 471.18 lacs, Rs. 94.60 lacs and Rs. 1,389.49 lacs for the year ended on 31 March 2008, 31 March 2009 and 31 March 2010 respectively and cash inflows amounting to Rs. 54.33 lacs , Rs. 10.87 lacs and Rs. 9.76 lacs for the year ended on 31 March 2008, 31 March 2009 and 31 March 2010 respectively. The financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts

included in respect of the said subsidiaries and joint venture company, is based solely on the report of other auditors.

- 5) We draw attention to note v of Annexure 'IV' regarding payment of managerial remuneration to directors which is in excess of maximum limits prescribed under Section 198 of the Act and is subject to approval of the Central Government.
- 6) Subject to paragraph 5 above and based on our examination, we further report that:
 - (a) The Restated Summary Statement of Consolidated Assets and Liabilities of the Group as at 31 March 2008, 31 March 2009 and 31 March 2010 as set out in Annexure-I to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure-IV – Accounting Policies and Notes to the Restated Consolidated Financial Information, and
 - (b) The Restated Summary Statement of Consolidated Profit and Loss of the Group for the year then ended 31 March 2008, 31 March 2009 and 31 March 2010 as set out in Annexure-II to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure-IV – Accounting Policies and Notes to the Restated Consolidated Financial Information.
- 7) We have also examined the following restated financial information set out in the annexures relating to the Group for the financial year ended 31 March 2008, 31 March 2009, and 31 March 2010, set out in the Annexures prepared by the management and approved by the Board of Directors of the Company.
 - (i) Statement of Restated Consolidated Cash Flows as appearing in Annexure-III;
 - (ii) Statement of Restated Consolidated Investments as appearing in Annexure-V
 - (iii) Statement of Restated Consolidated Sundry Debtors as appearing in Annexure-VI;
 - (iv) Statement of Restated Consolidated Loans and Advances as appearing in Annexure-VII;
 - (v) Statement of Restated Consolidated Secured Loans as appearing in Annexure-VIII;
 - (vi) Statement of Restated Consolidated Unsecured Loans as appearing in Annexure-IX;
 - (vii) Statement of Restated Consolidated Other Income as appearing in Annexure-X;
 - (viii) Statement of Restated Consolidated Contingent Liabilities as appearing in Annexure-XI;
 - (ix) Statement of Restated Consolidated Related Party Transactions as appearing in Annexure-XII;
 - (x) Statement of Restated Consolidated Segment Information as appearing in Annexure-XIII;
 - (xi) Statement of Restated Consolidated Capitalisation Statement as appearing in Annexure-XIV;
 - (xii) Statement of Restated Consolidated Accounting Ratios as appearing in Annexure-XV; and
 - (xiii) Statement of Dividend paid/ proposed as appearing in Annexure-XVI.
- 8) In our opinion, the Restated Summary Statement of Consolidated Assets and Liabilities, Restated Summary Statement of Consolidated Profit and Loss Account and the restated financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-IV have been prepared in accordance with Paragraph B (1) of Part II of Schedule II of the Act and the SEBI Regulations.
- 9) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should it be construed as a new opinion on any of the financial statements referred to therein.
- 10) This report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company and should not be used, referred to or distributed for any other purpose without our prior consent in writing.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Nirmal Jain)
PARTNER
Membership No.34709
Firm Regn. No. : 121750W

Mumbai; Dated: 31 AUG 2010

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – I: Restated Summary Statement of Consolidated Assets and Liabilities

(Rs. in Lacs)

| | Particulars | As at | As at | As at |
|----------|---|-----------------|-----------------|-----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Restated | Restated | Restated |
| A | FIXED ASSETS | | | |
| | Gross block | 753.11 | 670.94 | 165.77 |
| | Less : Depreciation | 71.47 | 51.82 | 27.30 |
| | Net block | 681.64 | 619.12 | 138.47 |
| | Capital work-in-progress | - | 39.39 | 466.66 |
| | Total | 681.64 | 658.51 | 605.13 |
| B | INVESTMENTS | 650.80 | 646.84 | 403.16 |
| C | CURRENTS ASSETS, LOANS AND ADVANCES | | | |
| | Sundry Debtors | 1,740.69 | 287.61 | 428.89 |
| | Cash and Bank Balances | 454.41 | 306.75 | 279.41 |
| | Loans and Advances | 772.49 | 1,184.59 | 1,347.61 |
| | Total | 2,967.59 | 1,778.95 | 2,055.91 |
| D | MINORITY INTEREST | 216.67 | 26.70 | (153.12) |
| E | LIABILITIES AND PROVISIONS | | | |
| | Secured Loans | 488.23 | 530.22 | 97.54 |
| | Unsecured Loans | - | 125.28 | 4.50 |
| | Share Application Money | - | 44.00 | 200.00 |
| | Current Liabilities | 273.27 | 497.41 | 1,210.12 |
| | Provisions | 37.04 | 28.13 | 22.99 |
| | Total | 798.54 | 1,225.04 | 1,535.15 |
| F | DEFERRED TAX ASSETS (NET) / (LIABILITIES) (NET) | (3.62) | 6.17 | 15.59 |
| G | NET WORTH (A+B+C-D-E-F) | 3,281.20 | 1,838.73 | 1,697.76 |
| | Represented by | | | |
| H | SHARE CAPITAL | | | |
| | Equity share capital | 976.50 | 976.50 | 325.50 |
| I | RESERVES AND SURPLUS | | | |
| | Share premium | - | - | - |
| | Profit and loss account | 2,322.76 | 796.32 | 1,373.46 |
| | Translation reserve | (18.06) | 65.91 | (1.20) |
| | | 2,304.70 | 862.23 | 1,372.26 |
| | Less : Miscellaneous expenditures (to the extent of not written off) | - | - | - |
| | Total | 2,304.70 | 862.23 | 1,372.26 |
| | NET WORTH (H+I) | 3,281.20 | 1,838.73 | 1,697.76 |

Notes:

1. The accompanying Significant Accounting Policies and Note to the Restated Consolidated Financial Information are an integral part of this Restated Summary Consolidated Statement of Assets and Liabilities.

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – II: Restated Summary Statement of Consolidated Profit and Loss Account
(Rs. in Lacs)

| | Particulars | Year ended | Year ended | Year ended |
|----------|--|-----------------|-----------------|-----------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Restated | Restated | Restated |
| A | INCOME | | | |
| | Fees for financial services and activities | 3,515.81 | 1,602.28 | 3,678.88 |
| | Other income | 100.73 | 124.83 | 276.47 |
| | Total | 3,616.54 | 1,727.11 | 3,955.35 |
| B | EXPENDITURE | | | |
| | Operating and other expenses: | | | |
| | Financial consultancy charges | 192.51 | 31.71 | 1,124.26 |
| | Employee remuneration and benefits | 693.47 | 800.39 | 562.81 |
| | Administrative and general expenses | 517.44 | 651.41 | 509.53 |
| | Total | 1,403.42 | 1,483.51 | 2,196.60 |
| C | NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 2,213.12 | 243.60 | 1,758.75 |
| | Depreciation | 30.96 | 26.28 | 19.15 |
| | Interest and financial charges | 74.30 | 34.02 | 2.75 |
| D | PROFIT BEFORE TAX | 2,107.86 | 183.30 | 1,736.85 |
| | Provision for Taxation | | | |
| | -Current tax | 381.67 | 114.88 | 518.35 |
| | -Deferred tax | 10.16 | 12.68 | (22.02) |
| | -Fringe benefit tax | - | 15.40 | 13.95 |
| E | PROFIT AFTER TAX | 1,716.03 | 40.34 | 1,226.57 |
| | Current tax impact on adjustments (refer note no.2(f) of annexure IV) | - | 10.58 | (8.73) |
| | Deferred tax impact on adjustments (refer note no.2(f) of annexure IV) | 0.38 | 3.26 | (5.88) |
| G | PROFIT/LOSS BEFORE MINORITY INTEREST AND ADJUSTMENT | 1,716.41 | 54.18 | 1,211.96 |
| | Share of minority interest | 189.97 | (19.68) | 35.45 |
| H | PROFIT/LOSS AFTER MINORITY INTEREST AND ADJUSTMENT | 1,526.44 | 73.86 | 1,176.51 |
| | Add: Balance b/f from last year | 796.32 | 1,373.46 | 510.95 |
| | Profit available for appropriation | 2,322.76 | 1,447.32 | 1,687.46 |
| | Utilised for bonus issue | - | (651.00) | (314.00) |
| | Profit transferred to Balance Sheet | 2,322.76 | 796.32 | 1,373.46 |

Notes:

The accompanying Significant Accounting Policy and Notes to the Restated Consolidated Financial Information are an integral part of this Restated Summary Statement of Consolidated Profit and Loss Account.

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – III: Statement of Restated Consolidated Cash Flows

(Rs. in Lacs)

| | PARTICULARS | Year ended | Year ended | Year ended |
|----------|---|-----------------|-----------------|-------------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | | Rs. | Rs. | Rs. |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | |
| | Net profit before tax | 2,107.86 | 183.30 | 1,736.85 |
| | Adjustments for: | | | |
| | Depreciation | 30.96 | 26.28 | 19.15 |
| | Miscellaneous expenditure written off | - | - | 3.84 |
| | Loss on sale of fixed assets | 34.81 | 7.14 | 3.51 |
| | Loss on discard of fixed assets | 3.40 | - | - |
| | Diminution / (appreciation) in the value of investments | (3.95) | 3.72 | 0.43 |
| | Interest income | (95.20) | (109.95) | (207.82) |
| | Interest expenses | 73.80 | 32.47 | 1.08 |
| | Loss on sale of investments (net) | - | 40.78 | (38.10) |
| | Dividend income on investments | (0.78) | (11.50) | (27.98) |
| | Exchange difference loss | 0.05 | - | - |
| | Translation reserve | (83.97) | 67.11 | (1.20) |
| | Prior year adjustments - Depreciation | - | 2.28 | - |
| | Prior year adjustments – Employee benefits | 0.41 | - | (10.00) |
| | Operating Profit before working capital changes | 2,067.39 | 241.63 | 1,479.76 |
| | Adjustments for: | | | |
| | (Increase) / decrease in trade and other receivables | (1,401.98) | 158.51 | (415.04) |
| | Increase / (decrease) in trade and other payables | (215.65) | (707.57) | 876.71 |
| | Cash generated from (used in) operations | 449.76 | (307.43) | (1,941.43) |
| | Direct taxes paid (net) | (311.89) | (322.31) | (648.55) |
| | NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A) | 137.87 | (629.74) | 1,292.88 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | |
| | Purchase of fixed assets (including capital work in progress) | (101.16) | (90.41) | (170.61) |
| | Sale of fixed assets | 8.86 | 1.34 | 19.88 |
| | (Purchase) / sale of investments (net) | - | (288.20) | (205.48) |
| | Loans given (net) | 287.71 | 355.03 | (1,039.34) |
| | Dividend income on investments | 0.78 | 11.50 | 27.98 |
| | Fixed deposit (more than 3 months) | (75.94) | (226.13) | - |
| | Interest income | 98.65 | 103.32 | 207.82 |
| | NET CASH USED IN INVESTING ACTIVITIES (B) | 218.90 | (133.55) | (1,159.75) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | Issue of equity share capital | - | - | - |
| | Share application money received/ (refunded) | (44.00) | (156.00) | 200.00 |
| | Increase / (decrease) in minority interest | - | 199.50 | (188.56) |
| | Proceeds / (repayment) of secured borrowings (net) | (41.98) | 432.68 | (114.85) |
| | Proceeds / (repayment) of unsecured borrowings (net) | (125.28) | 120.78 | (39.39) |
| | Interest paid | (73.80) | (32.47) | (1.08) |
| | NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C) | (285.06) | 564.49 | (143.88) |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 71.71 | (198.80) | (10.75) |
| | Cash and cash equivalents at the beginning of the year | 80.62 | 279.41 | 290.16 |
| | Cash and cash equivalents at the end of the year | 152.33 | 80.61 | 279.41 |
| | Cash and cash equivalents as at year end comprises of: | | | |
| | Cash on hand | 5.65 | 1.74 | 7.08 |
| | Balances with banks in current accounts | 141.57 | 61.34 | 217.27 |
| | Balances with banks in call deposit accounts | 4.11 | 17.53 | 53.84 |
| | Other cash equivalents (Cheque on hand) | 1.00 | - | 1.22 |
| | | 152.33 | 80.61 | 279.41 |

Note:

1 The accompanying Significant Accounting Policies and Notes to the Restated Consolidated Financial Information are an integral part of this Restated Summary Statement of Consolidated Assets and Liabilities.

2 The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in the Accounting Standard (AS) – 3 on Cash Flow Statements' issued by the Institute of Chartered of Accountants of India.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE - IV: Accounting Policies and Notes to the Restated Consolidated Financial Information

i. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation:

The Restated Consolidated Financial Information for the period ended 31 March 2008, 31 March 2009 and 31 March 2010 has been extracted by the management of the Company from the audited consolidated financial statements of the Group for the year ended 31 March 2008, 31 March 2009 and 31 March 2010.

The consolidated financial statements for the year ended 31 March 2008, 31 March 2009 and 31 March 2010 have been prepared by the management and approved by the Board of Directors of the Company from standalone audited financial statements of the Company for the year ended 31 March 2008, 31 March 2009 and 31 March 2010, standalone financial statements of its subsidiaries for the year ended 31 March 2008, 31 March 2009 and 31 March 2010 and standalone financial statements of its joint venture company for the period ended 31 March 2010.

The Restated Consolidated Financial Information are after making adjustments/ restatements and regrouping as necessary in accordance with paragraph B(1) of Part II of Schedule II of The Companies Act, 1956 and SEBI Regulations.

b) Principles of Consolidation:

The consolidated financial statements include the financial statements of Blend Financial Services Limited, the parent company (hereinafter referred to as the 'Company') and its subsidiaries and a joint venture company (collectively referred to as the 'Group').

I. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.
- ii) Transactions relating to Profit and Loss Account of the acquired subsidiaries have been included in the Consolidated Profit and Loss Account from the effective date of acquisition.
- iii) The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of the equity in the subsidiaries is recognised in the financial statement as 'goodwill'. The excess of acquired portion of equity in the subsidiaries over the cost of acquisition of investment in the subsidiaries is recognised in the financial statement as 'capital reserve'.
- iv) In case of foreign subsidiaries, being non-integral foreign operations, revenue item are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- v) Minority interest in the net assets of consolidated subsidiaries consists of:
 - the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and

- the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.
- vi) Interest in Joint Venture has been accounted by using the proportionate method as per Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures on notified by the companies (Accounting Standard) Rule 2006.
- vii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- viii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

II. The subsidiary companies and joint venture company considered in the consolidated financial statements are:

| Name of the Company | Relationship | Country of incorporation | Extent of holding (%) | Reporting currency | Effective date of becoming subsidiary |
|---|---------------|--------------------------|-----------------------|--------------------|---------------------------------------|
| Blend Management Service FZCO | Subsidiary | Dubai, UAE | 80% | UAE Dirhams | 27/03/2008 |
| Blend Financial Services (Partnership Firm) | Subsidiary | India | 99% | Indian Rupees | 01/10/2007 |
| India Factoring and Finance Solutions Private Limited | Joint Venture | India | 1% | Indian Rupees | 18/12/2009 |

Blend Management Services FZCO is a free zone company registered on 27 March 2008 in Dubai, United Arab Emirates, in accordance with the provisions of Implementing Regulations No. 1 of 2000, pursuant to law No. 2 of 1996 and its amendment No. 2 of 2000, of Dubai Airport Free Zone Authority.

c) Use of Estimates:

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for that year. Although, these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d) Fixed Assets :

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

Depreciation on fixed assets is provided on straight line method on pro-rata basis at the rates based on the estimated useful life of respective assets.

Assets costing Rs. 5,000 and equivalent foreign currencies or less are depreciated at 100%.

e) Investments:

- i) Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary.
- ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

f) Revenue Recognition:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection.

Fee for financial services is recognized, net of service tax, on delivery of services.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable and when no significant uncertainty as to measurability or collectability exists.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

g) Foreign Currency Transactions:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

h) Retirement Benefits:

i. Defined contribution plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii. Defined benefit plans

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the profit and loss account. The fair value of the plan assets is reduced from the gross obligation under the defined plan, to recognise the obligation on net basis.

iii. Employee leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

There is no retirement benefits payable by subsidiaries.

i) Accounting for taxes on income:

Tax expense comprises of current, deferred and fringe benefit tax. Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with tax laws applicable to the respective jurisdictions.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent

there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.

j) Lease:

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on straight-line basis over the lease term.

k) Borrowing costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets upto the date of acquisition or construction, are capitalized as part of the cost of such asset. Other borrowing costs are charged to profit and loss account in the period in which they are incurred.

l) Impairment of assets:

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

m) Provisions and contingent liabilities:

The Group creates a provision when there is a present obligation as 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, requires an outflow of resources. Where 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.

ii. Adjustments for Restated Consolidated Financial Statements

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Group:

(Rs. In Lacs)

| Sr No. | Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 | Year ended March 31, 2008 |
|-----------|---|---------------------------|---------------------------|---------------------------|
| A. | Profit after tax and prior year adjustments as per audited consolidated financial statements | 1,711.71 | 79.65 | 1,185.91 |
| | Adjustment for:- | | | |
| | Impact of changes in accounting policies: | | | |
| | Fees for financial services and activities (Refer note no.1 below) | - | - | 3.00 |
| | Other Adjustments: | | | |
| | Depreciation (Refer note no. 2(a) below) | - | 2.28 | (2.28) |
| | Employee remuneration and benefits (Refer note no. 2(b) below) | - | 0.41 | - |
| | Transitional provisions of Accounting Standard 15 on Employee Benefits (Refer note no. 2(b) below) | (0.41) | - | 6.60 |

| Sr No. | Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 | Year ended March 31, 2008 |
|-----------|--|---------------------------|---------------------------|---------------------------|
| | Short / (Excess) provision for tax (Refer note no. 2(c) below) | 5.83 | (3.14) | (6.62) |
| | Provision for doubtful debts (refer note no. 2(d) below) | - | - | 31.53 |
| | Bad Debts recovered / reversed (Refer note no. 2(d) below) | (1.10) | (7.33) | 8.43 |
| | Excess provision written back (Refer note no. 2(e) below) | - | (31.53) | - |
| | Total | 4.32 | (39.31) | 40.66 |
| | Tax impact on above adjustments | | | |
| | Current tax expenses (Refer note 2 (f) below) | - | 10.58 | (8.73) |
| | Deferred tax expenses (Refer note 2(f) below) | 0.38 | 3.26 | (5.88) |
| B. | Adjustments net of tax impact | 4.70 | (25.47) | 26.05 |
| C. | Adjusted profit (A + B) | 1,716.41 | 54.18 | 1,211.96 |

1. Adjustments resulting from changes in accounting policies

Revenue recognition

Till the year ended 31 March 2007, certain invoices relating to fees for financial services and activities have been accounted for on the basis of sanctions instead of delivering of services to the customer. From the year ended 31 March 2008, the Company has changed its accounting policy and fees for financial services and activities have been accounted for on delivering of services to customer. Accordingly, the adjustments have been made to the Restated financial statements for the years ended 31 March 2006, 31 March 2007 and 31 March 2008.

2. Other adjustments

a) Depreciation

During the year ended 31 March 2008, the Company has inadvertently did not account depreciation on sale of vehicle. Accordingly, the adjustments have been made to the Restated financial statements for the years ended 31 March 2008 and 31 March 2009.

b) Transitional provisions of Accounting Standard 15 on Employee Benefits

During the year ended 31 March 2008, the Company adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006 in respect of gratuity benefits to employee with effect from 1 April 2007. Accordingly, gratuity benefits have been recomputed for the years ended 31 March 2006 and 31 March 2007 in the Restated Financial Information. Further the accumulated profit and loss balance as at 1 April 2005 has been appropriately adjusted to reflect the impact of the change pertaining to periods ended on or before 31 March 2005.

During the year ended 31 March 2010, the Company adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006 in respect of leave encashment benefits to employee with effect from 1 April 2010. The cumulative effect of this change was recorded for the year ended 31 March 2009. However, the Company has made the provision of leave encashment on accrual basis and not as per Project Unit Method as prescribed in AS-15 for the years ended 31 March 2008 and 31 March 2009. The Company did not have any policy for leave encashment benefits to employee for the year ended 31 March 2006 and 31 March 2007.

c) Tax adjustments of earlier years

The Company records tax adjustments of earlier years on completion of assessments made by the Income tax authorities and any difference is recorded as 'prior year tax adjustments' in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax was related in the Restated Summary Statement of Consolidated Profit and Loss Account.

d) **Provision for doubtful debts**

Debts, which were considered doubtful and written off in the year ended 31 March 2008 and which have been subsequently recovered during the year ended 31 March 2009 and 31 March 2010, have been adjusted in the years when such debts were originally written off. Accordingly, the adjustments relating to the said liabilities have been made in the Restated Summary Statement of Consolidated Profit and Loss Account for the years ended 31 March 2008, 31 March 2009 and 31 March 2010.

e) **Excess provision written back**

During the year ended 31 March 2008, the Company has created certain liabilities and same has been written back in the financial statements for the year ended 31 March 2009. Accordingly, the adjustments relating to the said liabilities have been made to the Restated summary statement of consolidated financial statements for the years ended 31 March 2008 and 31 March 2009.

f) **Tax impact on account of adjustments**

The Restated Summary Statement of Consolidated Profit and Loss Account has been adjusted for tax impact on account of adjustments for respective years.

iii. Reconciliation of Profit & Loss balance as at 1 April 2007

(Rs. In Lacs)

| Particulars | Amount |
|--|---------------|
| Profit and loss accounts as at 1 April 2007 (Restated) (a) | 510.95 |
| Other Adjustments: | |
| Transitional provisions of Accounting Standard (AS)-15 on Employee Benefits (Refer note no2(b) above) | 0.07 |
| Fees for financial services and activates (Refer note no.1 above) | 3.00 |
| Employee remuneration and benefits (Refer note no.2(b) above) | 6.53 |
| Total adjustments (B) | 9.60 |
| Tax impact on adjustments (C) | 3.23 |
| Net of tax impact (D=B-C) | 6.37 |
| Profit and Loss accounts as at 1 April 2007 (A+D) | 517.32 |

iv. Material regroupings

Upto 31 March 2009, interest income was disclosed under the head "Fees for financial services and activities". During the year ended 31 March 2010 interest income have been regrouped and shown under "Other Income" Accordingly, figures of previous years have been regrouped / rearranged.

v. Director's remuneration

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|--------------------------------|-------------------------------|--------------------------------|
| Salaries and allowances | 14,093,436 | 15,009,727 |
| Contribution to provident fund | 102,864 | 121,588 |
| Total | 14,196,300 | 15,131,315 |

Note: Directors' Remuneration in the financial statements of the Company excludes Contributions to group schemes where the individual amounts are not ascertainable.

Computation of net profit U/s 198 read with Section 309(5) of The Companies Act, 1956:

| | | Current Year (Rs.) | Previous Year (Rs.) |
|----------|---|-------------------------------|--------------------------------|
| A | Profit Before Taxation as per standalone financial statement of the company | 74,493,476 | 28,815,985 |
| B | Add: | | |
| | Depreciation as per accounts | 3,087,713 | 2,627,536 |
| | Loss on the sale of fixed assets/discarding of fixed assets | 3,821,017 | 713,898 |
| | Loss on the sale of investments | - | 4,080,888 |
| | Diminution In value of current investments | - | 372,050 |
| | Derivative loss | 480,814 | - |
| | Managerial remuneration | 14,196,300 | 15,131,315 |
| | Total | 21,585,844 | 22,925,687 |
| C | Less: | | |
| | Depreciation as per Section 350 | 3,087,713 | 2,627,536 |
| | Diminution In value of current investments reversed | 395,316 | - |
| | Provision for doubtful debts reversed | 110,004 | 146,067 |
| | Total | 3,593,287 | 2,773,603 |
| D | Net Profit (A+B-C) | 92,486,287 | 48,968,069 |
| | Managerial Remuneration payable to Whole Time Director including Managing Director | | |
| | Maximum payable @ 10% of Net Profit as per Companies Act, 1956 (D*10%) | 9,248,629 | 4,896,807 |
| | Managerial Remuneration paid / payable | 14,196,300 | 15,131,315 |
| | Excess Managerial Remuneration | 4,947,671 | 10,234,508 |

The excess remuneration as above is subject to approval of the central government.

vi. NOTES TO RESTATED FINANCIAL INFORMATION

1. Contingent liabilities:

Contingent liabilities is shown separately in **Annexure ‘XI’**

- 2.** The management based on their review of assets and operation of the Company has determined that there is no indication of potential impairment and that the recoverable amount of any of its fixed assets is not lower than its carrying amount.

3. Related party disclosures:

Related party disclosure is shown separately in **Annexure ‘XII’**

4. Segment information:

The Group has only one segment i.e. “Providing Financial Services” which is being considered as the primary segment. The disclosure as to secondary segment, i.e. ‘geographical segments’ is given in **Annexure XIII**.

- 5.** The Company has not received any information from its suppliers regarding their registration under the ‘Micro, Small and Medium Enterprises Development Act, 2006’. Hence interest if any payable as required under Act has not been provided and the information required to be given in accordance with Section 22 of the said Act, is not ascertainable and hence, not disclosed.

- 6.** Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006 are as under:

| As at | Cross Currency | Export debtors | | Loans and advances | | Sundry Creditors | |
|---------------|----------------|----------------|------------|--------------------|------------|------------------|-----------|
| | | \$ / AED | Rs. | \$ / AED | Rs. | \$ / AED | Rs. |
| 31 March 2010 | USD | 19,559 | 882,893 | -- | -- | -- | -- |
| | AED | 7,332,600 | 89,921,874 | 1,498,537 | 18,377,015 | 101,680 | 1,246,932 |
| 31 March 2009 | AED | -- | -- | 1,427,585 | 20,283,128 | 6,830 | 97,041 |
| 31 March 2008 | AED | 1,700,000 | 18,474,240 | 195,982 | 2,129,776 | 12,400 | 134,754 |

There are no other outstanding assets or liabilities in foreign currencies. The Company does not use any hedging instrument for any foreign currency exposure.

7. Lease:

The Company has taken various office premises and furniture under cancellable operating lease that are renewable on a periodic basis at the option of both the lessor and lessee. Lease period varies from 11 months to 33 months.

8. Joint Venture Disclosure:

The Company follows Accounting Standard (AS) - 27 'Financial Reporting of Investments in Joint Ventures' and in terms of the disclosure requirements contained therein, following is the Company's shares of the assets, liabilities, Income and expenses of the jointly controlled entity as at 31 March 2010:

| | As at 31 March 2010 (Rs.) |
|--|---|
| Reserves and surplus | (95,736) |
| Unsecured loans | 2,830 |
| Sundry debtors | 4,280 |
| Cash and bank balances | 4,410,896 |
| Loans and advances | 12,280 |
| Current liabilities | 16,388 |
| Provisions | 3,975 |
| Contingent liabilities and capital commitments | - |
| | Year ended 31 March 2010 (Rs.) |
| Operating and other income | 15,228 |
| Operating and other expenses | 100,755 |
| Employee's remuneration and benefits | 4,667 |
| Financial charges | 42 |
| Depreciation/ amortization | - |
| Total expenditure | 105,464 |
| Profit before tax | (90,236) |
| Tax | 5,500 |
| Profit after tax | (95,736) |

The joint venture company “India Factoring and Finance Solutions Private Limited” was incorporated on 18 December 2009, hence previous year figures are not given. The Company’s share in the joint venture is 1%.

- 9.** Loan and advances include Rs.6,232,320 due from a party since more than 1 year. The Company has served a legal notice on the said party for recovery of the loan. The management is, however hopeful of recovering the same in due course of time.
- 10.** Sundry debtors include Rs.10,741,339 being amount due from certain parties for more than 1 year. The management is however hopeful of recovering the same in due course of time.
- 11.** The name of the Company was changed from Blend Financial Services Private Limited to Blend Financial Services Limited pursuant to special resolution passed in the Extra Ordinary General Meeting held on 01/08/2008. The Company has obtained fresh certificate of incorporation from Registrar of Companies for change of name w. e. f 01/08/2008.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – V : Statement of Restated Consolidated Investments

(Rs. In Lacs)

| Particulars | | No./Units | As at | As at | As at |
|-------------|--|------------|---------------|---------------|---------------|
| | | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| I. | LONG TERM | | | | |
| | Long Term Investments : | | | | |
| | Non – Trade | | | | |
| | Quoted: | | | | |
| | Equity shares of Rs. 10 each fully paid -up in Infodrive Software Ltd. | 155,200 | 18.62 | 18.62 | 18.62 |
| | Equity shares of Rs. 10 each fully paid up in Aqua Logistics Ltd. | 400,000 | 422.58 | | - |
| | Unquoted : | | | | |
| | Equity shares of Rs. 10 each fully paid up in TVC SkyShop Ltd. | 74,074 | 200.00 | 200.00 | 200.00 |
| | Equity shares of Rs. 10 each fully paid – up in Aqua Logistics Pvt. Ltd. | 400,000 | | 422.58 | - |
| II. | Current Investments : | | | | |
| | <i>Mutual Funds</i> | | | | |
| | Sundaram BNP Paribas Equity Multiplier Fund of Rs. 10 each | 95,950.70 | 9.60 | 5.64 | 9.36 |
| | Birla Sunlife Equity Fund of Face value of Rs. 10 each | 86,880.15 | - | - | 18.80 |
| | Franklin India High Growth Companies Fund of Rs. 10 each | 174,285.90 | - | - | 17.15 |
| | Franklin India Prima Plus of Face Value of Rs. 10 each | 20,547.79 | - | - | 6.25 |
| | HDFC Equity Fund of Face Value of Rs. 10 each | 42,455.48 | - | - | 16.24 |
| | HDFC Top 200 Fund Face Value of Rs. 10 each | 4,792.06 | - | - | 1.87 |
| | ICICI Infrastructure Fund of Rs. 10 each | 98,867.22 | - | - | 13.94 |
| | Reliance Diversified Power Sector of Rs10 each | 44,987.02 | - | - | 18.97 |
| | Reliance Equity Advantage Fund of Rs 10 each | 187,077.25 | - | - | 18.79 |
| | Reliance Media & Entertainment Fund of Rs 10 each | 74,983.26 | - | - | 16.20 |
| | SBI Magnum Global Fund of Rs 10 each | 55,494.87 | - | - | 24.83 |
| | SBI Magnum Multicap Fund of Rs 10 each | 3,559.99 | - | - | 1.79 |
| | SBI MF MSFU Contra Fund of Rs.10 each | 68,561.60 | - | - | 20.35 |
| | Total | | 650.80 | 646.84 | 403.16 |

| | | | |
|--|----------|--------|--------|
| Aggregate value of quoted investments | 441.20 | 18.62 | 18.62 |
| Aggregate value of unquoted investments | 209.60 | 628.22 | 384.54 |
| Aggregate market value of quoted investments | 1,129.80 | 37.48 | 84.43 |
| Aggregate repurchase value of mutual funds | 10.36 | 5.64 | 184.54 |

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – VI : Statements of Restated Consolidated Sundry Debtors

(Rs. In Lacs)

| | Particulars | As at | As at | As at |
|----|--|-----------------|---------------|---------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| | (Unsecured) | | | |
| A. | Debt outstanding for a period exceeding six months | | | |
| | Considered Good | 107.55 | 63.86 | 7.80 |
| | Considered doubtful | 9.00 | 19.00 | 37.33 |
| | | 116.55 | 82.86 | 45.13 |
| | Less: Provision for doubtful debts | 9.00 | 19.00 | 37.33 |
| | (A) | 107.55 | 63.86 | 7.80 |
| | | | | |
| B. | Other Debts (B) | 1,633.14 | 223.75 | 421.09 |
| | Total (A+B) | 1,740.69 | 287.61 | 428.89 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – VII : Statement of Restated Consolidated Loans and Advances**

| Particulars | (Rs. In Lacs) | | |
|---|--------------------|--------------------|--------------------|
| | As at 31-Mar-10 | As at 31-Mar-09 | As at 31-Mar-08 |
| Unsecured and considered good, unless otherwise stated | | | |
| Loans and advances | | | |
| Loans and advances to: | | | |
| - Directors | 14.82 | 5.79 | 16.09 |
| - Employees | 34.43 | 51.99 | 71.49 |
| - Others | 429.76 | 708.94 | 1,034.17 |
| Advances in cash or in kind or for value to be received | 92.50 | 94.40 | 30.20 |
| Service tax input credit | 8.96 | 17.86 | 77.21 |
| Deposits | 17.12 | 60.92 | 76.36 |
| Taxes net of provisions | 174.90 | 244.69 | 42.09 |
| Total | 772.49 | 1,184.59 | 1,347.61 |

Notes :

Loan to subsidiaries are interest free and long term in the nature.

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – VIII : Statement of Restated Consolidated Secured Loans****(Rs in Lacs)**

| Particulars | As At | As At | AS At |
|--|------------------|------------------|------------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| LONG TERM LOANS | | | |
| Term Loan from ICICI Home Finance Co. Ltd. (Secured by way of a charge on office premises at 4 th floor Pramukh Plaza at Andheri, Mumbai) | 447.19 | 472.27 | 88.94 |
| Term Loans from Banks (Secured by Personal Guarantee of a Director) | 28.00 | 41.11 | - |
| Vehicle loans from banks (Secured by way of Hypothecation of Vehicles) | 13.04 | 16.84 | 8.60 |
| Total | 488.23 | 530.22 | 97.54 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – IX : Statement of Restated Consolidated Unsecured Loans***(Rs. In Lacs)*

| Particulars | As At | As At | AS At |
|---------------------|-----------|---------------|-------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| Loans from : | | | |
| Directors* | - | 0.40 | 4.50 |
| Shareholders* | - | - | - |
| Body Corporate | - | 124.63 | - |
| Others | - | 0.25 | - |
| Total | - | 125.28 | 4.50 |

*The loans are interest free.

The above loans have no fixed repayment schedule.

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – X : Statement of Restated Consolidated Other Income****(Rs in Lacs)**

| Particulars | As At | As At | AS At |
|--|------------------|------------------|------------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| Interest Income (Gross) | 95.20 | 109.95 | 207.82 |
| Dividend from Current Investments | | | |
| - Non Trade, long term | 0.78 | 0.78 | - |
| - Non Trade, current | - | 10.73 | 27.98 |
| Excess Provision written back | - | - | - |
| Provision for doubtful debts reversed | - | - | - |
| Bad debts recovered | - | - | - |
| Diminution in value of current investment reversed | 3.95 | - | - |
| Exchange difference gain | - | - | - |
| Profit on sale of investments | - | - | 38.12 |
| Miscellaneous income | 0.80 | 3.37 | 2.55 |
| Total | 100.73 | 124.83 | 276.47 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – XI : Statement of Restated Consolidated Contingent Liabilities****(Rs in Lacs)**

| Particulars | As At | As At | AS At |
|---|------------------|------------------|------------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| Disputed income tax liability for assessment year 2007-08 | 147.59 | NIL | NIL |
| Bank Gurantee | 0.44 | NIL | NIL |

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE –XII : Statement of Restated Consolidated Related Party Transactions

The Related party relationship have been determined on the basis of the requirements of the Accounting Standard (AS)-18 ‘ Related Party Disclosures’ and the same have been relied upon by the auditors.

Name of the related party disclosed are those related parties with whom transactions have taken place during the period, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

| | | | | |
|---|--|--|---|--|
| Key Management Personnel | K.C.Gupta (Chairman and Director) Ravi Gupta (Managing Director) Vaibhavi Thakkar (Director) R.Shankarkrishnan (Director up to 16 June 2008) | | | |
| Relatives of Key Management Personnel | Kusum Gutpa Payal Gupta Archana Kejriwal Jigar Thakkar Rekha Thakkar Mahendra Thakkar | | | |
| Enterprise on which key management personnel or their relatives have significant influence: | Ambuja Trading Services Private Limited (Formerly known as Ambuja Tea & Industries Private Limited) NR Consultancy & Financial Services (Formerly known as NR Insurance & Financial Services) RVG Trading and Financial Services Private Limited (Formerly known as Blend Management Consultancy Private Limited) Blend Insurance Brokers Private Limited Blend Capital Holding Private Limited Blend Investments K C Gupta HUF Ravi Gupta HUF | | | |
| Particulars | Nature of Relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 |
| Fees from financial services NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 86.30 | - |
| Interest Income Vaibhavi Thakkar Kusum Gupta Payal Gupta Archana Kejriwal Ambuja Trading Services Private Limited RVG Trading and Financial Services Private Limited Ravi Gupta HUF | Key Managerial Personnel Relatives of Key managerial Personnel Relatives of Key managerial Personnel Relatives of Key managerial Personnel Enterprise on which key management personnel or their relatives have significant influence Enterprise on which key management personnel or their relatives have significant influence Enterprise on which key management personnel or their relatives have significant influence | 0.38 1.17 1.22 0.75 11.46 3.43 - | 0.36 1.80 1.35 - 34.69 2.98 - | - 1.55 1.07 0.52 60.66 5.06 0.06 |
| | Total | 18.41 | 41.18 | 68.92 |
| Rent Income RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 0.15 | - | - |
| | Total | 0.15 | - | - |
| Referral Fees RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 29.78 | - | - |
| | Total | 29.78 | - | - |
| Rent expense K.C.Gupta Ambuja Trading Services Private Limited | Key Managerial Personnel Enterprise on which key management personnel or their relatives have significant influence | 5.40 3.00 | 8.90 3.00 | - 3.00 |
| | Total | 8.40 | 11.90 | 3.00 |
| Directors Remuneration Ravi Gupta Vaibhavi Thakkar K.C.Gupta R.Shankarkrishnan | Key Managerial Personnel Key Managerial Personnel Key Managerial Personnel Key Managerial Personnel | 53.00 24.96 64.00 - | 48.00 47.41 48.00 7.91 | 24.10 24.70 24.10 11.13 |
| | Total | 141.96 | 151.32 | 84.03 |

| Particulars | Nature of Relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 |
|--|--|-------------------------|-------------------------|-------------------------|
| Salary Paid | | | | |
| Kusum Gupta | Relatives of Key Managerial Personnel | 3.00 | 1.80 | 1.80 |
| Payal Gupta | Relatives of Key Managerial Personnel | 3.60 | 3.00 | 1.20 |
| Jigar Thakkar | Relatives of Key Managerial Personnel | 1.98 | 1.84 | 0.53 |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 3.00 | 3.00 | 3.00 |
| Mahendra Thakkar | Relatives of Key Managerial Personnel | 3.57 | - | - |
| Rekha Thakkar | Relatives of Key Managerial Personnel | 3.57 | - | - |
| | Total | 18.72 | 9.64 | 6.53 |
| Expenses Incurred on behalf of others | | | | |
| Vaibhavi Thakkar | Key Managerial Personnel | - | 0.01 | - |
| K.C.Gupta | Key Managerial Personnel | - | - | 24.84 |
| Blend Investments | Enterprise on which key management personnel or their relatives have significant influence | - | - | 0.59 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 0.04 | - | - |
| Blend insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 0.01 | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 0.01 | 0.02 |
| | Total | 0.04 | 0.03 | 25.45 |
| Expenses Incurred by others on our behalf | Enterprise on which key management personnel or their relatives have significant influence | - | 0.76 | - |
| Blend Insurance Brokers Private Limited | | | | |
| | Total | - | 0.76 | - |
| Interest Expenses | | | | |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | - | 0.34 |
| | Total | - | - | 0.34 |
| Loan and advances given | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 15.00 |
| Vaibhavi Thakkar | Key Managerial Personnel | 10.00 | - | - |
| K.C.Gupta | Key Managerial Personnel | - | - | 30.11 |
| Kusum Gupta | Relatives of Key Managerial Personnel | - | 10.00 | 20.96 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | - | 16.80 |
| Archana Kejriwal | Relatives of Key Managerial Personnel | - | - | 9.80 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 35.00 | 653.44 | 588.70 |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 35.00 | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 6.50 | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 8.00 |
| | Total | 45.00 | 704.94 | 689.37 |
| Loan and advances given received back | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 14.50 |
| K.C.Gupta | Key Managerial Personnel | - | - | 30.11 |
| Vaibhavi Thakkar | Key Managerial Personnel | 1.35 | 1.20 | - |
| Kusum Gupta | Relatives of Key Managerial Personnel | 24.51 | 13.00 | 0.48 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | 5.00 | 1.80 |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 1.80 | 0.90 | 0.23 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 319.75 | 800.00 | 5.04 |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 8.24 | 58.75 | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 10.00 | 8.50 | 30.61 |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 4.56 | 3.50 |
| | Total | 365.65 | 891.91 | 86.27 |

| Particulars | Nature of Relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 |
|---|--|---------------------------------|---------------------------------|---------------------------------|
| Unsecured loan | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 5.00 |
| K.C.Gupta | Key Managerial Personnel | 14.60 | 0.40 | - |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 10.25 | 26.20 |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | 178.00 | 30.00 | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 60.00 | - |
| | Total | 192.60 | 100.65 | 31.20 |
| Unsecured loan taken repaid | | | | |
| Ravi Gupta | Key Managerial Personnel | - | 4.50 | 5.00 |
| K.C.Gupta | Key Managerial Personnel | 15.00 | - | - |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 10.00 | 26.20 |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | 178.00 | 30.00 | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 60.00 | - |
| | Total | 193.00 | 104.50 | 31.20 |
| Share application money received | | | | |
| K.C.Gupta | Key Managerial Personnel | - | 44.00 | 200.00 |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 80.00 |
| | Total | - | 44.00 | 280.00 |
| Subscription Money refunded back | | | | |
| K.C.Gupta | Key Managerial Personnel | 44.00 | 200.00 | - |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 80.00 |
| | Total | 44.00 | 200.00 | 80.00 |
| Share application money given | | | | |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | 32.75 |
| | Total | - | - | 32.75 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE XIII : Statement of Restated Consolidated Segment Information****(Rs. In Lacs)**

| Particulars | As at | As at | As at |
|----------------------------------|------------------|------------------|------------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 |
| Segment revenue | | | |
| Outside India | 964.29 | - | 630.47 |
| Within India | 2,551.52 | 1,602.28 | 3,048.41 |
| Total | 3,515.81 | 1,602.28 | 3,678.88 |
| | | | |
| Segment Assets | | | |
| Outside India | 1,097.28 | 225.78 | 259.88 |
| Within India | 3,027.85 | 2,613.83 | 2,762.23 |
| Total | 4,125.13 | 2,839.61 | 3,022.11 |
| | | | |
| Additions to fixed assets | | | |
| Outside India | 0.37 | - | - |
| Within India | 140.18 | 517.68 | 67.94 |
| Total | 140.55 | 517.68 | 67.94 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE XIV : Statement of Restated Consolidated Capitalisation Statement***(Rs. in Lacs)*

| Particulars | Pre Issue as at 31.03.2010 | Post issue * (Refer note 4) |
|---|---------------------------------------|--|
| Debts | | |
| Short term debt | - | |
| Long term debt (Refer note 2) | 488.23 | |
| Total Debts (A) | 488.23 | |
| Shareholders Fund | | |
| Share Capital | 976.50 | |
| Reserves & Surplus | 2,304.70 | |
| Total Shareholders Fund (B) | 3,281.20 | |
| Total Debts / Total Shareholders Funds (Ratio) (A/B) | 0.15 | |

Notes:

1. The above ratio has been calculated on the basis of restated consolidated financial information of the Group.
2. As at 31 March 2010, long term debt is secured by hypothecation of vehicles and premises at 4th Floor, Pramukh Plaza, Andheri, Mumbai
3. The figures disclosed above are based on the Restated Summary Statements of Blend Financial Services Limited and its subsidiaries and joint venture company.
4. * The post - issue capitalization statement cannot be calculated at this stage.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – XV : Statement of Restated Consolidated Accounting Ratios

| Particulars | Year Ended 31-Mar-10 | Year Ended 31-Mar-09 | Year Ended 31-Mar-08 |
|---|---------------------------------|---------------------------------|---------------------------------|
| Restated Profit After Tax as per Annexure II (A) (Rs. in Lacs) | 1,526.44 | 73.86 | 1,176.51 |
| Net worth as per Annexure I (B) (Rs. in Lacs) | 3,281.20 | 1,838.73 | 1,697.76 |
| No. of equity shares outstanding at the start of the year | 9,765,004 | 16,275,000 | 15,000 |
| Fresh issue during the year | - | 20 | 20000 |
| Bonus shares issued adjusted for earlier periods | - | 32,550,000 | 9,730,000 |
| Split of shares adjusted for earlier periods | - | (39,060,016) | - |
| Total no. of equity shares outstanding at the year end (post bonus issue and split of shares) (C) | 9,765,004 | 9,765,004 | 9,765,000 |
| Earning per share (Rs.) (A/C) | 15.63 | 0.76 | 12.05 |
| Return on Net Worth (%) (A/B) * 100 | 46.52 | 4.02 | 69.30 |
| Net Asset Value (Rs. per share) (B/C) | 33.60 | 18.83 | 17.39 |

Notes:

1. The face value of equity shares was split from Rs. 10 per share to Rs. 2 per share during the year 2008 – 09. As a result of which, the total number of shares increased from 3,255,000 of Rs. 10 each to 16,275,000 of Rs. 2 each
2. The face value of equity shares was consolidated from Rs. 2 per share to Rs. 10 per share during the year 2009 – 10. As a result of which, the total number of shares reduced from 48,825,020 of Rs. 2 each to 9,765,004 of Rs. 10 each.
3. 3,220,000 equity shares of Rs. 10 each have allotted as fully paid bonus shares during the year 2007 – 08 by way of capitalization of Reserves and Surplus. As a result of this bonus issue, the issued, subscribed and Paid up capital of the company has increased from Rs. 350,000 to Rs. 32,550,000.
4. 32,550,000 equity shares of Rs 2 each have allotted as fully paid bonus shares during the year 2008 – 09 by way of capitalization of Reserves and Surplus. As a result of this bonus issue, the issued, subscribed and paid up capital of the company has increased from Rs. 32,550,040 to Rs. 97,650,040.

The above ratios have been computed as below:

| | |
|---------------------------------|---|
| Earnings Per Share (Rs.) | Restated profit after tax |
| | Total no. of equity shares outstanding at the yearend post consolidation of shares |
| Return on Net Worth (%) | Restated profit after tax |
| | Net Worth at the year End |
| Net Asset Value Per Share (Rs.) | Net Worth at the year end |
| | Total no. of equity shares outstanding at the year end post consolidation of shares |

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – XVI : Statement of Dividend paid / proposed

(Rs. in Lacs)

| Particulars | Year Ended 31-Mar-10 | Year Ended 31-Mar-09 | Year Ended 31-Mar-08 |
|--------------------------|---------------------------------|---------------------------------|---------------------------------|
| Dividend Paid / Proposed | - | - | - |

AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION OF BLEND FINANCIAL SERVICES LIMITED

To
The Board of Directors,
BLEND FINANCIAL SERVICES LIMITED
404, 4th Floor, C- Wing, Pramukh Plaza,
Mumbai – 400 069.

Dear Sirs,

- 1) We have examined the attached restated financial information of BLEND FINANCIAL SERVICES LIMITED (hereinafter referred as 'the Company') annexed to this report. The said restated financial information has been prepared by the Company and approved by the Board of Directors in accordance with the requirements of:
 - a) paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI Regulations') issued by the Securities and Exchange Board of India ('SEBI') on 26 August 2009 in exercise of the powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992); and
 - c) the terms of our engagement agreed upon with you in accordance with our engagement letter dated 21 April 2010 in connection with the proposed Initial Public Offer of equity shares of the Company.
- 2) The restated financial information of the Company has been extracted by the management from the audited financial statements for the financial year ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010 which have been approved by the Board of Directors. Audit of financial statements for the year ended 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 was conducted by previous auditors A.K. Luharuka & Associates, R. Agarwal, Deloitte Haskins & Sells and R. Agarwal respectively, and accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information. Audit of financial statements for year ended 31 March 2010 was conducted by us.
- 3) We draw attention to note vi of Annexure 'IV' regarding payment of managerial remuneration to directors which is in excess of maximum limits prescribed under Section 198 of the Act and is subject to approval of the central government.
- 4) Subject to paragraph 3 above and based on our examination, we further report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010 are as set out in Annexure-I to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure IV – Accounting Policies and Notes to the Restated Financial Information;
 - b) The Restated Summary Statement of Profit and Loss of the Company for the year ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010 are as set out in Annexure-II to this report is after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in paragraph (ii) in Annexure IV – Accounting Policies and Notes to the Restated Financial Information.
- 5) We have also examined the following restated financial information set out in the Annexures, relating to the Company for the financial year ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 March 2010, prepared by the management and approved by the Board of Directors.

- a) Statement of Restated Cash Flows as appearing in Annexure-III;
 - b) Statement of Restated Investments as appearing in Annexure-V;
 - c) Statement of Restated Sundry Debtors including details of debts due from related parties as appearing in Annexure-VI;
 - d) Statement of Restated Loans and Advances as appearing in Annexure-VII;
 - e) Statement of Restated Secured Loans as appearing in Annexure-VIII;
 - f) Statement of Restated Unsecured Loans as appearing in Annexure-IX;
 - g) Statement of Restated Other Income as appearing in Annexure-X;
 - h) Statement of Restated Contingent Liabilities as appearing in Annexure-XI;
 - i) Statement of Restated Related Party Transactions as appearing in Annexure-XII;
 - j) Statement of Restated Segment Information as appearing enclosed as Annexure-XIII;
 - k) Statement of Restated Capitalisation Statement enclosed as Annexure-XIV;
 - l) Statement of Restated Accounting Ratios as appearing in Annexure-XV;
 - m) Statement of Tax Shelter appearing in Annexure-XVI; and
 - n) Statement of Dividend paid/ proposed as appearing in Annexure-XVII.
- 6) In our opinion, the Restated Summary Statement of Assets and Liabilities, Restated Summary of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-IV have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.
- 7) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should it be construed as a new opinion on any of the financial statements referred to therein.
- 8) This report is intended solely for use of the management and for inclusion in the Offer Document in connection with the Proposed Initial Public Offer of the Company and is not be used, referred to or distributed for any other purpose without our prior consent in writing.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Nirmal Jain)
PARTNER
Membership No.34709
Firm Regn. No. : 121750W

Mumbai; Dated: 31 AUG 2010

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – I: Restated Summary Statement of Assets and Liabilities

(Rs. In Lacs)

| | Particulars | As at 31-Mar-10 Restated | As at 31-Mar-09 Restated | As at 31-Mar-08 Restated | As at 31-Mar-07 Restated | As at 31-Mar-06 Restated |
|----------|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| A | FIXED ASSETS | | | | | |
| | Gross block | 752.74 | 670.94 | 165.77 | 126.57 | 48.19 |
| | Less : Depreciation | 71.39 | 51.82 | 27.30 | 13.49 | 6.49 |
| | Net block | 681.35 | 619.12 | 138.47 | 113.08 | 41.70 |
| | Capital work-in-progress | - | 39.39 | 466.66 | 363.98 | - |
| | Total | 681.35 | 658.51 | 605.13 | 477.06 | 41.70 |
| B | INVESTMENTS | 769.65 | 731.12 | 618.92 | 160.00 | - |
| C | CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| | Sundry Debtors | 436.21 | 263.15 | 177.16 | 71.85 | 15.27 |
| | Cash and Bank Balances | 379.45 | 241.54 | 225.08 | 290.16 | 19.85 |
| | Loans and Advances | 690.60 | 744.03 | 1,368.25 | 208.18 | 51.46 |
| | Total | 1,506.26 | 1,248.72 | 1,770.49 | 570.19 | 86.58 |
| D | LIABILITIES AND PROVISIONS | | | | | |
| | Secured Loans | 488.23 | 530.22 | 97.53 | 212.39 | 14.66 |
| | Unsecured Loans | - | 125.03 | 4.50 | 43.89 | 25.36 |
| | Share Application Money | - | 44.00 | 200.00 | 10.00 | - |
| | Current Liabilities | 216.71 | 192.67 | 1,110.21 | 356.39 | 29.47 |
| | Provisions | 37.04 | 28.13 | 22.99 | 72.02 | 11.32 |
| | Total | 741.98 | 920.05 | 1,435.23 | 694.69 | 80.81 |
| E | DEFERRED TAX ASSETS (NET) / (LIABILITIES) (NET) | (3.62) | 6.17 | 15.59 | (3.95) | (1.83) |
| F | NET WORTH (A+B+C-D-E) | 2,211.66 | 1,724.47 | 1,574.90 | 508.61 | 45.64 |
| | Represented by | | | | | |
| G | SHARE CAPITAL | | | | | |
| | Equity share capital | 976.50 | 976.50 | 325.50 | 1.50 | 1.50 |
| H | RESERVES AND SURPLUS | | | | | |
| | Share premium | - | - | - | - | - |
| | Profit and loss account | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |
| | | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |
| | Less : Miscellaneous expenditure (to the extent of not written off) | - | - | - | 3.84 | - |
| | Total | 1,235.16 | 747.97 | 1,249.40 | 507.11 | 44.14 |
| | NET WORTH (G+H) | 2,211.66 | 1,724.47 | 1,574.90 | 508.61 | 45.64 |

Notes :

The accompanying Significant Accounting Policies and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Assets and Liabilities.

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – II : Restated Summary Statement of Profit and Loss Account

(Rs. In Lacs)

| | Particulars | Year ended 31-Mar-10 Restated | Year ended 31- Mar-09 Restated | Year ended 31-Mar-08 Restated | Year ended 31-Mar-07 Restated | Year ended 31-Mar-06 Restated |
|----------|---|-------------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|
| A | INCOME | | | | | |
| | Fees for financial services and activities | 2,138.57 | 1,527.27 | 3,207.70 | 1,783.52 | 267.55 |
| | Share of profit of partnership firm | 1.57 | 39.02 | 102.39 | - | - |
| | Other income | 88.48 | 121.82 | 276.47 | 17.50 | 4.65 |
| | Total | 2,228.62 | 1,688.11 | 3,586.56 | 1,801.02 | 272.20 |
| B | EXPENDITURE | | | | | |
| | Operating and other expenses: | | | | | |
| | Financial consultancy charges | 187.22 | 23.05 | 982.57 | 591.95 | 67.44 |
| | Employee remuneration and benefits | 686.74 | 788.87 | 558.99 | 274.93 | 50.45 |
| | Administrative and general expenses | 505.70 | 556.86 | 495.91 | 210.22 | 112.32 |
| | Total | 1,379.66 | 1,368.78 | 2,037.47 | 1,077.10 | 230.21 |
| C | NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 848.96 | 319.33 | 1,549.09 | 723.92 | 41.99 |
| | Depreciation | 30.88 | 26.28 | 19.15 | 7.00 | 3.52 |
| | Interest and financial charges | 74.25 | 33.82 | 2.71 | 1.65 | 1.28 |
| D | PROFIT BEFORE TAX | 743.83 | 259.23 | 1,527.23 | 715.27 | 37.19 |
| | Provision for Taxation | | | | | |
| | - Current tax | 250.00 | 92.19 | 468.38 | 238.33 | 13.49 |
| | - Deferred tax | 10.16 | 12.68 | (22.02) | 3.36 | - |
| | - Fringe benefit tax | - | 15.39 | 13.90 | 7.70 | 8.35 |
| E | PROFIT AFTER TAX | 483.67 | 138.97 | 1,066.97 | 465.88 | 15.35 |
| | Current tax impact on adjustments (refer note no. 2(g) of annexure IV) | 3.14 | 7.34 | (8.64) | (0.34) | 1.35 |
| | Deferred tax impact on adjustments (refer note no. 2(g) of annexure IV) | 0.38 | 3.26 | (5.88) | 1.27 | 0.93 |
| G | PROFIT/LOSS AFTER ADJUSTMENT | 487.19 | 149.57 | 1,052.45 | 466.81 | 17.63 |
| | Add: Balance b/f from last year | 747.97 | 1,249.40 | 510.95 | 44.14 | 26.51 |
| | Profit available for appropriation | 1,235.16 | 1,398.97 | 1,563.40 | 510.95 | 44.14 |
| | Utilised for bonus issue | - | (651.00) | (314.00) | - | - |
| | Profit Transferred to B/S | 1,235.16 | 747.97 | 1,249.40 | 510.95 | 44.14 |

Notes :

The accompanying Significant Accounting Policy and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Profit and Loss Account.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – III: Statement of Restated Cash Flows

(Rs. In Lacs)

| | Year Ended 31-Mar-10 | Year Ended 31-Mar-09 | Year Ended 31-Mar-08 | Year Ended 31-Mar-07 | Year Ended 31-Mar-06 |
|----------|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| A | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| | 743.83 | 259.23 | 1,527.23 | 715.27 | 37.19 |
| | Net profit before tax | | | | |
| | Adjustments for: | | | | |
| | 30.88 | 26.28 | 19.15 | 7.00 | 3.52 |
| | Depreciation | | | | |
| | - | - | 3.84 | - | - |
| | Miscellaneous expense written off | | | | |
| | (82.96) | (90.35) | (207.82) | (11.85) | (1.82) |
| | Interest income | | | | |
| | 73.76 | 32.47 | 1.46 | 1.09 | 1.28 |
| | Interest expenses | | | | |
| | (0.78) | (0.78) | (27.98) | (0.79) | - |
| | Dividend Income | | | | |
| | - | - | 37.33 | - | - |
| | Provision for doubtful debts | | | | |
| | - | (31.53) | - | - | - |
| | Excess provision for expenses written back | | | | |
| | - | (5.87) | - | - | - |
| | Bad debts recovered | | | | |
| | - | (7.08) | - | (0.17) | (2.25) |
| | Balances written back (net) | | | | |
| | 34.81 | 7.14 | 3.51 | - | 1.82 |
| | Loss on sale of fixed assets | | | | |
| | 3.40 | - | - | - | - |
| | Loss on discard of fixed assets | | | | |
| | - | 40.83 | (38.12) | - | - |
| | Loss on sale of investments | | | | |
| | (3.95) | 3.72 | 0.43 | - | - |
| | Diminution / Appreciation in the value of investments | | | | |
| | 5.47 | - | (10.00) | - | - |
| | Exchange rate difference | | | | |
| | 0.41 | - | - | - | - |
| | Prior year adjustments - Employee benefits | | | | |
| | 804.87 | 234.06 | 1,309.03 | 710.55 | 39.74 |
| | Operating Profit before working capital changes | | | | |
| | Adjustments for: | | | | |
| | (113.76) | (70.30) | (169.00) | (146.81) | (7.58) |
| | (Increase) / decrease in trade and other receivables | | | | |
| | 32.54 | (880.88) | 776.80 | 331.20 | (17.98) |
| | Increase / (decrease) in trade and other payables | | | | |
| | 723.65 | (717.12) | 1,916.83 | 894.94 | 14.18 |
| | Cash generated from (used in) operations | | | | |
| | (261.28) | (280.13) | (618.70) | (175.61) | (17.54) |
| | Direct taxes paid (net) | | | | |
| | 462.37 | (997.25) | 1,298.13 | 719.33 | (3.36) |
| | NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A) | | | | |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| | (100.79) | (90.41) | (170.61) | (442.35) | (22.97) |
| | Purchase of fixed assets (including capital work in progress) | | | | |
| | 8.86 | 3.62 | 19.88 | - | 2.68 |
| | Sale of fixed assets | | | | |
| | - | - | - | - | - |
| | Sale of investments | | | | |
| | (34.57) | (156.73) | (421.24) | (160.00) | - |
| | Purchase/ Sale of investments (Net) | | | | |
| | (0.38) | 807.99 | (1,071.34) | (80.63) | (1.77) |
| | Loans given (net) | | | | |
| | (31.90) | (226.13) | - | - | 7.10 |
| | Fixed deposit (more than 3 months) | | | | |
| | 86.40 | 83.72 | 207.82 | 11.85 | 1.82 |
| | Interest income | | | | |
| | 0.78 | 0.78 | 27.98 | 0.79 | - |
| | Dividend income on investments | | | | |
| | (71.60) | 422.84 | (1,407.51) | (670.34) | (13.14) |
| | NET CASH USED IN INVESTING ACTIVITIES (B) | | | | |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| | - | - | 200.00 | 10.00 | - |
| | Issue of shares | | | | |
| | (44.00) | (156.00) | - | - | - |
| | Refund of share application money | | | | |
| | - | - | - | (3.84) | - |
| | Miscellaneous expenditure | | | | |
| | (73.76) | (32.47) | (1.46) | (1.09) | (1.28) |
| | Interest expenses | | | | |
| | (125.03) | 120.53 | (39.39) | 18.53 | 10.40 |
| | Repayment of unsecured borrowings (net) | | | | |
| | (41.98) | 432.69 | (114.85) | 197.72 | 7.91 |
| | Repayment of term borrowings (net) | | | | |
| | (284.77) | 364.75 | 44.30 | 221.32 | 17.03 |
| | NET CASH FROM/(USED IN) FINANCING ACTIVITIES (C) | | | | |
| | 106.00 | (209.66) | (65.08) | 270.31 | 0.53 |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | | | | |
| | 15.42 | 225.08 | 290.16 | 19.85 | 19.32 |
| | Cash and cash equivalents at the beginning of the year | | | | |
| | 121.42 | 15.42 | 225.08 | 290.16 | 19.85 |
| | Cash and cash equivalents at the end of the year | | | | |
| | Cash and cash equivalents as at year end comprises of : | | | | |
| | 4.99 | 1.71 | 6.58 | 1.49 | 0.40 |
| | Cash and cash equivalents | | | | |
| | 115.43 | 13.71 | 218.50 | 288.67 | 19.25 |
| | Balance with scheduled banks | | | | |
| | 1.00 | - | - | - | 0.20 |
| | Other cash equivalents (Cheque on hand) ` | | | | |
| | 121.42 | 15.42 | 225.08 | 290.16 | 19.85 |

Note:

- The accompanying Significant Accounting Policies and Notes to the Restated Financial Information are an integral part of this Restated Summary Statement of Assets and Liabilities.
- The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements' issued by the Institute of Chartered of Accountants of India.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE - IV: Accounting Policies and Notes to the Restated Financial Information

i. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation:

These Restated Financial Information of Blend Financial Services Limited have been extracted from the audited financial statements for the respective year and restated to comply in all material respects with the notified Accounting Standards issued by the Companies Accounting Standards Rules, 2006 to the extent possible, and other adjustments as necessary in accordance with paragraph's B(1) of Part II of Schedule II of the Companies Act , 1956 and SEBI Regulation.

b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets:

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

Depreciation on fixed assets is provided on straight line method on pro-rata basis in the manner and at the rates specified in schedule XIV to the Companies Act, 1956.

Assets costing Rs.5,000 or less are depreciated at 100%.

d) Investments:

i) Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary.

ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

e) Revenue Recognition:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection.

Fee for financial services is recognized, net of service tax, on delivering of services.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable and when no significant uncertainty as to measurability or collectability exists.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

f) Foreign Currency Transactions:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

g) Retirement Benefits:

i. Defined contribution plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii. Defined benefit plans

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the profit and loss account. The fair value of the plan assets is reduced from the gross obligation under the defined plan, to recognise the obligation on net basis.

iii. Employee leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

h) Accounting for Taxes on Income:

Tax expense comprises of current, deferred and fringe benefit tax. Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Fringe benefit tax is provided as per the provisions of Income Tax Act, 1961 on chargeable expenses incurred during the year.

i) Lease:

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on straight-line basis over the lease term.

j) Borrowing Costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are charged to profit and loss account in the period in which they are incurred.

k) Impairment of Assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

l) Provisions and Contingent Liabilities:

The Company creates a provision when there is a present obligation as 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, requires an outflow of resources. Where 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.

ii. Adjustments for Restated Financial Information

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits / losses of the Company:

(Rs. In Lacs)

| Sr. No. | Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 | Year ended March 31, 2008 | Year ended March 31, 2007 | Year ended March 31, 2006 |
|-----------|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| A. | Profit after tax and prior year adjustments as per audited financial statements | 488.60 | 171.45 | 1,023.89 | 467.39 | 22.11 |
| | Adjustment for:- | | | | | |
| | Impact of changes in accounting policies: | | | | | |
| | Fees for financial services and activities (Refer note no.1 below) | - | - | 3.00 | 1.00 | (4.00) |
| | Other adjustments: | | | | | |
| | Depreciation (Refer note no.2(a) below) | - | 2.28 | (2.28) | - | - |
| | Employee remuneration and benefits (Refer note no.2(b) below) | - | 0.41 | - | (3.77) | (2.76) |
| | Transitional provisions of Accounting Standard 15 on Employee Benefits (Refer note no.2(b) below) | (0.41) | - | 6.60 | - | - |
| | Exchange difference gain (Refer note no.2(c) below) | (9.25) | 9.52 | (0.27) | - | - |
| | Provision for doubtful debts (Refer note no.2(d) below) | - | - | 31.53 | - | - |
| | Bad debts recovered/reversed (Refer note no.2(d) below) | (1.10) | (7.33) | 8.43 | - | - |
| | Excess provision written back (Refer note no.2(e) below) | - | (31.53) | - | - | - |
| | Short / (Excess) provision for tax (Refer note no.2(f) below) | 5.83 | (5.83) | (3.93) | 1.26 | - |
| | Total | (4.93) | (32.48) | 43.08 | (1.51) | (6.76) |
| | Tax impact on above adjustments | | | | | |
| | Current tax expenses (Refer note 2 (g) below) | 3.14 | 7.34 | (8.64) | (0.34) | 1.35 |
| | Deferred tax expenses (Refer note 2 (g) below) | 0.38 | 3.26 | (5.88) | 1.27 | 0.93 |
| B. | Adjustments net of tax impact | (1.41) | (21.88) | 28.56 | (0.58) | (4.48) |
| C. | Adjusted profit (A+B) | 487.19 | 149.57 | 1,052.45 | 466.81 | 17.63 |

3. Adjustments resulting from changes in accounting policies

Revenue recognition

Till the year ended 31 March 2007, certain invoices relating to fees for financial services and activities have been accounted for on the basis of sanctions instead of delivering of services to the customer. From the year ended 31 March 2008, the Company has changed its accounting policy and fees for financial services and activities have been accounted for on delivering of services to customer. Accordingly, the adjustments have been made to the Restated financial information for the years ended 31 March 2006, 31 March 2007 and 31 March 2008.

4. Other adjustments

a) Depreciation

During the year ended 31 March 2008, the Company inadvertently did not account depreciation on sale of motor car. Accordingly, the adjustments have been made to the Restated financial information for the years ended 31 March 2008 and 31 March 2009.

b) Transitional provisions of Accounting Standard 15 on Employee Benefits

During the year ended 31 March 2008, the Company adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006 in respect of gratuity benefits to employee with effect from 1 April 2007. Accordingly, gratuity benefits have been recomputed for the years ended 31 March 2006 and 31 March 2007 in the Restated Financial Information. Further the accumulated profit and loss balance as at 1 April 2005 has been appropriately adjusted to reflect the impact of the change pertaining to periods ended on or before 31 March 2005.

During the year ended 31 March 2010, the Company adopted the Accounting Standard (AS)-15 "Employee Benefits" applicable for accounting periods commencing on or after December 7, 2006 in respect of leave encashment benefits to employee with effect from 1 April 2010. The cumulative effect of this change was recorded for the year ended 31 March 2009. However, the Company has made the provision of leave encashment on accrual basis and not as per Project Unit Method as prescribed in (AS)-15 for the years ended 31 March 2008 and, 31 March 2009. The Company did not have any policy for leave encashment benefits to employee for the year ended 31 March 2006 and 31 March 2007.

c) Exchange difference

As at year ended 31 March 2008 and 31 March 2009, the Company inadvertently did not restate balance receivable in foreign currency. Accordingly, the adjustments relating to exchange difference have been made to the Restated financial information for the years ended 31 March 2008 and 31 March 2009.

d) Provision for doubtful debts

Debts, which were considered doubtful and written off in the year ended 31 March 2008 and which have been subsequently recovered during the year ended 31 March 2009 and 31 March 2010, have been adjusted in the years when such debts were originally written off. Accordingly, the adjustments relating to the said liabilities have been made to the Restated financial information for the years ended 31 March 2008, 31 March 2009 and 31 March 2010.

e) Excess provision written back

During the year ended 31 March 2008, the Company has created certain liabilities and same has been written back in the financial statements for the year ended 31 March 2009. Accordingly, the adjustments relating to the said liabilities have been made to the Restated financial information for the years ended 31 March 2008 and 31 March 2009.

f) Tax adjustments of earlier years

The Company records tax adjustments of earlier years on completion of assessments made by the Income tax authorities and any difference is recorded as 'prior year tax adjustments' in the financial statements. Accordingly, the effect of these items has been adjusted in the period to which the tax was related in the Restated Summary Statement of Profits and Loss Account.

g) Tax impact on account of adjustments

The Restated Summary Statement of Profits and Loss Account has been adjusted for tax impact on account of adjustments for respective years.

iii. Auditors' qualification

Audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:

Financial year ended March 31, 2007

CARO, 2007

According to the records of the company, undisputed statutory dues of service tax of Rs.10.97 lakhs have remained unpaid during the year. Other statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, that are required to be deposited regularly with authorities, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears as at 31 March 2007, for a period of more than six months from the date they became payable.

Financial year ended March 31, 2008

CARO, 2008

The internal controls for income from financial services and related activities for consultancy and other costs need to be significantly strengthened to be commensurate with the size of the Company and the nature of its business.

The frequency and timeliness of reporting by the internal auditor needs to be enhanced to be commensurate with the size of the Company and the nature of its business.

The Company has generally been regular in depositing undisputed dues including undisputed statutory dues including provident fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues with appropriate authorities during the year, however that, the following statutory liability is outstanding for a period of more than six months for the date it became payable as at the last day of the financial year.

| Name of the Statute | Name of dues | Amount (Rs. In Lacs) | Period to which it relates | Due date | Date of payment |
|---------------------|-----------------------|----------------------|----------------------------|-------------|-----------------|
| Service Tax Act | Service Tax Liability | 24.72 | 2007-08 | 5 July 2007 | Unpaid |

Financial year ended March 31, 2009

CARO, 2009

The Company has generally been regular in depositing undisputed dues including undisputed statutory dues including provident fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues with appropriate authorities during the year, however that, the following statutory liability is outstanding for a period of more than six months for the date it became payable as at the last day of the financial year.

| Name of the Statute | Name of dues | Amount (Rs. In Lacs) | Period to which it relates | Due date | Date of payment |
|---------------------|-----------------------|----------------------|----------------------------|--------------|-----------------|
| Service Tax Act | Service Tax Liability | 0.32 | 2007-08 | 5 April 2008 | Unpaid |

Financial year ended March 31, 2010**CARO, 2010**

- (i) The Company has generally been regular in depositing undisputed dues including undisputed statutory dues including provident fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues with appropriate authorities during the year, however that, the following statutory liability is outstanding for a period of more than six months for the date it became payable as at the last day of the financial year

| Name of the Statute | Nature of dues | Amount (Rs. in lacs) | Period to which it relates | Due Date | Date of Payment |
|---------------------|-----------------------|----------------------|----------------------------|------------|-----------------|
| Service Tax Act | Service Tax Liability | 1.06 | 2009-10 | 05/06/2009 | 19/06/2010 |
| Service Tax Act | Service Tax Liability | 1.00 | 2009-10 | 05/09/2009 | 19/06/2010 |

- (ii) There are no dues of income tax, sales tax, service tax, custom duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute except following statutory dues:

| Name of the Statute | Nature of dues | Amount (Rs. in lacs) | Period to which it relates | Due Date | Date of Payment | Forum where dispute is pending |
|---------------------|-------------------------------|----------------------|----------------------------|------------|-----------------|--------------------------------------|
| Income Tax Act | Income Tax Demand u/s. 143(3) | 147.59 Lacs | Assessment Year 2007-08 | 27/01/2010 | Unpaid | Commissioner of Income Tax (Appeals) |

iv. Reconciliation of Profit & Loss balance as at April 1, 2005*(Rs. in Lacs)*

| Particulars | Amount |
|--|--------------|
| Profit and Loss account as at April 1, 2005 (Restated) (A) | 26.51 |
| Other Adjustments | |
| Transitional provisions of Accounting Standard 15 on Employee Benefits (Refer note no.2(b) above) | 0.07 |
| (Short) / Excess provisions for tax (Refer note no.2(d) above) | 1.26 |
| Total adjustments (B) | 1.33 |
| Tax impact on adjustments (C) | 0.02 |
| Net of tax impact (D=B-C) | 1.31 |
| Profit and Loss account as at April 1, 2005 (A+D) | 27.82 |

v. Material regroupings

- Upto 31 March 2007, provision for income tax was disclosed under the head "Provisions". During the year ended 31 March 2008, 31 March 2009 and 31 March 2010 provision for income tax have been regrouped and netted off with "Advance Payment of Taxes net of Provisions" under "Loans and Advances". Accordingly, figures of previous years have been regrouped / rearranged.
- Upto 31 March 2009, interest income was disclosed under the head "Fees for financial services and activities". During the year ended 31 March 2010 interest income have been regrouped and shown under "Other Income" Accordingly, figures of previous years have been regrouped / rearranged.

vi. Director's Remuneration:

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|--------------------------------|-----------------------|------------------------|
| Salaries and allowances | 14,093,436 | 15,009,727 |
| Contribution to provident fund | 102,864 | 121,588 |
| Total | 14,196,300 | 15,131,315 |

Note: Directors' Remuneration excludes contributions to group schemes where the individual amounts are not ascertainable.

Computation of net profit U/s 198 read with Section 309(5) of The Companies Act, 1956:

| | | Current Year (Rs.) | Previous Year (Rs.) |
|----------|---|-----------------------|------------------------|
| A | Profit Before Taxation | 74,493,476 | 28,815,985 |
| B | Add: | | |
| | Depreciation as per accounts | 3,087,713 | 2,627,536 |
| | Loss on sale of fixed assets/discarding of fixed assets | 3,821,017 | 713,898 |
| | Loss on sale of investments | - | 4,080,888 |
| | Diminution In value of current investments | - | 372,050 |
| | Derivative loss | 480,814 | - |
| | Managerial Remuneration | 14,196,300 | 15,131,315 |
| | Total | 21,585,844 | 22,925,687 |
| C | Less: | | |
| | Depreciation as per Section 350 | 3,087,713 | 2,627,536 |
| | Diminution in value of current investments reversed | 395,316 | - |
| | Provision for doubtful debts reversed | 110,004 | 146,067 |
| | Total | 3,593,033 | 2,773,603 |
| D | Net Profit (A+B-C) | 92,486,287 | 48,968,069 |
| | Managerial Remuneration payable to Whole Time Director including Managing Director | | |
| | Maximum payable @ 10% of Net Profit as per Companies Act, 1956 (D*10%) | 9,248,629 | 4,896,807 |
| | Managerial Remuneration paid | 14,196,300 | 15,131,315 |
| | Excess Remuneration paid | 4,947,671 | 10,234,508 |

The excess remuneration as above is subject to approval of the central government.

vii. NOTES TO RESTATED FINANCIAL INFORMATION

1. Contingent liabilities:

Contingent liabilities is shown separately in **Annexure 'XI'**

- 2.** The management based on their review of assets and operation of the Company has determined that there is no indication of potential impairment and that the recoverable amount of any of its fixed assets is not lower than its carrying amount.

3. Related party disclosure

Related party disclosure is shown separately in **Annexure 'XII'**

4. Segment information

The Group has only one segment i.e. “Providing Financial Services”. which is being considered as the primary segment. The disclosure as to secondary segment, i.e. ‘geographical segments’ is given in **Annexure XIII**.

- The Company has not received any information from its suppliers regarding their registration under the ‘Micro, Small and Medium Enterprises Development Act, 2006’. Hence interest if any payable as required under Act has not been provided and the information required to be given in accordance with Section 22 of the said Act, is not ascertainable and hence, not disclosed.
- Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006 are as under:

| As At | Cross Currency | Export debtors | | Loans and advances to subsidiary | |
|---------------|----------------|----------------|---------|----------------------------------|-----------|
| | | \$ | Rs. | \$ | Rs. |
| 31 March 2010 | USD | 19,559 | 882,893 | 80,218 | 3,610,131 |
| 31 March 2009 | USD | -- | -- | 80,218 | 4,152,092 |
| 31 March 2008 | USD | -- | -- | 80,218 | 3,199,896 |
| 31 March 2007 | USD | -- | -- | -- | -- |
| 31 March 2006 | USD | -- | -- | -- | -- |

There are no other outstanding assets or liabilities in foreign currencies. The Company does not use any hedging instrument for any foreign currency exposure.

7. Lease

The Company has taken various office premises and furniture under cancellable operating lease that are renewable on a periodic basis at the option of both the lessor and lessee. Lease period varies from 11 months to 33 months.

8. Joint Venture Disclosure:

The Company follows Accounting Standard (AS) - 27 ‘Financial Reporting of Investments in Joint Ventures’ and in terms of the disclosure requirements contained therein, following is the Company’s shares of the assets, liabilities, Income and expenses of the jointly controlled entity as at 31 March 2010:

| | As at 31.03.2010 (Rs.) |
|--|------------------------------|
| Assets and Liabilities (excluding share capital and debit balance in profit and loss account) | |
| Fixed assets | - |
| Investments | - |
| Current assets, loans and advances | 4,923,482 |
| Current liabilities | 16,388 |
| Capital commitments | - |
| Income Statement | |
| Operating income | - |
| Other income | 15,228 |
| Expenses | 105,464 |

| | As at 31.03.2010 (Rs.) |
|-----------------|---------------------------------------|
| Depreciation | - |
| Loss before tax | (90,236) |
| Income taxes | (5,500) |
| Loss after tax | (95,736) |

The joint venture company “India Factoring and Finance Solutions Private Limited” was incorporated on 18 December 2009, hence previous year figures are not given. The Company’s share in the joint venture is 1%.

9. Partnership Firm Disclosure:

In respect of investments in partnership firms by the Company, the details of partners, total capital and share of each partner are as under:

M/s. Blend Financial Services

| Particulars | Share of profit/loss (%) | Capital account balance as at | | |
|---|--------------------------|-------------------------------|------------------|------------------|
| | | 31.03.2010 (Rs.) | 31.03.2009 (Rs.) | 31.03.2008 (Rs.) |
| Blend Financial Services Limited Cr / (Dr.) | 99 | 2,497,798 | 4,040,701 | 16,034,429 |
| K. C. Gupta Cr / (Dr.) | 1 | 144,422 | 142,835 | (19,858,238) |

10. Loan and advances include Rs.6,232,320 due from a party since more than 1 year. The Company has served a legal notice on the said party for recovery of the loan. The management is, however hopeful of recovering the same in due course of time.
11. Sundry debtors include Rs.10,741,339 being amount due from certain parties for more than 1 year. The management is however hopeful of recovering the same in due course of time.
12. The name of the Company was changed from Blend Financial Services Private Limited to Blend Financial Services Limited pursuant to special resolution passed in the Extra Ordinary General Meeting on 01/08/2008. The Company had obtained fresh certificate of incorporation from Registrar of Companies for change of name w. e. f. 01/08/2008.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – V: Statement of Restated Investments

(Rs. In lacs)

| Particulars | No./ Units | As at | As at | As at | As at | As at | |
|-----------------------------------|---|------------|-----------|-----------|-----------|-----------|---|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 | |
| LONG TERM | | | | | | | |
| I. Long Term Investments : | | | | | | | |
| a) | Trade – Unquoted | | | | | | |
| | Investment in subsidiary company: | | | | | | |
| | Equity Shares of AED 100,000 each fully paid up in Blend Management Service FZCO (80%) | 4 | 43.88 | 43.88 | 43.88 | - | - |
| | Investment in capital of partnership firm: | | | | | | |
| | Blend Financial Services (99%) | | 24.97 | 40.40 | 171.88 | - | - |
| | Investment in Joint Venture: | | | | | | |
| | Equity Shares of Rs. 10 each fully paid up in India Factoring and Finance Solutions Pvt. Ltd. | 500000 | 50.00 | - | - | - | - |
| b) | Others | | | | | | |
| | Quoted: | | | | | | |
| | Equity shares of Rs. 10 each fully paid – up in Infodrive Software Ltd. | 155,200 | 18.62 | 18.62 | 18.62 | | |
| | Equity shares of Rs. 10 each fully paid – up in Aqua Logistics Ltd. | 400,000 | 422.58 | - | - | - | - |
| | Unquoted : | | | | | | |
| | Equity shares of Rs. 10 each fully paid – up in TVC SkyShop Ltd. | 74,074 | 200.00 | 200.00 | 200.00 | | |
| | Equity shares of Rs. 10 each fully paid – up in Aqua Logistics Pvt. Ltd. | 400,000 | - | 422.58 | - | - | - |
| II. Current Investments : | | | | | | | |
| | Mutual Funds | | | | | | |
| | Sundaram BNP Paribas Equity Multiplier Fund of Rs. 10 each | 95,950.70 | 9.60 | 5.64 | 9.36 | 10.00 | - |
| | Birla Sunlife Equity Fund of Face value of Rs. 10 each | 86,880.15 | - | - | 18.80 | - | - |
| | Franklin India High Growth Companies Fund of Rs. 10 each | 174,285.90 | - | - | 17.15 | - | - |
| | Franklin India Prima Plus of Face Value of Rs. 10 each | 20,547.79 | - | - | 6.25 | - | - |
| | HDFC Equity Fund of Face Value of Rs. 10 each | 42,455.48 | - | - | 16.24 | - | - |
| | HDFC Top 200 Fund Face Value of Rs. 10 each | 4,792.06 | - | - | 1.87 | - | - |
| | ICICI Infrastructure Fund of Rs. 10 each | 98,867.22 | - | - | 13.94 | - | - |
| | Reliance Diversified Power Sector of Rs10 each | 44,987.02 | - | - | 18.97 | - | - |
| | Reliance Equity Advantage Fund of Rs 10 each | 187,077.25 | - | - | 18.79 | - | - |
| | Reliance Media & Entertainment | 74,983.2 | - | - | 16.20 | - | - |

| Particulars | | No./ Units | As at | As at | As at | As at | As at |
|-------------|---|---------------|---------------|---------------|---------------|---------------|-----------|
| | | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| | Fund of Rs 10 each | 6 | | | | | |
| | SBI Magnum Global Fund of Rs 10 each | 55,494.87 | - | - | 24.83 | - | - |
| | SBI Magnum Multicap Fund of Rs 10 each | 3,559.99 | - | - | 1.79 | - | - |
| | SBI MF MSFU Contra Fund of Rs.10 each | 68,561.60 | - | - | 20.35 | - | - |
| | Prudential ICICI Infrastructure Fund | 19,370.50 | - | - | - | 3.00 | - |
| | Reliance Growth Fund | 4,883.61 | - | - | - | 3.00 | - |
| | SBI MF Magnum Multicap Fund | 13,614.70 | - | - | - | 2.00 | - |
| | SBI MF MSFU Contra Fund | 6,563.83 | - | - | - | 2.00 | - |
| | HDFC Cash Management Fund | 190,124.90 | - | - | - | 40.00 | - |
| | Prudential ICICI Sweep Plan Cash Option | 249,687.89 | - | - | - | 50.00 | - |
| | SBI Insta Cash Fund | 235,194.51 | - | - | - | 50.00 | - |
| | Total | | 769.65 | 731.12 | 618.92 | 160.00 | - |

| | | | | | |
|--|----------|--------|--------|--------|---|
| Aggregate value of quoted investments | 441.20 | 18.62 | 18.62 | - | - |
| Aggregate repurchase value of mutual funds | 10.36 | 5.64 | 184.54 | 88.11 | - |
| Aggregate market value of unquoted investments | 328.45 | 712.50 | 600.30 | 160.00 | - |
| Aggregate market value of quoted investments | 1,129.80 | 37.48 | 84.43 | - | - |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – VI: Statement of Restated Sundry Debtors

(Rs. In lacs)

| | Particulars | As at | As at | As at | As at | As at |
|-----------|--|------------------|------------------|------------------|------------------|------------------|
| | | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| | Unsecured | | | | | |
| A. | Debt outstanding for a period exceeding six months | | | | | |
| | Considered Good | 107.55 | 63.86 | 7.80 | - | 5.64 |
| | Considered doubtful | 9.00 | 19.00 | 37.33 | - | - |
| | | 116.55 | 82.86 | 45.13 | - | 5.64 |
| | Less: Provision for doubtful debts | 9.00 | 19.00 | 37.33 | - | - |
| | (A) | 107.55 | 63.86 | 7.80 | - | 5.64 |
| B. | Other Debts (B) | 328.66 | 199.29 | 169.36 | 71.85 | 9.63 |
| | Total (A+B) | 436.21 | 263.15 | 177.16 | 71.85 | 15.27 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – VII: Statement of Restated Loans and Advances***(Rs. In lacs)*

| Particulars | As at | As at | As at | As at | As at |
|---|---------------|---------------|----------------|---------------|--------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Unsecured and considered good | | | | | |
| Loans and advances | | | | | |
| Loans and advances to: | | | | | |
| - Directors | 14.82 | 5.79 | 16.09 | - | - |
| - Subsidiary | 36.10 | 41.52 | 32.00 | - | - |
| - Employees | 34.43 | 51.99 | 71.49 | 21.80 | - |
| - Others – Trade | 251.53 | 246.46 | 1,034.17 | 60.61 | - |
| Advances in cash or in kind or for value to be received | 77.56 | 86.80 | 14.34 | 97.97 | 33.65 |
| Service tax input credit | 8.96 | 15.41 | 66.88 | 18.24 | - |
| Deposits | 10.54 | 53.82 | 70.93 | 9.56 | 4.00 |
| Taxes paid less provisions | 256.66 | 242.24 | 62.35 | - | 13.81 |
| Total | 690.60 | 744.03 | 1368.25 | 208.18 | 51.46 |

Notes :

Loans to subsidiaries are interest free and long term in the nature.

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – VIII: Statement of Restated Secured Loans

(Rs. In lacs)

| Particulars | As at | As at | As at | As at | As at |
|---|---------------|---------------|--------------|---------------|--------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Term Loan from ICICI Home Finance Co. Ltd. (Secured by way of a charge on office premises at 4 th floor Pramukh Plaza at Andheri, Mumbai) | 447.19 | 472.27 | 88.94 | 199.56 | - |
| Term Loans from Banks (Secured by Personal Guarantee of a Director) | 28.00 | 41.11 | - | - | - |
| Vehicle loans from banks (Secured by way of Hypothecation of Vehicles) | 13.04 | 16.84 | 8.59 | 12.83 | 14.66 |
| Total | 488.23 | 530.22 | 97.53 | 212.39 | 14.66 |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – IX: Statement of Restated Unsecured Loans

(Rs. In lacs)

| Particulars | As at | As at | As at | As at | As at |
|---------------------|-----------|---------------|-------------|--------------|--------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Loans from : | - | | | | |
| Directors* | - | 0.40 | 4.50 | 5.50 | 5.00 |
| Shareholders* | - | - | - | - | 3.87 |
| Body Corporate | - | 124.63 | - | 38.89 | 16.02 |
| Others | - | - | - | - | 0.47 |
| Total | - | 125.03 | 4.50 | 43.89 | 25.36 |

*The loans are interest free.

The above loans have no fixed repayment schedule.

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – X: Statement of Restated Other Income

(Rs. In lacs)

| Particulars | As at | As at | As at | As at | As at |
|--|--------------|---------------|---------------|--------------|-------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Interest Income (Gross) | 82.95 | 90.34 | 207.82 | 14.78 | 1.82 |
| Dividend from Current Investments | | | | | |
| - Non Trade, Long Term | 0.78 | 0.78 | - | - | - |
| - Non Trade, Current | - | 10.73 | 27.98 | 0.79 | - |
| Excess Provision written back | - | - | - | - | - |
| Provision for doubtful debts reversed | - | - | - | - | - |
| Bad debts recovered | - | - | - | - | - |
| Diminution in value of current investment reversed | 3.95 | - | - | - | - |
| Exchange difference gain | - | 9.52 | - | - | - |
| Profit on sale of investments | - | - | 38.12 | 0.37 | - |
| Miscellaneous income | 0.80 | 10.45 | 2.55 | 1.56 | 2.83 |
| Total | 88.48 | 121.82 | 276.47 | 17.50 | 4.65 |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – XI : Statement of Restated Contingent Liabilities

(Rs. In lacs)

| Particulars | As at | As at | As at | As at | As at |
|---|-----------|-----------|-----------|-----------|-----------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Disputed income tax liability for assessment year 2007-08 | 147.59 | NIL | NIL | NIL | NIL |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – XII: Statement of Restated Related Party Transactions

The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 ‘Related Party Disclosures’ and the same have been relied upon by the auditors. Name of the related party disclosed are those related parties with whom transactions have taken place during the period, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

| | |
|---|--|
| Where control exists: | <u>Subsidiaries</u> Blend Management Services FZCO Blend Financial Services (Partnership Firm) |
| Key management personnel | K.C. Gupta (Chairman and Director) Ravi Gupta (Managing Director) Vaibhavi Thakkar (Director) R. Shankarkrishnan (Director upto 16 June 2008) |
| Relatives of Key Management Personnel | Kusum Gupta Payal Gupta Archana Kejriwal Jigar Thakkar Rekha Thakkar Mahendra Thakkar |
| Enterprise on which key management personnel or their relatives have significant influence: | Ambuja Trading Services Private Limited (Formerly known as Ambuja Tea & Industries Private Limited) NR Consultancy & Financial Services (Formerly known as NR Insurance & Financial Services) RVG Trading and Financial Services Private Limited (Formerly known as Blend Management Consultancy Private Limited) Blend Insurance Brokers Private Limited Blend Capital Holding Private Limited Blend Investments K C Gupta HUF Ravi Gupta HUF |
| Joint Venture Company: | India Factoring and Finance Solutions Private Limited |

| Particulars | Nature of relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|---------------------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fees from financial services | | | | | | |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 86.30 | - | - | - |
| | Total | - | 86.30 | - | - | - |
| Interest income | | | | | | |
| Vaibhavi Thakkar | Key Managerial Personnel | 0.38 | 0.36 | - | - | - |
| Kusum Gupta | Relatives of Key Managerial Personnel | 1.17 | 1.80 | 1.55 | 0.48 | 1.44 |
| Payal Gupta | Relatives of Key Managerial Personnel | 1.22 | 1.35 | 1.07 | - | - |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 0.75 | - | 0.52 | 0.23 | - |

| Particulars | Nature of relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|--|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 0.58 | 15.10 | 60.66 | 6.63 | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 3.43 | 2.98 | 5.06 | 0.78 | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 0.06 | - | - |
| | Total | 7.53 | 21.59 | 68.92 | 8.12 | 1.44 |
| Rent income | | | | | | |
| RVG Trading and Financial | Enterprise on which key | 0.15 | - | - | 0.95 | - |

| | | | | | | |
|---|--|---------------|---------------|--------------|--------------|-------------|
| Services Private Limited | management personnel or their relatives have significant influence | | | | | |
| | Total | 0.15 | - | - | 0.95 | - |
| Referral fees | | | | | | |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 29.78 | - | - | - | - |
| | Total | 29.78 | - | - | - | - |
| Rent expense | | | | | | |
| K.C.Gupta | Key Managerial Personnel | 5.40 | 8.90 | - | - | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 3.00 | 3.00 | 3.00 | 2.33 | - |
| | Total | 8.40 | 11.90 | 3.00 | 2.33 | - |
| Directors remuneration | | | | | | |
| Ravi Gupta | Key Managerial Personnel | 53.00 | 48.00 | 24.10 | 12.00 | 3.00 |
| Vaibhavi Thakkar | Key Managerial Personnel | 24.96 | 47.41 | 24.70 | - | - |
| K.C.Gupta | Key Managerial Personnel | 64.00 | 48.00 | 24.10 | 12.00 | 1.80 |
| R. Shankarkrishnan | Key Managerial Personnel | - | 7.91 | 11.13 | - | - |
| | Total | 141.96 | 151.32 | 84.03 | 24.00 | 4.80 |
| Directors commission | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | - | - | 2.75 |
| K.C.Gupta | Key Managerial Personnel | - | - | - | - | 5.50 |
| | Total | - | - | - | - | 8.25 |
| Salary paid | | | | | | |
| Kusum Gupta | Relatives of Key Managerial Personnel | 3.00 | 1.80 | 1.80 | 1.31 | 2.97 |
| Payal Gupta | Relatives of Key Managerial Personnel | 3.60 | 3.00 | 1.20 | 1.20 | 0.84 |
| Jigar Thakkar | Relatives of Key Managerial Personnel | 1.98 | 1.84 | 0.53 | - | - |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 3.00 | 3.00 | 3.00 | 2.82 | 0.66 |
| Mahendra Thakkar | Relatives of Key Managerial Personnel | 3.57 | - | - | - | - |
| Rekha Thakkar | Relatives of Key Managerial Personnel | 3.57 | - | - | - | - |
| | Total | 18.72 | 9.64 | 6.53 | 5.33 | 4.47 |
| Expenses incurred on behalf of others | | | | | | |
| India Factoring and Finance Solutions Private Limited | Joint Venture Company | 2.83 | - | - | - | - |
| Vaibhavi Thakkar | Key Managerial Personnel | - | 0.01 | - | - | - |
| Ravi Gupta | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | 0.10 | - |
| K.C.Gupta | Key Managerial Personnel | - | - | 24.84 | 1.15 | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 0.01 | 0.02 | - | - |

| Particulars | Nature of relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|--|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Blend Investments | Enterprise on which key management personnel or their relatives have significant influence | - | - | 0.59 | 0.17 | 0.04 |
| Blend Management Services FZCO | Subsidiary | - | - | 32.00 | - | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 0.04 | - | - | - | - |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 0.01 | - | - | - |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | 0.04 | 0.01 |
| | Total | 2.87 | 0.03 | 57.45 | 1.46 | 0.05 |
| Expenses incurred by others on our behalf | | | | | | |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 0.76 | - | - | - |
| | Total | - | 0.76 | - | - | - |
| Interest expenses | | | | | | |
| Payal Gupta | Relatives of Key Managerial Personnel | - | - | - | - | 0.48 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | - | 0.02 |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | - | 0.34 | 0.22 | - |
| | Total | - | - | 0.34 | 0.22 | 0.50 |
| Investment withdrawn | | | | | | |
| Blend Finance Services | Subsidiary | 42.00 | 368.50 | - | - | - |
| | Total | 42.00 | 368.50 | - | - | - |
| Share of profit from Investment in partnership firm | | | | | | |
| Blend Finance Services | Subsidiary | 1.57 | 39.02 | 102.39 | - | - |
| | Total | 1.57 | 39.02 | 102.39 | - | - |
| Investment made | | | | | | |
| Blend Finance Services | Subsidiary | 25.00 | 198.00 | 69.50 | - | - |
| Blend Management Services FZCO | Subsidiary | - | - | 43.88 | - | - |
| India Factoring and Finance Solutions Private Limited | Joint Venture Company | 50.00 | - | - | - | - |
| | Total | 75.00 | 198.00 | 113.38 | - | - |
| Loan and advances given | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 15.00 | 0.20 | 2.00 |
| Vaibhavi Thakkar | Key Managerial Personnel | 10.00 | - | - | - | - |
| K.C.Gupta | Key Managerial Personnel | - | - | 30.11 | 1.45 | 0.01 |
| Kusum Gupta | Relatives of Key Managerial Personnel | - | 10.00 | 20.96 | - | 0.50 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | - | 16.80 | - | - |
| Archana Kejriwal | Relatives of Key Managerial Personnel | - | - | 9.80 | 4.00 | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 80.32 | 588.70 | 222.50 | 21.00 |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 35.00 | - | - | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 6.50 | - | 60.00 | - |
| | Total | - | - | 8.00 | - | - |
| | Total | - | - | 8.00 | - | - |

| | | | | | | |
|--|--|---------------|---------------|---------------|---------------|--------------|
| | relatives have significant influence | | | | | |
| | Total | 10.00 | 131.82 | 689.37 | 288.15 | 23.51 |
| Loans and advances given received back | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 14.50 | 0.02 | 2.00 |
| K.C.Gupta | Key Managerial Personnel | - | - | 30.11 | 1.45 | 0.01 |
| Vaibhavi Thakkar | Key Managerial Personnel | 1.35 | 1.20 | - | - | - |
| Kusum Gupta | Relatives of Key Managerial Personnel | 24.51 | 13.00 | 0.48 | 1.44 | 1.94 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | 5.00 | 1.80 | - | - |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 1.80 | 0.90 | 0.23 | - | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 10.39 | 672.00 | 5.04 | 222.50 | 21.00 |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 8.24 | 58.75 | - | - | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 10.00 | 8.50 | 30.61 | - | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 4.56 | 3.50 | - | - |
| | Total | 56.29 | 763.91 | 86.27 | 225.41 | 24.95 |
| Unsecured loan taken | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 5.00 | 5.00 | 5.05 |
| K.C.Gupta | Key Managerial Personnel | 14.60 | 0.40 | - | 30.75 | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | 27.91 | 16.00 |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 10.00 | 26.20 | 10.00 | - |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | 178.00 | 30.00 | - | - | - |
| Blend Investments | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | - | 0.17 |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 60.00 | - | - | - |
| | Total | 192.60 | 100.40 | 31.20 | 73.66 | 21.22 |
| Unsecured loans taken repaid | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | 4.50 | 5.00 | 5.00 | 0.05 |
| K.C.Gupta | Key Managerial Personnel | 15.00 | - | - | 30.75 | 0.05 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | - | - | 3.87 | 11.46 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | - | - |
| NR Consultancy and Financial Services | Enterprise on which key management personnel or their relatives have significant influence | - | 10.00 | 26.20 | 10.00 | - |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | 178.00 | 30.00 | - | - | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | 60.00 | - | - | - |
| | Total | 193.00 | 104.50 | 31.20 | 49.62 | 11.56 |

| Particulars | Nature of relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|--|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Share application money received | | | | | | |
| K.C.Gupta | Key Managerial Personnel | - | 44.00 | 200.00 | - | - |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 80.00 | - | - |
| | Total | - | 44.00 | 280.00 | - | - |
| Subscription money Refunded back. | | | | | | |
| K.C.Gupta | Key Managerial Personnel | 44.00 | 200.00 | - | - | - |
| K.C.Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 80.00 | - | - |
| | Total | 44.00 | 200.00 | 80.00 | - | - |
| Share application money given | | | | | | |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | 32.75 | - | - |
| | Total | - | - | 32.75 | - | - |
| Details of amounts due to / from related parties are as under - | | | | | | |
| Unsecured loan payable | | | | | | |
| Ravi Gupta | Key Managerial Personnel | - | - | 4.50 | 5.00 | 5.00 |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | 38.89 | 16.02 |
| K.C.Gupta | Key Managerial Personnel | - | 0.40 | - | - | - |
| Blend Investments | Enterprise on which key management personnel or their relatives have significant influence | - | - | - | - | 0.17 |
| Payal Gupta | Relatives of Key Managerial Personnel | - | - | - | - | 3.87 |
| | Total | - | 0.40 | 4.50 | 43.89 | 25.06 |
| Loan and advances receivable | | | | | | |
| Blend Management Services FZCO | Subsidiary | 36.10 | 41.52 | 32.00 | - | - |
| India Factoring and Finance Solutions Private Limited | Joint Venture Company | 2.83 | - | - | - | - |
| Vaibhavi Thakkar | Key Managerial Personnel | 14.82 | 5.79 | - | - | - |
| K.C.Gupta | Key Managerial Personnel | - | - | 16.09 | - | - |
| Kusum Gupta | Relatives of Key Managerial Personnel | - | 23.34 | 30.50 | 8.48 | 9.44 |
| Payal Gupta | Relatives of Key Managerial Personnel | 13.64 | 12.42 | 16.07 | - | 3.87 |
| Archana Kejriwal | Relatives of Key Managerial Personnel | 12.37 | 13.42 | 14.32 | 4.23 | - |
| Ambuja Trading Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 10.39 | 591.68 | - | - |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | 8.24 | - | - | - |
| RVG Trading and Financial Services Private Limited | Enterprise on which key management personnel or their relatives have significant influence | 27.13 | 34.38 | 34.02 | 60.61 | - |
| Ravi Gupta HUF | Enterprise on which key management personnel or their relatives have significant influence | - | - | 4.56 | - | - |
| | Total | 106.89 | 149.50 | 739.24 | 73.32 | 13.31 |
| Directors remuneration payable | | | | | | |
| Ravi Gupta | Key Managerial Personnel | 2.43 | 2.37 | 0.64 | - | - |
| K.C.Gupta | Key Managerial Personnel | 0.28 | 1.69 | 0.97 | - | - |
| Vaibhavi Thakkar | Key Managerial Personnel | 1.20 | 2.47 | 1.21 | - | - |
| R. Shankarkrishnan | Key Managerial Personnel | - | - | 0.80 | - | - |
| | Total | 3.91 | 6.53 | 3.62 | - | - |

| Particulars | Nature of relationship | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|---|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Investment | | | | | | |
| Blend Finance Services | Subsidiary | 24.98 | 40.41 | 171.89 | - | - |
| Blend Management Services FZCO | Subsidiary | 43.88 | 43.88 | 43.88 | - | - |
| India Factoring and Finance Solutions Private Limited | Joint Venture Company | 50.00 | - | - | - | - |
| | Total | 118.86 | 84.29 | 215.77 | - | - |
| Share application money received | | | | | | |
| K.C.Gupta | Key Managerial Personnel | - | 44.00 | 200.00 | - | - |
| | Total | - | 44.00 | 200.00 | - | - |
| Share application money given | | | | | | |
| Blend Insurance Brokers Private Limited | Enterprise on which key management personnel or their relatives have significant influence | - | - | 32.75 | - | - |
| | Total | - | - | 32.75 | - | - |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – XIII: Statement of Restated Segment Information

(Rs.in Lacs)

| Particulars | As at | As at | As at | As at | As at |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Segment revenue | | | | | |
| Outside India | 8.88 | - | 445.20 | 336.07 | - |
| Within India | 2,129.69 | 1,527.27 | 2,762.50 | 1,447.45 | 267.55 |
| Total | 2,138.57 | 1,527.27 | 3,207.70 | 1,783.52 | 267.55 |
| Segment Assets | | | | | |
| Outside India | 44.93 | 41.52 | 32.00 | - | - |
| Within India | 2,655.67 | 2,354.59 | 2,900.19 | 1,207.25 | 114.47 |
| Total | 2,700.60 | 2,396.11 | 2,932.19 | 1,207.25 | 114.47 |
| Additions to fixed assets | | | | | |
| Outside India | - | - | - | - | - |
| Within India | 140.18 | 517.68 | 67.94 | 78.37 | 3.75 |
| Total | 140.18 | 517.68 | 67.94 | 78.37 | 3.75 |

BLEND FINANCIAL SERVICES LIMITED**ANNEXURE – XIV: Statement of Restated Capitalisation Statement****(Rs.in Lacs)**

| Particulars | Pre Issue as at 31.03.2010 | Post issue * (Refer note 4) |
|---|---------------------------------------|--|
| Debts | | |
| Short term debt | - | |
| Long term debt (Refer note 2) | 488.23 | |
| Total Debts (A) | 488.23 | |
| Shareholders Fund | | |
| Share Capital | 976.50 | |
| Reserves & Surplus | 1,235.16 | |
| Total Shareholders Fund (B) | 2,211.66 | |
| | | |
| Total Debts / Shareholders Funds (Ratio) (A/B) | 0.22 | |

Notes:

1. The above ratio has been calculated on the basis of related financial information of the Company.
2. As at 31 March 2010, long term debt is secured by hypothecation of vehicles and premises at 4th Floor, Pramukh Plaza, Andheri, Mumbai-400069.
3. The figures disclosed above are based on the Restated Summary Statements of Blend Financial Services Limited
4. * The post – issue capitalization statement cannot be calculated at this stage.

BLEND FINANCIAL SERVICES LIMITED

ANNEXURE – XV: Statement of Restated Accounting Ratios

| Particulars | Year ended | Year ended | Year ended | Year ended | Year ended |
|--|------------|--------------|------------|------------|------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Restated Profit After Tax as per Annexure II (A) | 487.19 | 149.57 | 1,052.45 | 466.81 | 17.63 |
| Net Worth as per Annexure I (B) | 2,211.66 | 1,724.47 | 1,574.90 | 508.61 | 45.64 |
| No. of equity shares outstanding at the start of the year | 9,765,004 | 16,275,000 | 15,000 | 15,000 | 15,000 |
| Fresh issue during the year | - | 20 | 20,000 | | |
| Bonus shares issued adjusted for earlier periods | - | 32,550,000 | 9,730,000 | 9,730,000 | 9,730,000 |
| Split of shares adjusted for earlier periods | - | (39,060,016) | - | - | - |
| Total no.of equity shares outstanding at the year end (post bonus issue and split of shares) (C) | 9,765,004 | 9,765,004 | 9,765,000 | 9,745,000 | 9,745,000 |
| Earnings per Share (Rs.) (A / C) | 4.99 | 1.53 | 10.78 | 4.79 | 0.18 |
| Return on Net Worth (%) (A / B) * 100 | 22.03 | 8.67 | 66.83 | 91.78 | 38.63 |
| Net Asset Value per Share (Rs.) (B / C) | 22.65 | 17.66 | 16.13 | 5.22 | 0.47 |

Notes :

1. The face value of equity shares was split from Rs.10 per share to Rs.2 per share during the year 2008-09. As a result of which, the total number of shares increased from 3,255,000 of Rs.10 each to 16,275,000 of Rs.2 each.
2. The face value of equity shares was consolidated from Rs.2 per share to Rs.10 per share during the year 2009-10. As a result of which, the total number of shares reduced from 48,825,020 of Rs.2 each to 9,765,004 of Rs.10 each.
3. 3,220,000 equity shares of Rs.10 each have allotted as fully paid Bonus shares during the year 2007-08 by way of capitalisation of Reserves and Surplus. As a result of this bonus issue, the Issued, Subscribed and Paid up Capital of the Company has increased from Rs.350,000 to Rs.32,550,000.
4. 32,550,000 equity shares of Rs.2 each have allotted as fully paid Bonus shares during the year 2008-09 by way of capitalisation of Reserves and Surplus. As a result of this bonus issue, the Issued, Subscribed and Paid up Capital of the Company has increased from Rs.32,550,040 to Rs.97,650,040.

The above ratio have been computed as below :

| | |
|-----------------------------------|--|
| Earning Per Share (Rs.) | Restated profit after tax |
| | Total no.of equity shares outstanding at the year end post consolidation of shares |
| Return on Net Worth (%) | Restated profit after tax |
| | Net Worth at the year end |
| Net Asset Value Per Share (Rs.) | Net Worth at the year end |
| | Total no.of equity shares outstanding at the year end post consolidation of shares |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – XVI: Restated Statement of Tax Shelter

(Rs. in Lacs)

| Particulars | Year ended | Year ended | Year ended | Year ended | Year ended |
|---|----------------|----------------|-----------------|---------------|---------------|
| | 31-Mar-10 | 31-Mar-09 | 31-Mar-08 | 31-Mar-07 | 31-Mar-06 |
| Profit before tax as per restated profit and loss account | 743.83 | 259.23 | 1,527.23 | 715.27 | 37.19 |
| Tax Rate (Including Surcharge)% | 33.99% | 33.99% | 33.99% | 33.66% | 33.66% |
| Notional tax payable | 252.83 | 88.11 | 519.11 | 240.76 | 12.52 |
| Tax Adjustments | | | | | |
| Permanent Difference | | | | | |
| Donation | 0.31 | 0.90 | 1.20 | 0.23 | - |
| Share of profit - Exempt U/s.10 (3) | (1.57) | (39.02) | (102.39) | | |
| Exchange rate difference of earlier year | - | - | - | - | - |
| Short term transaction tax | - | 0.34 | - | - | - |
| Loss on sale of fixed assets | - | 47.95 | 3.51 | - | - |
| Loss on discard of fixed assets | 34.81 | - | - | - | - |
| Interest paid on service tax | 3.40 | 0.16 | - | - | - |
| Provision for bad and doubtful debts | - | - | 37.33 | - | - |
| Disallowance u/s 14A | 3.75 | 3.38 | 1.95 | - | - |
| Incorporation expenses | - | 1.20 | - | - | - |
| Short payment in provident fund account disallowed | - | - | - | 0.03 | - |
| Bad debts received considered as Income | - | - | - | - | - |
| Appreciation in value of investment | (3.95) | - | - | - | - |
| Dividend income | (0.78) | (11.50) | (27.98) | (0.79) | - |
| Capital gain on securities | - | - | (38.12) | (0.37) | - |
| | | | | | |
| Total Permanent Difference (B) | 35.97 | 3.41 | (124.50) | (0.90) | - |
| | | | | | |
| Timing Difference | | | | | |
| Difference between tax depreciation and book depreciation | (50.56) | (22.70) | (35.53) | (22.34) | (3.88) |
| Expenditure incurred for increase in share capital - Sec. 35D | (1.54) | 6.16 | (8.43) | - | - |
| Bad debts received considered as income during the previous year 2008-09 | (8.90) | (11.00) | - | - | - |
| Service tax short payment considered as income | - | - | 17.15 | 10.98 | - |
| Service tax of preceding year paid during the year | - | - | (10.98) | - | - |
| Income on which TDS not paid disallowed | - | - | - | 2.26 | - |
| Provision of gratuity | 8.08 | 5.46 | (4.48) | 3.77 | 2.76 |
| Provision for bonus | 7.48 | - | - | - | - |
| Provision for leave encashment | 8.93 | 11.87 | 10.87 | - | - |
| Expenditure on which TDS not paid disallowed during the year -Sec. 40 a(ia) | - | 16.35 | 21.87 | - | - |
| Payment of TDS on expenses of preceding year disallowed in 40(a)(ia) | (16.69) | (7.19) | (2.26) | - | - |
| Leave Encashment of previous year paid during the year | (7.31) | (11.78) | - | - | - |
| Deductions under chapter VI A | (0.15) | (0.16) | (0.29) | - | - |
| | | | | | |
| Total Timing Difference (C) | (60.66) | (12.99) | (12.08) | (5.33) | (1.12) |
| | | | | | |
| Total Adjustments D = (B+C) | (24.69) | (9.58) | (136.58) | (6.23) | (1.12) |
| | | | | | |
| Tax Expenses / (Savings) thereon (E) = (D * Tax Rate) | (5.97) | (3.26) | (46.41) | (2.09) | (0.38) |
| | | | | | |
| Normal Tax Payable (F) | 246.86 | 84.85 | 472.70 | 238.67 | 12.14 |
| Tax at Special Rates (G) | - | - | 4.32 | - | - |
| Total Tax Payable (H) = (F+G) | 246.86 | 84.85 | 477.02 | 238.67 | 12.14 |

BLEND FINANCIAL SERVICES LIMITED
ANNEXURE – XVII: Statement of Dividend paid / proposed

(Rs. in lacs)

| Particulars | Year ended 31-Mar-10 | Year ended 31-Mar-09 | Year ended 31-Mar-08 | Year ended 31-Mar-07 | Year ended 31-Mar-06 |
|------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Dividend paid/proposed | - | - | - | - | - |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of the financial condition and results of operations together with the financial statements included in this Draft Red Herring Prospectus. You should also see "Risk Factors" on page XII of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact the financial condition and results of operations. The following discussion relates to the Company and, unless otherwise stated, is based on our Restated Audited Consolidated Financial Statements, which have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. Certain statistical information presented in this Section has been derived from internal reporting systems and other sources. The Company's Fiscal ends on March 31 of each year, so all references to a particular "Fiscal" are to the twelve-month period ended March 31 of that year.

Overview of the Business of the Issuer

We are a diversified financial services company with primary focus in assisting small and medium enterprises (SMEs) in corporate and non corporate sector in their financial planning and arranging debt funds for them. We also offer investment banking services to corporate clients. We are headquartered in Mumbai and have offices in Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, New Delhi and Pune in India. We also have international presence through our subsidiaries in Dubai and Hong Kong.

Our core business is to assist SMEs in developing their growth plans and arranging debt funds for their growth as well as working capital. To arrange debt funds for our clients, we understand their business model and during the course, we assist them in identifying and negotiating/corresponding with the various intermediaries' right from the planning stage to growth stage.

Based on our experience with SMEs, we have understood their financial needs at different stages of their life cycle. Accordingly, we suggest the right composition of debt and equity mix and develop a bankable financial model. Once the structure is finalized, we arrange debt funds, long term as well as short term, as per the needs of the business. Since the entire business plan of SMEs hinge on the availability of debt funds, our fee is linked to successfully arranging the same.

We have historically derived a major portion of our revenues from debt syndication services. This includes syndicating term loans, project finance and working capital loans. We also focus on providing advisory services to our clients for factoring. We are one of the few intermediaries in the country to advise corporate on factoring services. Our Company has recently extended the focus on investment banking services which are mainly in the nature of private equity and mergers & acquisition advisory services. Our understanding of difficulties of SMEs in raising adequate funds at competitive costs has helped us to focus on alternate channels of short terms funds. Over the years we have gained expertise in arranging buyers' credit, trade finance, factoring of receivables, placement of commercial paper and NCDs at competitive cost for our clients. We have also focused on arranging private equity for small and mid sized corporates. We have developed the capability to provide end to end financial solution to our clients. This makes us a one stop shop for all the financing requirements of our clients.

Buoyed by the increased economic activity and the progress by all business sectors during FY 2009-10, most of our clients are on expansion mode and have strong appetite for funds, both debt and equity.

Our expertise lies in designing structured financial products and complex financial models and executing the same for companies across a wide cross Section of industries. We have strong relationships with corporates as well as all major public sector banks, private sector banks, financial institutions and private equity funds.

We started our international operations by setting up a subsidiary company in Dubai. The subsidiary company at Dubai provides management services primarily in the nature of debt syndication services to clients in Dubai and has started getting good response from the clients. Our subsidiary company in Hong Kong is yet to commence operations. We further propose to setup our operations in London and Singapore as a part of our strategy to broad base our International operations.

As a part of the business strategy, our Company has entered into a joint venture agreement with FIMBank Plc., Banca IFIS and Punjab National Bank to set up a Company engaged in the business of factoring, forfaiting and

leasing in India. We have thus reinforced our interest in factoring as a business segment. For more information on this joint venture agreement, please refer to Section, "*History and Certain Corporate Matters*" on page 84.

Based on our restated consolidated financial statements for the years ended March 31, 2008, 2009 and 2010, we generated total income of Rs. 3955.35 lakhs, Rs. 1727.11 lakhs and Rs. 3616.54 lakhs, respectively, and profit after tax of Rs. 1176.51 lakhs, Rs. 73.86 lakhs and Rs. 1526.44 lakhs, respectively.

MATERIAL DEVELOPMENTS AFTER MARCH 31, 2010 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

To the knowledge of the company and except as disclosed herein, since the date of the last financial statements contained in this Draft Red Herring Prospectus, no circumstances have arisen which would materially and adversely affect, or which would be likely to affect, the operations, profitability, asset values or the ability to pay material liabilities.

1. Our Company has set up a wholly owned subsidiary in Hong Kong under the name of **Blend Fincap Limited**, on 5 August 2010. For more details, refer to the Section on "Our History and Certain Corporate Matters" beginning on page 84.
2. Our Company has made a fresh issuance of 3,33,333 shares on 17 September, 2010 to Wisdom Global Enterprises Limited at an issue price of Rs 150.00 per share including a premium of Rs 140.00 per share. For more details, refer to the Section on "Capital Structure" beginning on page 24.
3. Our Company has made a bonus issue of 24,41,254 equity shares (1 Bonus share for every 4 shares held) on 24 August, 2010. For more details, refer to the Section on "Capital Structure" beginning on page 24.

FACTORS AFFECTING OUR FINANCIAL RESULTS

The business of the company is subject to various risks and uncertainties, including those discussed in the Section titled "Risk Factors". Some of the important factors that have affected, and will continue to affect, the results of operations, financial condition and cash flows are discussed below:-

Conditions in Indian Financial Markets

As a financial services company with businesses operating in the domestic Indian market, our results of operations are highly dependent on overall economic conditions in India, including GDP growth rate, the economic cycle and the financial markets. A significant portion of our revenue is derived from debt syndication and fee-based advisory services, which are dependent on favourable financial market conditions, investor confidence and other factors in India. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates or volatility in energy 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.

In addition, any economic downturn in India would also adversely impact the demand for other products we offer. See the section titled "Risk Factors" beginning on page XII.

Client Relationships

In our businesses, revenues are largely influenced by the number, as well as quality, of our corporate clients, and our ability to grow our share of clients' business by providing advisory services and efficiently executing a given mandate. We believe successfully developing new customer relationships, or retaining existing customer relationships, are critical for growing our businesses and consequently our results of operations and earnings.

Human Resource

We depend on our senior management and other key personnel for successfully managing and executing our business. There is high demand from the existing players in the market for qualified personnel and therefore, we

continue to reward our employees in line with the market to retain and attract well-qualified individuals and to remain competitive.

Competition

We face significant competition from other Indian and foreign commercial banks operating in India in the segments in which we operate. Some of these firms have greater resources and/or are more widely recognised brand than us, which may give them a competitive advantage. Also, since this sector has low entry barriers we also face significant competition from new entrants in financial services sector. We believe our product offerings, our relationships, understanding of the industry and product knowledge will act as our chief differentiators in our business and will allow us to face competition.

Operating costs

Personnel cost is one of the largest components of our total cost. As we grow in our existing business, we will need additional manpower. The Indian financial services sector is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees. Rent cost also makes up a large percentage of our total cost as we operate our branches on leased properties. Consequently, our rent cost will increase as we increase the number of our branches.

Geographical expansion and new branch openings

We have increased our reach geographically through our two international subsidiaries one each in Dubai and Hong Kong. Our increased geographical spread has contributed to increased net revenue. We deliver our products and services through multiple business locations. Our plan is to add 10 new branches, 8 within India and 2 overseas. These expansions will help us drive medium term revenue growth of the company.

CRITICAL ACCOUNTING POLICIES

Our Company maintains its accounts on the basis of historical cost convention on an accrual basis, in accordance with the Generally Accepted Accounting Principles (GAAP) in India and complies with the Accounting Standards notified by the Government of India in Section 211(3C) of the Companies Act, pronouncements of the Institute of Chartered Accountants of India and relevant provisions of the Companies Act. We seek to apply our Accounting Policies consistently from period to period.

Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared on the basis of historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule 2006. The consolidated financial statements are presented in Indian rupees.

Principles of consolidation

The consolidated financial statements include the financial statements of Blend Financial Services Limited, the parent company (hereinafter referred to as the 'Company'), its subsidiaries and a joint venture company (collectively referred to as the 'Group').

- I. The consolidated financial statements have been prepared on the following basis:
 - i) The financial statements of the Company and the subsidiaries and a have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

- ii) Transactions relating to Profit and Loss Account of the acquired subsidiaries have been included in the Consolidated Profit and Loss Account from the effective date of acquisition.
- iii) The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of the equity in the subsidiaries is recognised in the financial statement as ‘goodwill’. The excess of acquired portion of equity in the subsidiaries over the cost of acquisition of investment in the subsidiaries is recognised in the financial statement as ‘capital reserve’.
- iv) In case of foreign subsidiaries, being non-integral foreign operations, revenue item are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation reserve.
- v) Minority interest in the net assets of consolidated subsidiaries consists of:
 - the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - the minorities’ share of movements in equity since the date the parent and subsidiary relationship came into existence.
- vi) Interest in Joint Venture has been accounted by using the proportionate method as per Accounting Standard (AS) – 27 ”Financial Reporting of Interest in Joint Ventures on notified by the companies (Accounting Standard) Rule 2006.
- vii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- viii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

II. The subsidiaries and joint venture company considered in the consolidated financial statements are:

| Name of the Company | Relationship | Country of incorporation | Extent of holding (%) | Reporting currency | Effective date of becoming subsidiary |
|---|---------------|--------------------------|-----------------------|--------------------|---------------------------------------|
| Blend Management Service FZCO | Subsidiary | Dubai,UAE | 80% | UAE Dirhams | 27/03/2008 |
| Blend Financial Services (Partnership Firm) | Subsidiary | India | 99% | Indian Rupees | 01/10/2007 |
| India Factoring and Finance Solutions Private Limited | Joint Venture | India | 1% | Indian Rupees | 18/12/2009 |

Blend Management Services FZCO is a free zone company registered on 27 March 2008 in Dubai, United Arab Emirates, in accordance with the provisions of Implementing Regulations No. 1 of 2000, pursuant to law No. 2 of 1996 and its amendment No. 2 of 2000, of Dubai Airport Free Zone Authority.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

Fixed Assets

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

Depreciation on fixed assets is provided on straight line method on pro-rata basis at the rates based on the estimated useful life of respective assets. Assets costing Rs. 5,000 and equivalent foreign currencies or less are depreciated at 100%.

Investments

- i) Long term investments are valued at cost. Provision is made for diminution in the values where the decline is other than temporary.
- ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

Revenue Recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Fee for financial services is recognized, net of service tax, on delivery of services.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable and when no significant uncertainty as to measurability or collectability exists.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Transaction in foreign currencies

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

Retirement Benefits

- i) Defined contribution plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, towards post employment benefits, which is administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

- ii) Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the profit and loss account. The fair value of the plan assets is reduced from the gross obligation under the defined plan, to recognise the obligation on net basis.

- iii) Employees leave entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account.

There are no retirement benefits payable by subsidiaries.

Accounting for taxes on income

- i) Tax expenses comprise of current tax, deferred tax and fringe benefit tax. Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with tax laws applicable to the respective jurisdictions.
- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on straight-line basis over the lease term.

Borrowing Costs

Borrowing costs attributable to the acquisition and construction of qualifying assets upto the date of such acquisition or construction are capitalised as part of the cost of respective assets. Other borrowing costs are charged to profit and loss account in the period in which they are incurred.

Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Provisions and Contingent Liabilities:

The Group creates a provision when there is a present obligation as 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, requires an outflow of resources. Where 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.

SUMMARY OF RESULTS OF OPERATION

The table below sets forth, for the period indicated, our consolidated restated profit and loss account, both in absolute terms and with each line item represented as a percentage of total income:-

| Particulars | For the Year ended on March 31 | | | | | |
|-------------------------------------|--------------------------------|---------------|----------------|---------------|----------------|---------------|
| | 2010 | | 2009 | | 2008 | |
| | Amount | (%) | Amount | (%) | Amount | (%) |
| Income | | | | | | |
| Fees from Financial Services | 3515.81 | 97.21 | 1602.28 | 92.77 | 3678.88 | 93.01 |
| Other Income | 100.73 | 2.79 | 124.83 | 7.23 | 276.47 | 6.99 |
| Total | 3616.54 | 100.00 | 1727.11 | 100.00 | 3955.35 | 100.00 |
| Expenditure | | | | | | |
| Operating and other expenses | | | | | | |

| | | | | | | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|
| Financial Consultancy Charges | 192.51 | 5.32 | 31.71 | 1.84 | 1124.26 | 28.42 |
| Employee remuneration and benefits | 693.47 | 19.17 | 800.39 | 46.34 | 562.81 | 14.23 |
| Administrative and general expenses | 517.44 | 14.31 | 651.41 | 37.72 | 509.53 | 12.88 |
| Total | 1403.42 | 38.80 | 1483.51 | 85.90 | 2196.60 | 55.53 |
| | | | | | | |
| Net Profit before Interest, Depreciation and Tax | 2213.12 | 61.20 | 243.60 | 14.10 | 1758.75 | 44.47 |
| Depreciation | 30.96 | 0.86 | 26.28 | 1.52 | 19.15 | 0.48 |
| Interest and finance charges | 74.29 | 2.05 | 34.02 | 1.97 | 2.75 | 0.07 |
| Profit before Tax | 2107.86 | 58.28 | 183.30 | 10.61 | 1736.85 | 43.91 |
| Provision for taxation | | | | | | |
| - Current Tax | 381.67 | 10.55 | 114.88 | 6.65 | 518.35 | 13.11 |
| - Deferred tax expenses | 10.16 | 0.28 | 12.68 | 0.73 | (22.02) | (0.56) |
| - Fringe Benefit Tax | - | - | 15.40 | 0.89 | 13.95 | 0.36 |
| | | | | | | |
| Profit after Tax | 1716.03 | 47.45 | 40.34 | 2.34 | 1226.57 | 31.01 |
| Current tax impact on adjustments | - | | 10.58 | | (8.73) | (0.22) |
| Deferred tax impact on adjustments | 0.38 | | 3.26 | | (5.88) | (0.15) |
| Profit / (Loss) before Minority Interest and adjustments | 1716.41 | 47.46 | 54.18 | 3.14 | 1211.96 | 30.64 |
| Share of Minority Interest | 189.97 | | (19.68) | | 35.45 | |
| Profit / (Loss) after Minority Interest and adjustments | 1526.44 | 42.21 | 73.86 | 4.28 | 1176.51 | 29.74 |
| Add – Balance b/f from last year | 796.32 | | 1373.46 | | 510.95 | |
| Profit available for appropriation | 2322.76 | | 1447.32 | | 1687.46 | |
| Utilised for Bonus Issue | - | | (651.00) | | (314.00) | |
| Profit transferred to Balance Sheet | 2322.76 | | 796.32 | | 1373.46 | |

Description of Key Line Items

Income

- i) Our Income primarily consists of ‘Fees from Financial Services’ for services rendered for assisting our clients to raise funds. We generally charge our fees as a percentage of the funds raised for the client. We charge a success based fee to our client.
- ii) Our other income mainly includes interest earned from bank deposits and advances paid and miscellaneous income.

Expenditure

Our total expenditure comprises of (i) Financial Consultancy Charges paid, (ii) Employee remuneration and benefits, (iii) Administrative and General Expenses (iv) Depreciation and (v) Interest and Finance Charges.

- i) Financial Consultancy Charges Paid – These expenditures relate to the charges paid by us to professional or otherwise who assist us in sourcing / execution of the business.
- ii) Employee remuneration and benefits - This include salaries, bonuses, incentives, ex-gratia payments, directors’ remuneration, contributions to applicable statutory funds made to or on behalf of our employees.

- iii) Administrative and General Expenses - The principal component of administrative expenses relate to costs associated with rent rates & taxes, repairs, travelling and conveyance, telephones, legal and professional fees, marketing expenses, advertisement, printing & stationary and audit fees.
- iv) Depreciation – Depreciation includes depreciation on Office, vehicles, furniture and fixtures, computers and office equipment and other fixed assets.
- v) Interest and Finance Charges – These expenses include Interest and other charges levied by banks in respect of accounts maintained with them and credit facilities availed by us.

RESULTS OF OPERATIONS

Year ended March 31, 2010 compared with Year ended March 31, 2009.

Our total income increased to Rs.3616.54 lacs in 2009 – 2010 from Rs.1727.11 lacs in 2008 – 2009 recording an increase of Rs.1889.43 lacs, or 109.40%. This was primarily due to improved liquidity conditions in the economy and increased credit off take.

Fees from financial services – Our fees from financial services increased to Rs.3515.81 lacs in 2009 – 2010 from Rs.1602.28 lacs in 2008 – 2009 recording an increase of Rs.1913.53 lacs or 119.43%. This was primarily due to improved liquidity conditions and buoyant global market conditions.

Other Income – Other Income decreased to Rs.100.73 lacs during 2009 – 2010 from Rs.124.83 lacs during 2008 – 2009 showing a marginal decline of Rs.24.10 lacs or 19.31%. It was mainly due to reduction in Bank FDs and resultant interest there on.

Expenditure

Our total expenditure decreased to Rs.1403.42 lacs during 2009 – 2010 from Rs.1483.51 lacs during 2008 – 2009 showing a decrease of Rs.80.09 lacs or 5.40% mainly due to reduction in employee remuneration and benefits and better utilization of available resources.

Financial Consultancy Charges – The financial consultancy charges increased to Rs.192.51 lacs during 2009 – 2010 from Rs.31.71 lacs during 2008 – 2009 recording an increase of Rs.160.80 lacs or 507.10%. It was mainly due to increase in fees from financial services rendered and good proposal being sourced / executed by our associates.

Employee remuneration and benefits – The expenditure under this head reduced to Rs.693.47 lacs during 2009 – 2010 from Rs.800.39 lacs during 2008 – 2009 showing a decrease of Rs.106.92 lacs or 13.36% on account of rationalization of our Human Resources.

Administrative and General Expenses – The expenditure under this head decreased to Rs.517.44 lacs during 2009 – 2010 from Rs.651.41 lacs during 2008 – 2009 recording a decline of Rs.133.97 lacs or 20.57%. The major components of our administrative and general expenses are set forth below –

Rent decreased by 30.27% from Rs.99.20 lacs in 2008 – 2009 to Rs.69.17 lacs in 2009 – 2010.

Travelling & Conveyance expenses decreased by 26.79% from Rs.186.32 lacs during 2008 – 2009 to Rs.136.40 lacs during 2009 - 2010.

Expenditure on Advertisement and Business Promotion increased by 155.70% to Rs.73.23 lacs during 2009 – 2010 from Rs.28.64 lacs during 2008 – 2009.

Expenditure on Legal and Professional fees increased by 97.06% from Rs.32.18 lacs during 2008 – 2009 to Rs.63.42 lacs during 2009 – 2010.

Miscellaneous Expenses increased to Rs.24.51 lacs during 2009 – 2010 from Rs.15.09 lacs during 2008 – 2009.

Interest and Finance Charges – Our interest and finance charges increased by 118.37% from Rs.34.02 lacs during 2008 – 2009 to Rs.74.29 lacs during 2009 – 2010. This was primarily due to availment of Loan against property which resulted in increased interest outgo.

Profit before taxation – Primarily for the reasons discussed above, our Profit before taxation increased to Rs.2107.86 lacs in 2009 - 2010 from Rs.183.30 lacs in 2008 - 2009, recording an increase of Rs.1924.56 lacs or 1049.95%. Our Profit before Tax as a percentage of total income was 58.28% during 2009 – 2010 as against 10.61% during 2008 – 2009.

Provision for taxation – Our provision for taxes (Including Deferred Tax and Fringe Benefit tax) increased to Rs.391.83 lacs during 2009 – 2010 as against Rs.142.96 lacs during 2008 – 2009 recording an increase of 174.08%. This was mainly owing to increased revenue during 2009 – 2010.

Net Profit, as restated – Principally, for the reasons discussed above, our net profit, as restated increased to Rs.1526.44 lacs in financial year 2009 – 2010 from Rs.73.86 lacs during financial year 2008 – 2009, an increase of Rs.1452.58 lacs, or 1966.67%. Our profit after taxation as a percentage of total income was 42.21% in 2009 - 2010 compared with 4.28% in 2008 - 2009.

Year ended March 31, 2009 compared with Year ended March 31, 2008.

Our total income decreased to Rs.1727.11 lacs in 2008 – 2009 from Rs.3955.35 lacs in 2007 – 2008 showing a decrease of Rs.2228.24 lacs, or 56.33%. This was primarily due to unfavourable global economic environment, stringent liquidity conditions and insufficient credit availability.

Fees from financial services – Our fees from financial services decreased to Rs.1602.28 lacs in 2008 – 2009 from Rs.3678.88 lacs in 2007 – 2008 recording a decrease of Rs.2076.60 lacs or 56.45%. This was primarily due to insufficient credit availability and global economic crisis.

Other Income – Other Income decreased to Rs.124.83 lacs during 2008 – 2009 from Rs.276.47 lacs during 2007 – 2008 showing a decline of Rs.151.64 lacs or 54.85%. It was mainly due to reduction in Bank FD interest and there was a one time income of Rs.38.12 lacs during 2007 – 2008 as Profit on sale of current investments.

Expenditure

Our total expenditure decreased to Rs.1483.51 lacs during 2008 - 2009 from Rs.2196.60 lacs during 2007 – 2008 showing a decrease of Rs.713.09 lacs or 32.46% mainly due to reduction in financial consultancy charges.

Financial Consultancy Charges – The financial consultancy charges decreased to Rs.31.71 lacs during 2008 – 2009 from Rs.1124.26 lacs during 2007 – 2008 recording a decrease of Rs.1092.55 lacs or 97.18%. It was mainly due to drastic reduction in fees paid for financial services utilised and reduced dependency on our associates for sourcing / execution of proposals.

Employee remuneration and benefits – The expenditure under this head increased to Rs.800.39 lacs during 2008 – 2009 from Rs.562.81 lacs during 2007 – 2008 showing an increase of Rs.237.58 lacs or 42.21% on account of hiring of additional staff in our Company.

Administrative and General Expenses – The expenditure under this head increased to Rs.651.41 lacs during 2008 - 2009 from Rs.509.53 lacs during 2007 - 2008 recording an increase of Rs.141.88 lacs or 27.85%. The major components of our administrative and general expenses are set forth below –

Rent increased by 139.66% from Rs.41.39 lacs in 2007 - 2008 to Rs.99.20 lacs in 2008 - 2009.

Travelling & Conveyance expenses increased by 5.89% from Rs.175.96 lacs during 2007 – 2008 to Rs.186.32 lacs during 2008 - 2009.

Expenditure on Advertisement and Business Promotion decreased by 63.68% to Rs.28.64 lacs during 2008 – 2009 from Rs.78.86 lacs during 2007 – 2008.

Expenditure on Legal and Professional fees increased by 806.72% from Rs.3.55 lacs during 2007 – 2008 to Rs.32.18 lacs during 2008 – 2009.

Miscellaneous Expenses decreased to Rs.15.09 lacs during 2008 – 2009 from Rs.40.90 lacs during the 2007 – 2008.

Interest and Finance Charges – Our interest and finance charges increased by Rs. 31.27 lacs or 1137.09% from Rs.2.75 lacs during 2007 – 2008 to Rs.34.02 lacs during 2008 – 2009. This was primarily due to availment of Loan against property which resulted in increased interest outgo.

Profit before taxation – Primarily for the reasons discussed above, our Profit before taxation decreased to Rs.183.30 lacs in 2008 - 2009 from Rs.1736.85 lacs in 2007 – 2008, recording a decrease of Rs.1553.55 lacs or 89.45%. Our Profit before Tax as a percentage of total income was 10.61% during 2008 – 2009 as against 43.91% during 2007 – 2008.

Provision for taxation – Our provision for taxes (Including Deferred Tax and Fringe Benefit tax) decreased to Rs.142.96 lacs during 2008 – 2009 as against Rs.510.28 lacs during 2007 – 2008, a decrease of 367.32 lacs or 71.98%. This was mainly owing to decreased revenue during 2008 - 2009.

Net Profit, as restated – Principally, for the reasons discussed above, our net profit, as restated decreased to Rs.73.86 lacs in financial year 2008 – 2009 from Rs.1176.51 lacs during financial year 2007 – 2008, a decrease of Rs.1102.65 lacs, or 93.72%. Our profit after taxation as a percentage of total income was 4.28% in 2008 - 2009 compared with 29.74% in 2007 - 2008.

SOURCES OF LIQUIDITY

Cash Flows

The table below sets forth our Cash Flows for the periods indicated.

(Rs. In Lacs)

| Particulars | For the year ended March 31 | | |
|--|-----------------------------|----------|-----------|
| | 2010 | 2009 | 2008 |
| Net cash from / (used in) operating activities | 137.87 | (629.74) | 1292.88 |
| Net cash from / (used in) investing activities | 218.90 | (133.55) | (1159.75) |
| Net cash from / (used in) financing activities | (285.06) | 564.49 | (143.88) |
| Net increase / (decrease) in cash and cash equivalents | 71.71 | (198.80) | (10.75) |

Cash Flows from / (Used in) Operating Activities –

Our net cash from operating activities for the year ended March 31, 2010 was Rs.137.87 lacs and the operating profit before working capital changes for that year was Rs.2067.39 lacs. The difference was mainly attributable to increase in trade and other receivables, decrease in trade and other payables and Direct taxes paid.

Our net cash from operating activities for the year ended March 31, 2009 was Rs. (629.74) lacs, although our operating profit before working capital changes for that year was Rs.241.63 lacs. The difference was mainly attributable to decrease in trade and other receivables, decrease in trade and other payables and Direct taxes paid.

Our net cash from operating activities for the year ended March 31, 2008 was Rs.1292.88 lacs and the operating profit before working capital changes for that year was Rs.1479.76 lacs. The difference was mainly attributable to increase in trade and other receivables, increase in trade and other payables and Direct taxes paid.

Cash Flows from / (Used in) Investing Activities –

Our net cash from investing activities for the year ended March 31, 2010 was Rs.218.90 lacs. Our net cash used in investing activities during this period reflects the purchase of various fixed assets for Rs.101.16 lacs and placement of Fixed Deposits of Rs.75.94 lacs. The cash inflow from investing activities was mainly on account of recovery of loans & advances and interest income to the tune of Rs.287.71 lacs and Rs. 98.65 lacs respectively.

Our net cash used in investing activities for the year ended March 31, 2009 was Rs.133.55 lacs. Our net cash used in investing activities during the period reflects purchase of various fixed assets for Rs.90.41 lacs, purchase of certain investments for Rs.288.20 lacs and placement of Fixed Deposits of Rs.226.13 lacs which were offset by Rs.355.03 lacs as recovery of loans & advances, Rs. 11.50 lacs as dividend income on investments and Rs. 103.32 lacs as interest received.

Our net cash used in investing activities for the year ended March 31, 2008 was Rs.1159.75 lacs. Our net cash used in investing activities during the period reflects purchase of various fixed assets for Rs.170.61 lacs, purchase of certain investments for Rs.205.48 lacs and placement of Loans & Advances of Rs.1039.34 lacs, Rs. 27.98 lacs as dividend income on investments and Rs. 207.82 as interest received.

Cash Flows from / (Used in) Financing Activities –

Our net cash used in financing activities for the year ended March 31, 2010 was Rs.285.06 lacs. This cash flow reflects the repayments of secured / unsecured borrowings of Rs.167.26 lacs, interest paid of Rs.73.80 lacs and refund of share application money of Rs.44.00 lacs received earlier.

Our net cash generated from financing activities for the year ended March 31, 2009 was Rs.564.49 lacs. This cash flow reflects the availment of secured / unsecured borrowings of Rs.553.46 lacs, increase in minority interest of Rs. 199.50 lacs and refund of share application money of Rs. 156.00 lacs.

Our net cash used in financing activities for the year ended March 31, 2008 was Rs.143.88 lacs. This cash flow reflects the receipt of share application money of Rs. 200.00 lacs, repayments of secured / unsecured borrowings of Rs.154.24 lacs and payment of interest of Rs. 1.08 lacs, decrease in minority interest of Rs. 188.56 lacs .

Financial Condition

Tangible Fixed Assets – Our total tangible fixed assets after depreciation were Rs.681.64 lacs as at March 31, 2010. Our fixed assets consist of Office building, office equipments, Furniture and Fixtures, Computers and vehicles.

Investments – Our Investments were Rs.650.80 lacs as at March 31, 2010 which comprises of mainly Long Term Investments.

Current Assets, Loans and Advances – Our Current Assets, Loans and Advances as at March 31, 2010 were Rs.2967.59 lacs which comprises of receivables from Sundry Debtors, cash and bank balances and Loans and advances.

Sundry Debtors – Our receivables from Sundry Debtors as at March 31, 2010 were Rs.1740.69 lacs.

Cash and Bank balances – Our cash and bank balances as at March 31, 2010 were Rs.454.41 lacs.

Loans & Advances – Our loans and advances as at March 31, 2010 were Rs.772.49 lacs.

Liabilities and Provisions – Our total liabilities and provisions as at March 31, 2010 were Rs.798.54 lacs. Our liabilities and provisions comprise Secured Loans and Current liabilities and provisions in the amounts set forth below.

Secured Loans – Our secured loans as at March 31, 2010 were Rs.488.23 lacs. Secured Loans comprise of long term loans from Banks / Financial Institutions including vehicle loans.

Current Liabilities and Provisions – Our Current Liabilities and Provisions as at March 31, 2010 were Rs.310.31 lacs. Our current liabilities include Sundry Creditors, advance from customers and other liabilities. Provisions as at March 31, 2010 were Rs.37.04 lacs towards Provision for Gratuity and Leave Encashment.

Information required as per Item (2)(IX)(E)(5) of Part A of Schedule VIII to the SEBI Regulations:

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

2. Significant economic changes

Our Company’s operations are dependent on the general economic conditions and any changes in economic conditions such as increase in fuel cost, hike in inflation rate and slowing down of economic growth etc. may have an adverse impact on the entire industry and consequently on our operations.

3. Known trends or uncertainties

Except as described in “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in the Draft Red Herring Prospectus, our Company believes there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

4. Future relationship between cost and income

Except as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors that will have a material adverse impact on our Company’s operations and finances.

5. New Products or business segments

Other than as described in “Our Business” in this Draft Red Herring Prospectus, our Company is not planning to introduce any new products or business segments.

6. Total turnover of each major industry in which our Company operates

Our Company operates in only one Industry Segment i.e. Financial Services.

7. Seasonality of business

Our Company’s business / level of operations are not seasonal in nature.

8. Dependence on single or few clients

Our Company’s operations are not dependent on a particular client or group of clients.

9. Competitive conditions

Our Company operates in a competitive environment. For further details please refer to “Risk Factors”, “Industry Overview” and “Our Business” on page XII, 61 and 70 respectively for further details on competition.

FINANCIAL INDEBTEDNESS

The total outstanding amount as on 31 August 2010 with respect to our financial borrowings was Rs. 5,43,78,210 (Rupees Five crores forty three lakhs seventy eight thousand two hundred and ten) as secured loans. There are no unsecured borrowings in our Company. Set forth below is a brief summary of our current significant outstanding financing arrangements.

A. Secured Loans:

| Sr. No. | Lender(s) | Details | Nature of facility | Amount outstanding on 31 August 2010 (in Rs.) | Repayment Schedule | Rate of Interest | Security |
|---------|---------------------------------------|---------------------------------------|---|---|--|---|--|
| 1 | Standard Chartered Bank | Sanction Letter dated 1 November 2008 | Business Instalment Loan of Rs. 30,00,000 | 14,53,730 | 36 monthly installments of Rs 1,09,968 | 18.99% p.a. | Mr. KC Gupta and Mr. Ravi Gupta guarantee, <i>vide</i> a personal guarantee, repayment of outstanding loan amount on demand by the lender along with interest. |
| 2 | ICICI Home Finance Co. Ltd. ("ICICI") | Sanction Letter dated 31 July 2008 | Housing Loan of Rs. 4,85,00,000 | 4,35,64,887 | 120 monthly installments | 15.50% floating, adjustable rate of interest (ICICI PLR – Margin of 1%) Current interest rate of 13.75% p.a. | Mortgage on the premises situated at Office No. 404,405,406, 4 th Floor, Pramukh Plaza, Cardinal Gracious Road, CTS No. 485, Chakala, Andheri East, Mumbai. |

B. Unsecured Loans:

Nil

C. Loans availed from Promoters/Group Companies:

Nil

D. Auto Finance Loans:

| S. No. | Lender(s) | Details | Nature of facility | Amount outstanding on 31 August 2010 (in Rs.) | Repayment Schedule | Rate of Interest | Security |
|--------|------------------------------|--------------------------------------|--|---|---|---------------------------------|---|
| 1. | Kotak Mahindra Prime Limited | Auto Finance Loan Agreement dated 29 | Auto Loan amounting to Rs. 12,51,210 for the | 11,48,725 | 35 equal monthly instalments of Rs. 40,790 each | Fixed interest rate of 18% p.a. | Hypothecation of vehicle in favour of the lender. |

| S. No. | Lender(s) | Details | Nature of facility | Amount outstanding on 31 August 2010 (in Rs.) | Repayment Schedule | Rate of Interest | Security |
|--------|-------------------|---|---|---|---|---------------------------------|---|
| | | April 2010 | purchasing Honda Civic Vehicle.* | | | | Promissory note of the value of the total EMIs less the advance instalments to be issued by the Company. |
| 2. | HDFC Bank Limited | Auto Finance Loan Agreement dated 13 January 2009 | Auto Loan amounting to Rs. 16,27,000 for the purchasing Honda Accord Vehicle. | 11,90,675 | 60 equal monthly instalments of Rs. 37,421 each | Fixed interest rate of 14% p.a. | Hypothecation by way of first and exclusive charge on the vehicle. Endorsement on the registration certificate from the concerned registering authority. |

* Mr. Kailash Chandra Gupta is a co-borrower along with the Company.

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings, statutory and other notices or tax liabilities by or against our Company, our Subsidiary or our Directors or our Promoter or our Group Companies and there are no defaults, non-payment or over dues 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, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, Group Companies, Directors.

Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company:

1. *Cases against our Company*

Nil

2. *Cases where penalty was levied upon our Company in the past*

2.1 **Blend Financial Services Limited vs. Registrar of Companies, Maharashtra (Company Petition No. 17/141/CLB/MB/2009) (Company Law Board, Mumbai Bench)**

On 14 November 2008, the Company filed the above company petition before the Company Law Board praying for condonation of the said delay of 48 days with regard to filing Form 8 with the RoC and issue of directions to the RoC for acceptance of the said Form 8.

On 31 July 2008, at the request of our Company, ICICI Home Finance Company Limited (“**ICICI**”) had sanctioned a loan of Rs.4,85,00,000 (Rupees Four crore eighty five lakhs) by deposit of title deeds, thereby creating a fresh charge on the property of the Company. On account of creation of the charge, the Company was required to file Form 8 along with other relevant documents with the Registrar of Companies, Mumbai, Maharashtra (“**RoC**”) within 30 days of its creation. On account of an oversight, our Company was unable to file the particulars of the charge in Form 8 with the RoC within the prescribed period. On the error being noticed, on 17 October 2008, the Form 8 was duly filed with the RoC, resulting in a delay of 48 days.

The Company Law Board vide its order dated 13 January 2009 (“**Order**”) condoned the said delay subject to the Company paying a cost of Rs.1,000 (Rupees One thousand) upon the Company filing a copy of the said Order with the RoC within 60 (Sixty) days from the date of its issue. The Company has filed the said order on 29 January 2009 and paid the sum of Rs. 1,000 on 3 February 2009.

3. *Cases filed by our Company*

3.1 **Blend Financial Services Private Limited vs. Banyan & Berry Alloys Limited, Mr. Arun Verma, Mr. Virendra Garg, Mr. Iswarbhai Patel (“Accused”) under Section 138 read with Section 142 of the Negotiable Instruments Act, 1881 and Section 420 of the Indian Penal Code, 1860 (Criminal Case No. 1216/SS/2008) (Before the Learned Metropolitan Magistrate at 12th Court at Bandra, Mumbai)**

On 25 February 2008, our Company filed the above criminal complaint against the Accused alleging dishonour of a cheque dated 14 January 2008 for an amount of Rs. 9,00,000 (Rupees Nine lakhs) (“**Cheque**”) towards professional fees of the Company.

It was alleged that the Company had provided professional/ syndication services to the Accused for a fee of Rs. 24,00,000 (Rupees Twenty four lakhs). It was further alleged that the Accused had issued a debit note dated 18 September 2007 partly discharging its liability towards the Company’s fees and had drawn the Cheque towards balance payment of the Company’s fees. The Company also alleged that the Cheque was deposited by the Company and that the same was returned by the Company’s bank due to

insufficient funds in the bank account of the Accused. The matter is currently pending before the Learned Metropolitan Magistrate at 12th Court at Bandra, Mumbai.

3.2 Blend Financial Services Private Limited (“Company”) vs. M/s Corporate Media Advertising Private Limited (“Defendant”) [Summary Suit No. 2266 of 2010] [In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction]

On 2 August 2010, our Company filed the above summary suit against the Defendant alleging dishonour of a cheque dated 2 May 2009 amounting to Rs.50,00,000 (“Cheque”) towards final payment of the loan obtained by the directors of the Defendant from the Company.

The Company has stated in its plaint that it had advanced a loan of Rs. 75,00,000 (Rupees Seventy five lakhs) to the Defendant in December 2007 (“Loan”). The Company has further stated that the Defendant had repaid a sum of Rs. 25,00,000 (Rupees Twenty five lakhs) on 7 June 2008 partly discharging its liability towards the Company. Thereafter, the Defendant issued two cheques dated 21 August 2008 and 30 October 2008 for a sum of Rs. 5,00,000 (Rupees Five lakhs) each, towards the interest of the loan along with the Cheque towards the pending principal amount. The Company also stated that the Cheque was deposited and the same was returned by the Company’s bank due to a “stop payment” instruction. The Company agreed not to initiate criminal prosecution against the Defendant on the assurance given by the directors of the Defendant to repay the pending Loan amount. However, the Defendant has failed to repay the dues despite reminders by our Company.

Pursuant to the above, the Company preferred the present summary suit and the suit is pending before High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction.

3.3 Blend Financial Services Limited vs. Assistant Commissioner of Income Tax, Appeal No. CIT(A)18/AC(OSD) 8(3)/IT 733/09-10 under Section 246 of the Income Tax Act, 1961 filed before the Commissioner of Income Tax (Appeals)

On 29 December 2009, the Assistant Commissioner of Income Tax passed an assessment order under Section 143(3) of the Income Tax Act, 1961 for the assessment year 2007-2008, determining Rs. 1,47,59,078 (Rupees One crore forty seven lakhs fifty nine thousand and seventy eight) as the tax payable by the Company (“Order”) along with a notice of demand demanding payment of the said amount (“Notice”).

Aggrieved by the Order and the Notice, on 25 January 2010 the Company preferred the above appeal under Section 246 of the Income Tax Act, 1961 and the matter is pending before the Commissioner of Income Tax (Appeals).

4. Cases involving our Directors

As Mr. Kailash Chandra Gupta is also a promoter of our Company, the details of cases involving him have been set out under the head ‘Cases involving Promoters’ below.

5. Cases involving Promoters

5.1 First Information Report (FIR) dated 1 October 2008 lodged by Mr. Kailash Chandra Gupta at Kotputali Police Station, Jaipur Rural

On 1 October 2008, a First Information Report (FIR) has been lodged by Mr. Kailash Chandra Gupta (“Complainant”) at Kotputali Police Station, Jaipur Rural against Mr. Lakhmichand Panchal and Mrs. Pooja Lakhmichand Panchal and others (“Accused”) alleging trespassing and causing damage to the property of the Complainant and stealing from the property certain equipments belonging to the Complainant. The matter is under investigation.

6. Cases involving Group Companies

6.1. Ambuja Trading Services Private Limited (“Ambuja”)

Ambuja Trading Services Private Limited vs. The Deputy Commissioner of Income Tax, Circle 10, Kolkata, Appeal no. 872/XII/Cir 10/09-10 before the Commissioner of Income Tax (Appeals)-XII/ Kolkata.

On 30 December 2009, the Deputy Commissioner of Income Tax, Circle 10, Kolkata (“Deputy Commissioner”) passed an assessment order under Section 143(3) of the Income Tax Act, 1961 for the assessment year 2007-08 disallowing the interest and the dividend under Section 14A/Rule 8D and determining the tax liability of the Company to be Rs. 2,74,878 (Rupees Two lakhs seventy four thousand eight hundred seventy eight). Thereafter, on 31 December 2009, the Deputy Commissioner

issued a notice of demand under Section 156 of the Income Tax Act, 1961 to Ambuja demanding payment of the said amount as tax liability (“**Notice**”).

Aggrieved by the order of the Deputy Commissioner, on 8 January 2010 the Company preferred the above appeal under Section 246(a) of the Income Tax Act, 1961 and the matter is pending with the Commissioner of Income Tax (Appeals) - XII/ Kolkata.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for its present business and except as mentioned below, no further approvals are required for carrying on the Company's present business.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities. We will also apply to the concerned governmental authorities for approvals as required to be obtained to continue our activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

Approvals in relation to the Issue

1. The Board of Directors of the Company has, pursuant to resolutions passed at its meetings held on 10 September 2010 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders have, pursuant to a resolution dated 16 September 2010, under Section 81(1A) of the Companies Act, authorised the Issue.
3. The Board has, pursuant to a resolution dated 10 September 2010 formed a committee of its Directors, referred to as the IPO Committee, which has been authorized by the Board and authorised by a resolution of the shareholders dated 16 September 2010 to execute and perform all necessary deeds, documents, assurances, acts and things in connection with the Issue on behalf of the Board.
4. The Board had approved and authorized this Draft Red Herring Prospectus pursuant to its resolution dated 18 September 2010. The IPO Committee had approved and authorized this Red Herring Prospectus pursuant to its resolution dated [●]. The IPO Committee had approved and authorized this Prospectus pursuant to its resolution dated [●].
5. In-principle approval from the BSE dated [●].
6. In-principle approval from the NSE dated [●].
7. The Company has also obtained necessary contractual approvals required for the Issue.

Approvals for the Company's business

The Company requires various approvals to carry on its business in India. The approvals that the Company requires include the following.

a) *Tax-Related and Other Approvals*

| Sr. No. | Approval | Particulars | Issuing Authority | Date of Issue | Valid up to |
|---------|--|--------------------------------------|---|-----------------|-------------|
| 1. | PAN | AAACB6024C | Income Tax Department of Government of India | 4 December 1997 | NA |
| 2. | TAN | MUMB09248B | Office of Deputy Commissioner, Income Tax, (TDS) – II, Mumbai | 8 March 2002 | NA |
| 3. | Certificate of Registration of Company with Central Excise Department for Payment of Service Tax on Business Auxiliary Service | Registration No. MIV/ST/BAS/221/2004 | Superintendent, Office of the Deputy/ Asst. Commissioner of Central Excise, Service Tax, Mumbai-IV | 15 April 2004 | NA |
| 4. | Certificate of Registration of Service Tax Code | Registration No. AAAB6042CST001 | Assistant Commissioner, Office of the Assistant Commissioner of Service Tax, Division III, Mumbai Commissionerate | 26 March 2004 | NA |

| | | | | | |
|----|--|---|---|--|----|
| 5. | Code under the Employees' Provident Fund Organisation for 21 employees. | Code No. M.H/BAN/48380 | Regional Provident Fund Commissioner, Maharashtra | 17 August 2006 | NA |
| 6. | Certificate of Registration under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act | Registration No. PT/R/1/1/28/12072 | Sales Tax Officer, Registration Branch, Mumbai | 3 December 2001 w.e.f. 1 October 2001 | NA |
| 7. | Certificate of Enrolment under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act | Registration No. PT/E/1/1/28/18/3112 | Profession Tax Officer, Enrolment Registration Branch, Mumbai | 19 November 2001 | NA |

b) Approvals for our business

| Sr. No. | Approval | Particulars | Issuing Authority | Date of Issue | Valid up to |
|---------|---|---------------------------------------|---|------------------|------------------------|
| 1. | Registration Certificate of Establishment under Bombay Shops and Establishments Act for office located at Premises No. 109, 1 st Floor, Rizvi Chambers, Hill Road Bandra (West), Mumbai – 400050 | Registration No. HW005866 | Inspector, Office of the Inspector under Bombay Shops and Establishments Act | 25 April 2006 | 31 December 2011 |
| 2. | Registration Certificate of Establishment under Bombay Shops and Establishments Act for office located at Premises No. 404/405/406 on the 4 th floor, Pramukh Plaza building, "C" Wing, Chakala, Andheri (East), Mumbai 400099 | Registration No. 760134333 | Inspector, Office of the Inspector under Bombay Shops and Establishments Act | 19 March 2010 | 31 December 2012 |
| 3. | Registration Certificate of Establishment by Government of Karnataka- Department of Labour for the branch office located at F1, Ground Floor, premises no. 55/1, 15 th Cross, East Park Road, Malleswaram, | Registration No6/Va.So./1396/200 8 | Inspector, Office of the Inspector, Government of Karnataka- Department of Labour | 17 April 2008 | 31 December 2012 |

| Sr. No. | Approval | Particulars | Issuing Authority | Date of Issue | Valid up to |
|---------|---|--------------------------------------|---|-------------------|-------------------|
| | Bangalore – 560055 | | | | |
| 4. | Registration Certificate of Establishment under Bombay Shops and Establishments Act for office located at 101, 3 rd Floor, Paradise Plaza, 911/912, Synagogue Street, Pune - 411001 | Registration No. Commercial/II/28837 | Office of the Inspector under Bombay Shops and Establishments Act | 22 June 2009 | 15 December 2010 |
| 5. | Registration Certificate of Establishment - Government of National Capital Territory of Delhi- Department of Labour for branch office located at Flat No. 1402/1403, Vikram Tower, 16 Rajendra Palace, New Delhi - 110008 | Registration No. 2010015775 | Department of Labour | 12 May 2010 | NA |
| 6. | Registration Certificate of under West Bengal Shops and Establishment Act, 1963 for branch office located at office space No. 22, 2 nd floor, 9 Magoelane, Kolkata – 700001 | KOL/HAREFP-II/47105 | Office of the registration authority under the West Bengal Shops and Establishment Act, 1963, Government of West Bengal | 17 September 2010 | 16 September 2013 |
| 7. | Registration Certificate of Establishment (Blend Financial Services Limited) for branch office located at 205, Iscon Plaza, Near Nima Bunglows, Opp. Star India Bazaar, Satellite Road, Ahmedabad – 380015 | PII/EL/05/0002156 | Deputy Municipal Commissioner, Ahmadabad Municipal Corporation, Shops and Establishments Department | 27 August 2010 | 31 December 2010 |

F. Pending Approvals

1. *Our Company has applied for the following Certificates of Registration under Section 23(2) of the Trade Marks Act, 1999 read with Rule 62(1) of Trade Marks Rules:*

| Sr. No | Trade Mark Number | Application Date | Mark Protected | Class |
|--------|--------------------|------------------|----------------|-------|
| 1 | Application Number | 24 May 2010 | Blend | 36 |

| | | | |
|--|---------|--|--|
| | 1977760 | | |
|--|---------|--|--|

2. *Our Company has applied for renewal of the Shops and Establishments registration for its Hyderabad Branch details of which are as under:*

| Sr. No. | Approval | Issuing Authority | Date of Application |
|----------------|---|---|----------------------------|
| 1. | Registration Certificate of Establishment (Blend Financial Services Limited) for the branch office located at Flat No. 103, Nirmal Towers, Dwarkapuri Colony, Panjagutta, Hyderabad – 500082 | Greater Hyderabad Municipal Corporation | 14 January 2010 |
| 2. | Registration Certificate of Establishment (Blend Financial Services Limited) for branch office located at office space No. 22, 2 nd floor, 9 Magoe lane, Kolkata – 700001(Trade License) | Kolkata Municipal Corporation | 7 May 2010 |

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by the resolution of our Board at their meeting held on 10 September 2010. The shareholders have authorized the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the Extra Ordinary General Meeting of our Company held on 16 September 2010.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited has given in-principle approval for the Issue on [●] and [●] respectively. [●] is the Designated Stock Exchange.

Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Directors, our Promoters, the Promoter Group, Group Companies or the person(s) in control of the Company have not been prohibited from accessing or operating in the capital markets. Further Our Company, our Directors, our Promoters, the Promoter Group or the person(s) in control of the Company have not been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of the Company are or were associated as promoters, 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 the RBI or any other regulatory or governmental authority.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same. Neither our Company, Directors, our Promoters and the relatives of the Promoters (as defined under the Companies Act), have been identified as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 300 Lakhs in each of the preceding three full years of which not more than 50% is held in monetary assets;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years;
- Our Company has a net worth of at least Rs. 100 Lakhs in each of the three preceding full years;
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year;
- Our Company has not changed its name in the last fiscal year.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, we undertake that the number of Allottees in the Issue shall be least 1,000. Otherwise the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

This Offer is being made through the Book Building Process wherein up to 50% of the Net Issue is available for allocation to QIBs. Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which at least one-third will be available for allocation to Mutual Funds only. For further details, see the Section "Issue Procedure" on page 214. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event demand from Mutual Funds is greater

than 73,762 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. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, up to 35,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, excluding the Employee Reservation Portion, would be met with spill-over from other category, at the sole discretion of our Company, in consultation with the Book Running Lead Managers. Under-subscription, if any, in the Employee Reservation Portion will be added back to 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 Employee Reservation Portion subject to the Net Issue constituting at least 10% of the Issue size.

In terms of the certificate issued by M/s. Suresh Surana and Associates, Chartered Accountants, dated 18 September 2010, our Company satisfies the aforementioned eligibility criteria as follows. The Company's net tangible assets, monetary assets, net profit and net worth derived from our Audit Report for the last five years ended 31 March 2010 are set forth below:

(Rs. In Lakhs)

| | 31 March 2010 | 31 March 2009 | 31 March 2008 | 31 March 2007 | 31 March 2006 |
|--|------------------|------------------|------------------|------------------|------------------|
| Net Tangible Assets (3) | 2704.57 | 2410.99 | 1835.47 | 787.57 | 94.23 |
| Monetary Assets (4) | 389.05 | 247.18 | 409.62 | 450.16 | 19.85 |
| Monetary Assets as a Percentage of Net Tangible Assets | 14.38% | 10.25% | 22.32% | 57.17% | 21.07% |
| Distributable Profits (1) | 488.60 | 171.45 | 1023.89 | 467.39 | 22.11 |
| Net Worth, as restated (2) | 2212.76 | 1724.16 | 1552.71 | 514.98 | 51.43 |

(1) Distributable profits' have been defined in terms of Section 205 of the Companies Act

(2) Networth has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditure, if any.

(3) Net tangible assets means the sum of all new assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

(4) Monetary assets comprise of cash and bank balances and current investments in mutual funds.

Compliance with Part A of Schedule VIII of the ICDR Regulations

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE 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 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 THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 18 SEPTEMBER 2010 WHICH READS AS FOLLOWS:

“WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- A. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE ISSUE.
- B. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS, AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - a. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE 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.
- C. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
- D. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- E. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
- F. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

- G. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE**
- H. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- I. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE 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 ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
- J. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.**
- K. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED 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.**
- L. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
- a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, AND**
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- M. 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.**
- N. 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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**
- O. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."**

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory 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 the Draft Red Herring Prospectus.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Mumbai, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGERS

The Company, the Directors and the Book Running Lead Managers accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website www.blendfinance.com or the website of our Subsidiary or the website of our Promoter, any Group Entity, any member of the Blend Group or any other affiliate of our Company would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriters and our Company dated [●].

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a Section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company, its Directors and officers nor any Member of the Syndicate are liable for any failure in downloading 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, 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 and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) and to Eligible NRIs and FIIs as defined under the Indian Laws and other eligible foreign investors (i.e., FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Mumbai, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby 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 shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein 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 of 1933, (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The BSE has given *vide* its letter dated [●], permission to the Company to use the Exchange’s name in the Draft Red Herring Prospectus as one of the stock exchange on which this Company’s securities are proposed to be listed. The BSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on the BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given *vide* its letter dated [●] permission to the Issuer to use NSE’s name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company’s securities are proposed to be listed. The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Draft Red Herring Prospectus, along with documents to be filed under Section 60 of the Act, would be delivered for registration to the Registrar of Companies located at 100, Everest, Marine Lines Mumbai- 400002, Maharashtra.

Listing

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The [●] shall be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company 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 8 days after the day from which the Issuer becomes liable to repay it or within 70 days from the Bid/ Issue Closing Date, whichever is earlier, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 12 Working Days of finalisation of basis of Allotment for the Issue.

Consents

The written consents of the Promoters, the Directors, the Company Secretary and Compliance Officer, the Auditor, the legal advisors, the Book Running Lead Managers, the Syndicate Member, the Registrar to the Issue, the Underwriter and the Bankers to the Company to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with RoC and have agreed that such consents have not been withdrawn up to the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

M/s. Suresh Surana & Associates, Chartered Accountants, our statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Prospectus for registration to the Registrar of Companies.

M/s. Suresh Surana & Associates, Chartered Accountants have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and will not withdrawn such consent up to the time of delivery of the Prospectus for registration with the Registrar of Companies.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for the inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] Lakhs. The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the Book Running Lead Managers to the Issue and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

| Particulars | Amounts* | As percentage of total expenses | As a percentage of Issue size |
|---|----------|---------------------------------|-------------------------------|
| Lead management fees | [●] | [●] | [●] |
| Registrar to the Issue | [●] | [●] | [●] |
| Advisors | [●] | [●] | [●] |
| Bankers to the Issue | [●] | [●] | [●] |
| Underwriting commission, brokerage and selling commission | [●] | [●] | [●] |
| Others: | [●] | [●] | [●] |
| - Printing and stationery | [●] | [●] | [●] |
| - Listing fees | [●] | [●] | [●] |
| - Advertising and marketing expenses | [●] | [●] | [●] |

| | | | |
|--------------------------------|-----|-----|-----|
| - IPO Grading Fees | [●] | [●] | [●] |
| - Others | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

**Would be incorporated post finalization of Issue Price*

Fees payable to the BRLMs and the Members of the Syndicate

The total fees, brokerage and selling commissions payable to the BRLMs and Members of the Syndicate (including underwriting commission and selling commission) will be as per their respective engagement letters issued by our Company, copies of which are available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed between the Company and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Previous public or rights issues

Our Company has not made any public or rights issue since its inception.

Previous issue of shares otherwise than for cash

Please refer to the Section titled 'Capital Structure' and 'History and Certain Corporate Matters' beginning on pages 24 and 84 respective of this Draft Red Herring Prospectus for details of shares issued otherwise than for cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Outstanding debentures or bond issues

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding debentures or has made any bond issue.

Outstanding Preference Shares

As on the date of filing this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1) (b) of the Companies Act which made any capital issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue during the last three years.

Partly Paid-Up Shares

There are no partly paid-up equity shares of our Company.

Promises v. Performance

Our Company has not made any public or rights issue since its inception. None of our Group Companies, associates and subsidiaries of the Company have made any public issue since their respective dates of inception.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data

This being the first public issue of the equity shares of our Company, the equity shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievance

The MoU between the Registrar to the Issue and our Company entered on 13 September 2010 provides for retention of records with the Registrar to this Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, DP ID and the name of the Depository Participant and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA BCAF was submitted by the ASBA Bidders.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. The Company has also constituted an Investors' Grievance Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has appointed Mr. Anand Goyal, as the Compliance Officer and he may be contacted at ipo@blendfinance.com, Tel: +91 22 6777 0000, Fax: +91 22 6777 0019, Email: ipo@blendfinance.com for redressal of any complaints.

Changes in the Auditors during last three years and reasons thereof

| Sr.No. | Name of Auditor | Year | Reasons for change |
|---------------|----------------------------|-------------|---------------------------|
| 1. | Deloitte | 2008 | Resignation of R. Agarwal |
| 2. | R. Agarwal | 2009 | Resignation of Deloitte |
| 3. | Suresh Surana & Associates | 2010 | Resignation of R. Agarwal |

Capitalisation of reserves or profits during the last five years

Except as disclosed in the Section titled "Capital Structure" and "Financial Statements", there has been no capitalization of reserves or profits during the last five years.

Revaluation of assets during the last five years

There has been no revaluation of assets since incorporation.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, conditions of RBI approval, if any, the terms of the Red Herring Prospectus and Prospectus, Bid cum Application Form, ASBA BCAF, the Revision Form, ASBA Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allotees of the Equity Shares in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see the Section titled “Main Provisions of the Articles of Association” beginning on page 246 of this Draft Red Herring Prospectus.

Mode of payment of dividend

The Company shall pay dividends to its shareholders as per the provisions of the Companies Act and the Articles.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share.

Compliance with SEBI Regulations

The Company, to the extent applicable, shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the equity shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the Section titled “Main provision of the Articles of Association of the Company” beginning on page 246 of this Draft Red Herring Prospectus.

Market Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity

Share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please see Section titled “Issue Procedure” beginning on page 214 of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Mumbai, Maharashtra, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, 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 person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). 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 his or her death during the minority. A nomination shall stand rescinded upon 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 the Company’s Registered / Corporate Office or to the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such allotment 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 allot the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other 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 dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the company does not receive the minimum subscription of 90% of the Issue including devolvement of Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as prescribed under Section 73 of the Companies Act.

Further, in accordance with Clause 26(4) of the SEBI ICDR Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for disposal of odd lot

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in Section titled “Capital Structure” beginning on page 24 of this Red Herring Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. Anchor Investors, if any shall be locked in for a period of 1 month from the date of its Allotment. There are no restrictions on transfers of debentures except as provided in the Articles of Association. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please see Section titled “Main Provisions of the Articles of Association” beginning on page 246 of this Draft Red Herring Prospectus.

ISSUE STRUCTURE

Public Issue of 42,15,000 Equity Shares of face value of Rs. 10 each for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] lakhs and a reservation of 35,000 Equity Shares for Eligible Employees, comprising of an Issue of [●] Equity Shares (hereinafter referred to as the “Issue”).

The Issue will constitute 25.31% of the total post issue paid-up equity capital of the Company. The Issue is being made through the 100% Book Building Process:

| Particulars | Eligible Employees (including ASBA Bidders) | Qualified Institutional Bidders# | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| Number of Equity Shares* | Reservation of 35,000 Equity Shares | Not more than 21,07,500 Equity Shares or the Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders | Not less than 6,32,250 Equity Shares shall be available for allocation or the Net Issue less allocation for QIB Bidders and Retail Individual Bidders | Not less than 14,75,250 Equity Shares or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of the Issue Size available for allocation | 0.82% | Not more than 50% (of which 5% (excluding Anchor Investor Portion) shall be reserved for Mutual Funds) of the Net Issue or Net Issue less allocation to Non- Institutional Bidders and Retail Individual Bidders | Not less than 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of the Net Issue or the Net Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Basis of allocation, if respective category is oversubscribed | Proportionate | Proportionate (except for Anchor Investors) as follows: (a) 73,762 Equity Shares, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; (b) 14,01,488 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) | Proportionate | Proportionate |

| Particulars | Eligible Employees (including ASBA Bidders) | Qualified Institutional Bidders# | Non-Institutional Bidders | Retail Individual Bidders |
|--------------------|---|--|---|--|
| | | above | | |
| Minimum Bid | [●] Equity Shares | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 | Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 | [●] Equity Shares |
| Maximum Bid | Such number of Equity Shares not exceeding the Employee Reservation Portion | Not exceeding the size of the Issue subject to applicable limits | Not exceeding the size of the Issue subject to applicable limits | Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 100,000 |
| Mode of Allotment | Compulsorily in dematerialized form | Compulsorily in dematerialized form | Compulsorily in dematerialized form | Compulsorily in dematerialised form |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares. | [●] Equity Shares and in multiples of [●] Equity Shares. | [●] Equity Shares and in multiples of [●] Equity Shares. | [●] Equity Shares and in multiples of [●] Equity Shares. |
| Allotment Lot | [●] Equity Shares and in multiples of 1 Equity Share thereafter. | [●] Equity Shares and in multiples of 1 Equity Share thereafter. | [●] Equity Shares and in multiples of 1 Equity Share thereafter | [●] Equity Shares and in multiples of 1 Equity Share thereafter. |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply ** | Eligible Employees | Public financial institutions as defined in Section 4A of the Companies Act, FIs and Sub-Accounts (other than Sub- Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development | Resident Indian individuals, HUF (in the name of Karta), NRIs applying for an amount more than Rs. 1 lakh, companies, corporate bodies, scientific institutions, societies, trusts and eligible/permitted Sub-Accounts which are foreign corporates or foreign individuals. | Individuals (including NRIs and HUFs in the name of karta) |

| Particulars | Eligible Employees (including ASBA Bidders) | Qualified Institutional Bidders# | Non-Institutional Bidders | Retail Individual Bidders |
|------------------|---|--|---|---|
| | | corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India, eligible for bidding in this Issue. | | |
| Terms of Payment | <p>Bid Amount shall be payable at the time of submission of Bid cum Application Form.</p> <p>In case of ASBA Bidders, the relevant SCSB shall be authorised to block in the Bank Account the Bid Amount mentioned in the ASBA Form.</p> | <p>Bid Amount shall be payable at the time of submission of Bid cum Application Form.</p> <p>In case of ASBA Bidders, the relevant SCSB shall be authorised to block in the Bank Account the Bid Amount mentioned in the ASBA Form.</p> | <p>Bid Amount shall be payable at the time of submission of Bid cum Application Form.</p> <p>In case of ASBA Bidders, the relevant SCSB shall be authorised to block in the Bank Account the Bid Amount mentioned in the ASBA Form.</p> | <p>Bid Amount shall be payable at the time of submission of Bid cum Application Form.</p> <p>In case of ASBA Bidders, the relevant SCSB shall be authorised to block in the Bank Account the Bid Amount mentioned in the ASBA Form.</p> |
| Margin Amount | Full Bid Amount on bidding## | Full Bid Amount on bidding## | Full Bid Amount on bidding## | Full Bid Amount on bidding## |

The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see "Issue Procedure" beginning on page 214 of this Draft Red Herring Prospectus.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA BCAF.

* Subject to valid Bids being received at or above the Issue Price. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to QIBs. Our Company may allocate

up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from domestic Mutual Funds is less than 73,762 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 35,000 Equity Shares shall be available for allocation on a proportional basis to our Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, excluding the Employee Reservation Portion, would be allowed to be met with spill-over from other categories at the discretion of our Company, in consultation with the Book Running Lead Managers. Under-subscription, if any, in the Net Issue, would be allowed to be met with spill-over to the extent of under-subscription from the Employee Reservation Portion, subject to the Net Issue constituting at least 10% of the Issue size. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in QIBs, Non- Institutional and Retail Individual categories would be allowed to be met with spill-over inter-se from any other categories, at the sole discretion of our Company, BRLMs and subject to applicable provisions of SEBI Regulations.

*** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.*

The number of prospective Allottees of Equity Shares in this Issue shall not be less than 1,000.

Employee Discount

A discount of Rs [●] to the Offer Price determined pursuant to completion of the Book Building Process shall be offered to Eligible Employees (“**Employee Discount**”). Eligible Employees bidding at a price within the Price Band have to make payment based on their highest bid price option. Eligible Employees bidding at Cut-Off Price have to ensure payment at the upper end of the Price Band.

Eligible Employees should note that discount is not offered on application but on allotment. The excess amount paid on application would be refunded to such Bidders after Allotment along with any other refund, if any.

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, without assigning any reason thereof. In such an event the Company shall issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The Company shall also inform the same to stock exchanges on which the Equity Shares are proposed to be listed. In the event that the Company decides not to proceed with the Issue after Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, the Company shall file a fresh draft red herring prospectus with SEBI.

Bidding Period/Issue Period

| | |
|----------------------------|-------|
| BID/ISSUE OPENS ON | [●]* |
| BID/ISSUE CLOSES ON | [●]** |

**Our Company may consider participation by Anchor Investors in terms of the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/ Issue Opening Date.*

***Our Company may consider closing the Bidding by QIB Bidders 1(One) Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue period being for a minimum of 3 Working Days.*

Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall 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, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and (ii) 5.00 p.m. in case of Bids by Retail Individual Investors which may be extended to such time as may be permitted by BSE and NSE. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are requested to note that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids not uploaded in the book would be rejected. If such Bids are not uploaded, the Issuer, BRLMs, Members of the Syndicate and the SCSBs will not be responsible. Bids will be accepted only on Business Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA BCAF as stated herein and reported by the BRLMs to the Stock Exchange 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 Bid form, for a particular bidder, the details as per physical application form of that Bidder 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 Bidders, the Registrar to the Issue shall ask for rectified data from the SCSB.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision, subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall 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 BRLMs and the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

This Section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the 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 (other than ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated 6 April 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after 1 May 2010.

Book Building Process

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis out of which (excluding Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue would be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Further, 35,000 Equity Shares are reserved from the Issue for allocation on a proportionate basis to Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted only through the BRLMs or its affiliates. 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 shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Further, pursuant to the notification (no. LAD-NRO/GN/2010-11/03/1104) dated 13 April 2010, SEBI has provided that Anchor Investors shall pay, on application, the same margin amount, as is payable by other Bidders, and the balance, if any, within two days of the Bid/Issue Closing Date.

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a Syndicate Member for making a Bid in terms of this Draft 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. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate Member, the Bidder is deemed to have authorized us to make the necessary changes in this Draft 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

Note: Please provide your bank account details in the space provided in the application form and applications that do not contain such details shall be rejected.

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, | [•] |

| | |
|---|-----|
| excluding Eligible Employees in the Employee Reservation Portion | |
| Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | [•] |
| <i>ASBA Bidders</i> | |
| Resident ASBA Bidders | [•] |
| Non-resident ASBA Bidders | [•] |
| Anchor Investors* | [•] |
| Eligible Employees in the Employee Reservation Portion | [•] |

* Bid cum Application forms for Anchor Investors shall be made available at the offices of the BRLMs.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form. Only QIBs can participate in the Anchor Investor Portion.

Who can Bid?

1. Indian nationals resident in India who are not minors, majors, in single or joint names (not more than three);
2. 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;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs and sub-accounts registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of Rs. 2,500 lakhs and who are authorized under their constitution to invest in Equity Shares;
14. Pension funds a with minimum corpus of Rs. 2,500 lakhs and who are authorized under their constitution to invest in Equity Shares;
15. National Investment Fund;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their respective constitutions to hold and invest in Equity Shares;

17. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws;
18. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares;
19. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
20. Insurance funds set up and managed by army, navy or air force of the Union of India; and
21. Eligible Employees.

As per the existing regulations, OCBs are not eligible to participate in this Issue. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLMs and Syndicate Member

The BRLMs and the Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLMs and the Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

The BRLMs and any persons related to the BRLMs, the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids under the Anchor Investor Portion

Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in the Issue for up to 6,32,250 Equity Shares in accordance with the applicable SEBI Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- A. Anchor Investors shall be QIBs;
- B. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1000 Lakhs and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion.
- C. One-third of the Anchor Investor Portion (i.e., 2,10,750 Equity Shares) shall be reserved for allocation to Mutual Funds.
- D. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
 - (a) two, where the allocation under Anchor Investor Portion is up to Rs. 25,000 lakhs; and
 - (b) five, where the allocation under Anchor Investor Portion is more than Rs. 25,000 lakhs.
- E. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one day prior to the Bid Opening Date).
- F. Our Company shall, in consultation with the Book Running Lead Managers, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- G. Refund on account of rejection of Bids, if any, shall be made on the Anchor Investor Bidding Date.
- H. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the Book Running Lead Managers on or before the Bid Opening Date.

- I. Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of their Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount, shall be payable by the Anchor Investor within two days of the Bid Closing Date. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- J. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- K. Neither the Book Running Lead Managers, nor any person related to the Book Running Lead Managers, our Promoters, members of our Promoter Group or Group Companies, shall participate in the Anchor Investor Portion.
- L. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- M. The Anchor Investor Margin Amount cannot be utilised towards meeting the Margin Amount requirement towards a Bid in the Net QIB Portion.
- N. The instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident Anchor Investors: “Escrow Account – Blend Public Issue – Anchor Investor – R”
 - (b) In case of Non-Resident Anchor Investor: “Escrow Account – Blend Public Issue – Anchor Investor – NR”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in consultation with the Book Running Lead Managers in a one English language national newspaper and one Hindi language national newspaper and one Marathi language newspaper atleast two Working Days prior to the Bid Opening Date.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments 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 is greater than 73,762 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.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

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.

Application by Eligible NRIs

Bid cum Application forms have been made available for Eligible NRIs at the Registered Office of the Company, with the members of the Syndicate and the Registrar to the Issue.

Eligible NRIs should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident

Ordinary (NRO) accounts should use the form meant for Resident Indians and not use the forms meant for reserved category.

Application 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 the post-Issue paid-up capital of the Company. In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date no such resolution has been recommended for adoption.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “**SEBI FII Regulations**”), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an 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 or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Member 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 of, claim on or an interest in our Company.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

Application by Eligible Employees

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees would be eligible to apply in this 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 or Revision Form (i.e. [●] colour Form).
- Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees under the Employee Reservation Portion who Bid for Equity Shares of or for a value of not more than Rs. 100,000, may Bid in any of the bidding options at Cut-Off Price.
- The value of Allotment to any Eligible Employee shall not exceed Rs. 100,000.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum bid amount under the Employee Reservation Portion by an Eligible Employee cannot exceed Rs.100,000.
- Bid by an Eligible Employee can be made also 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 35,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue.
- If the aggregate demand in this category is greater than 35,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see the Section titled “Basis of Allotment”.

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Managers 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 own independent investigations and are advised to ensure that any single Bid from them does not exceed the 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

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case the maximum Bid amount is more than Rs. 1,00,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Net Issue less allocation in the Anchor Investor Portion. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the entire Bid Amount upon submission of Bid.

In case of revision of bids, the Non Institutional Bidders who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at ‘Cut-Off’.

For Employee Reservation Portion: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis in case of over-subscription in this category. Further, the value of Allotment to any Eligible Employee shall not exceed Rs. 100,000. Bidders in the Employee Reservation Portion have the option to bid at the Cut-off Price indicating their agreement to Bid and purchase at a discount of Rs. [●] to the Issue Price.

For Bidders in the Anchor Investor Portion: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,000 lakhs and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than the Anchor Investor Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period.**

Information for Bidders

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. The Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.

3. The members of the Syndicate and the SCSBs, as applicable will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and / or the Bid cum Application Form can obtain the same from our Registered Office or from the BRLMs / Syndicate Member.
5. Eligible Bidders who are interested in subscribing the Equity Shares should approach the BRLMs or Syndicate Member or their authorized agent(s) or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA BCAFs) should bear the stamp of the members of the Syndicate otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard.

Method and Process of Bidding

- A. Our Company and the BRLMs, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily, one Hindi national daily and one Marathi daily newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding/Issue Period.
- B. The Bidding/Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days. In case the Price Band is revised and the Bidding/Issue Period shall be extended by an additional three Working Days, subject to the total Bidding/Issue Period not exceeding ten 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) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- C. 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 entitled “Bids at Different Price Levels” below) 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 and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- D. The Bidder cannot Bid on another Bid cum Application Form after his or her 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 SCSBs 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 this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”. An Eligible Employee bidding under the Employee Reservation Portion may also bid in the Net Issue and such Bids will not be treated as multiple Bids.
- E. Except in relation to Bids received from the Anchor Investors, the Members of the Syndicate/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.
- F. The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- G. During the Bidding/Issue Period, Bidders (other than QIBs) may approach the Syndicate Member to submit their Bid. Every Syndicate Member shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

- H. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled 'Payment Instructions' beginning on page 231 of this Draft Red Herring Prospectus.
- I. Upon receipt of the ASBA BCAF, 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 ASBA BCAF, prior to uploading such Bids with the Stock Exchanges.
- J. 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.
- K. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA BCAF 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.

Bids at Different Price Levels

The Bidders can Bid at any price within the Price Band, in multiples of Re 1.

1. In accordance with SEBI Regulations, the Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period, provided 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 two days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
2. The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. The Company, in consultation with the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
4. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 and Eligible Employees bidding under the Employee Reservation Portion may bid at 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. Employee Discount will be applicable to all Eligible Employees with a maximum bid in the Employee Reservation Portion being Rs. 100,000.
5. Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, who Bid at the 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 bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. 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, who Bid at Cut-off Price, (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion, who had bid at Cut-Off Price, could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft 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 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.

7. In case of a downward revision in the Price Band, Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation 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 respective Escrow Accounts/refund account(s) or unblocked by the SCSBs, as applicable.
8. 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 Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

For details of the escrow mechanism and payment instructions, please refer to “Issue Procedure – Payment Instructions” on page 231 of this Draft Red Herring Prospectus.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLMs, the Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Member and the SCSBs, (ii) the Bids uploaded by the Syndicate Member and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Member and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member, their authorized agents and the SCSBs during the Bid/Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download 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 Member and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding/Issue Period along with category wise details.
- (d) At the time of registering each Bid, the Syndicate Member shall enter the following details of the Bidder in the on- line system:
 - Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
 - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund;
 - Numbers of Equity Shares Bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
 - PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).

- Application Number.
- PAN (of First Bidder if more than one Bidder)
- Investor Category and Sub-Category:

| Retail | Non-institutional | QIBs |
|-------------------|--|--|
| Individual HUF | - Individual - Corporate - Other | - Mutual Funds - Financial Institutions - Insurance companies - Foreign Institutional |

- Employee/shareholder (if reservation)
 - Demat ID
 - Beneficiary Account Number
 - Quantity
 - Price
 - Bank Account Number
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Syndicate Member or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, the members of the Syndicate can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. In case of Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus. The SCSB shall have no right to reject Bids except on technical grounds.
- (h) It is to be distinctly understood that 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 the Company and the BRLMs are cleared or approved by the NSE and the BSE; 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, our Promoters, our management or any scheme or project of our Company.
- (i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate 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 Bidding/Issue Period after which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate or the Designated Branches, the decision of the Company, in consultation with the BRLMs and the Registrar, shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP ID and the client ID, the Syndicate Member will correct the same and the send the data to the Registrar for reconciliation and Allotment of Equity Shares.
- (j) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE. Anchor Investors cannot use the ASBA process and should approach the BRLMs to submit their Bids.

Build Up of the Book and Revision of Bids

- A. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

- B. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis at the end of the Bid/Issue Period.
- C. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares 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.
- D. 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 he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
- E. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the 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 and Eligible Employees bidding under the Employee Reservation Portion, 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 Rs. 1,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allocation under the Non- Institutional Portion in terms of the Draft 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 and Eligible Employees bidding under the Employee Reservation 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.
- 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 Rs. 5,000 to Rs. 7,000.
- 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. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of 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 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 shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **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.**
- K. In case of discrepancy of data between BSE or NSE and the Syndicate Member, the decision of the BRLMs based on physical records of Bid cum Application Forms shall be final and binding to all concerned.
- L. The Members of the Syndicate may modify selected fields in the Bid details already uploaded upto one day post the Bid/Issue Closing Period.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with BRLMs, shall finalise the Issue Price, the Employee Discount, the number of Equity Shares to be allotted and the allocation to successful Bidders.

- A. Not more than 50% of the Issue (including 5% specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
- B. Not less than 15% and 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- C. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 73,762 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has not been met, 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, in consultation with the BRLMs.
- D. Under-subscription in the Anchor Investor Portion would be met with a spill-over from the QIB Portion. If one-third of the Anchor Investor Portion, available for allocation to domestic Mutual Funds, is not subscribed, the same shall be met by a spill over from the Anchor Investor Portion or the QIB Portion, if the Anchor Investor Portion is undersubscribed.
- E. Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.
- F. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment without assigning any reasons whatsoever.
- G. In terms of SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.
- H. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- A. The Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- B. After signing the Underwriting Agreement, the Company and the Book Running Lead Managers would update and file the updated Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the 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, one Hindi language national daily newspaper and one Marathi language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (“CAN”)

- A. Upon approval of basis of allocation by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders (including Anchor Investors) may be done simultaneously with or prior to the approval of the basis of allocation for the Retail, Non-Institutional Bidders and Eligible Employees bidding under Employee Reservation Portion. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders in this Issue shall be done on the same date.
- B. The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- C. The Issuance of CAN is subject to “Notice to Anchor Investors - Allotment Reconciliation and Revised CANs” as set forth below.

With respect to ASBA Bidders

- A. Upon approval of the ‘Basis of Allocation’ by the Designated Stock Exchange, the Registrar to the Issue shall send a list of the ASBA Bidders who have been allocated Equity Shares in the Issue to the Controlling Branches along with:
 - (a) The number of Equity Shares to be allotted against each successful ASBA Form;
 - (b) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA Form;
 - (c) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
 - (d) The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn (except in case of QIB bidding through an ASBA Form) or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts. ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and
- B. The ASBA Bidders shall directly receive the CANs from the Registrar to the Issue. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company and the BRLMs, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN shall be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within two Working Days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs: Allotment Reconciliation

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids uploaded on the BSE or NSE system. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received. Based on the electronic book, QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject, inter alia, to approval of the final 'Basis of Allocation' by the Designated Stock Exchange. Subject to SEBI Regulations, certain Bids/applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation of the book prepared by the Registrar to the Issue and the 'Basis of Allocation' as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the Net QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs bidding in the Net QIB Portion should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract, subject only to the issue of revised CAN(s), for such QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIBs. The revised CAN(s), if issued, will supersede in entirety, the earlier CAN(s).

Designated Date and Allotment of Equity Shares

- A. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 10 (ten) Working Days of the Bid/Issue Closing Date.
- B. As per SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Letters of Allotment or refund orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within 10 (ten) Working Days from the Bid/Issue Closing Date. Applicants residing at 68 centres where clearing houses are managed by the RBI, will get refunds through NECS (subject to availability of information for crediting the refund through NECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidders sole risk within 11 (eleven) Working Days of the Bid/ Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA BCAFs for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 11 (eleven) Working Days of the Bid/Issue Closing Date.

In accordance with the requirements of the Stock Exchanges and SEBI Regulations, we undertake that:

- Allotment shall be made only in dematerialised form within 10 (ten) Working Days from the Bid/Issue Closing Date;
- Despatch of refund orders shall be done within 11 (eleven) Working Days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 11 working-day time period as mentioned above), if Allotment is not made, refund orders are not despatched and/or demat credits are not made to Bidders within the 11 working-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

General Instructions

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the Bid cum Application Form;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- (d) 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 at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- (e) With respect to ASBA Bids ensure that the ASBA BCAF 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 ASBA BCAF;
- (f) Ensure that you have requested for and receive a TRS for all your Bid options;
- (g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA BCAF to the respective Designated Branch of the SCSB;
- (h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- (j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (k) Ensure that the Bid is within the Price Band;
- (l) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- (m) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
- (n) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB;
- (d) Do not pay the Bid amount in cash, by money order or by postal order;
- (e) Do not provide your GIR number instead of your PAN number.
- (f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- (g) Do not Bid at cut-off price (for QIBs and Non-Institutional Bidders);
- (h) Do not Bid for a Bid Amount exceeding Rs. 1,00,000 (for Bids by Retail Individual Bidders);

- (i) 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; and
- (j) Do not submit Bid accompanied with Stock invest.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLMs or Syndicate Member. ASBA Bid cum Application Forms shall also be available at the website of the Stock Exchanges.

Bids and Revisions of Bids

Bids and revisions of 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 members of 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 members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct are legible.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 1,00,000.
- (e) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs. 1,00,000 would be considered under this category. 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.
- (f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 1,000 lakhs and in multiples of [●] Equity Shares thereafter.
- (g) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Sole/First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, 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) to the Bidders. 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 at the Bidders sole risk and neither the BRLMs or the Company 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 DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND

BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the 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 the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor 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 that matches three parameters, namely, PAN of the sole/first Bidders, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs 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 and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

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 Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, 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. The Company, in its absolute discretion, reserve 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 the Company and the BRLMs may deem fit. The Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non- Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the BRLMs shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor 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 in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLMs, Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) 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 monies from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLMs to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA BCAF and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA BCAF. 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 unblock the Bid Amount. In the event of withdrawal or rejection of ASBA BCAF or for unsuccessful ASBA BCAFs, the Registrar 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 ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

1. QIB, Non-Institutional Bidders and Retail Individual 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 members of the Syndicate.
2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of QIBs: **“Escrow Account – Blend Public Issue - QIB – R”**;
 - (b) In case of Resident Anchor Investors: **“Blend Public Issue – Escrow Account – Anchor Investor - R”**;
 - (c) In case of Non-Resident Anchor Investor: **“Blend Public Issue – Escrow Account – Anchor Investor - NR”**
 - (d) In case of non-resident QIB Bidders: **“Escrow Account – Blend Public Issue - QIB - NR”**;
 - (e) In case of Resident Retail and Non Institutional Bidders: **“Escrow Account – Blend - Public Issue - R”**;
 - (f) In case of Non Resident Retail and Non Institutional Bidders: **“Escrow Account – Blend - Public Issue - NR”**;
 - (g) In case of Eligible Employees: **“Escrow Account – Blend – Public Issue - Employees”**
4. In case of bids by NRIs applying on a repatriation basis, the payments must be made through 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), 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). Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by 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.
6. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.
10. No later than 11 working days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Successful Bidders 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 center 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. Cash/ stock invest/money orders/ postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated 5 November 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue. No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members 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.

Payment by cash/ money order

Payment through cash/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA BCAF or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs. 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 members 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.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by Eligible Employees both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications will be checked for common PAN and Bids with common PAN will be identified as multiple unless they are from mutual funds for different schemes / plans or from portfolio managers registered as such with SEBI seeking to invest under different schemes / plans.
- In case of a Mutual Fund/ a SEBI registered portfolio managers, a separate Bid can be made in respect of each scheme of the Mutual Funds/ scheme and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.
- ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

Permanent Account Number (“PAN”)

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **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.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

Right to Reject Bids

In case of QIB Bidders, our Company, in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion, our Company has a right to reject Bids on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/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 ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, the 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 among others on the following technical grounds:

1. Amount paid doesn't tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA BCAF does not tally with the amount payable for the value of the Equity Shares Bid for;
2. 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;
3. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
4. PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
5. Bids by persons who are not eligible to acquire Equity Shares in terms of any rules, regulations and guidelines.
6. Bids or revisions thereof by QIB Bidders by non-institutional Bidders uploaded after 4:00 p.m. on the Bids / Offer Closing prices.
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple bids as defined in this Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stock invest/ money order/postal order/cash;
16. Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
17. Bid cum Application Form does not have the stamp of the BRLMs or Syndicate Member;

18. ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;
19. Bids by QIBs not submitted through the BRLMs or their affiliates or in case of ASBA Bids for QIBs, not intimated to the BRLM;
20. Bid cum Application Form does not have Bidder's depository account details;
21. In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
22. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, 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 Form;
23. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA BCAF at the time of blocking such Bid Amount in the bank account;
24. Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion.
25. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled 'Issue Procedure - Maximum and Minimum Bid Size';
26. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
27. Bids by U.S. Persons (as defined in Regulation S) other than entities in the United States (as defined in Regulation S) that are 'qualified institutional buyers' as defined in Rule 144A of the U.S. Securities Act;
28. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
29. Bids not uploaded on the terminals of the Stock Exchanges;
30. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
31. Bids by OCBs;
32. 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 members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories.
33. Non-submissions bank account details in the space provided in the application form.
34. Age of the First /Sole Bidder not given; and
35. Application on plain paper.

Basis of Allotment or Allocation

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 Net Issue less allotment to Non-Institutional and QIB Bidders shall 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 [●] 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 [●] Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis not more than [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

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 Net Issue less allotment to QIBs and Retail Portion shall 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 [●] 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 [●] Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis not less than [●] Equity Shares. For the method of proportionate basis of allotment refer below.

For Qualified Institutional Bidders (excluding the Anchor Investor Portion)

1. 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 QIB Bidders will be made at the Issue Price.
2. The QIB Portion shall 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.
3. 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 (excluding the Anchor Investor Portion) shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding the Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding the Anchor Investor Portion).
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor 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 shall 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.
- i. Under-subscription below 5% of the QIB Portion (excluding the Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate allotment available for allocation to QIB Bidders shall not be more than [●] Equity Shares.

For Employee Reservation Portion

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price.

The value of Allotment to any Eligible Employee shall not exceed Rs. 100,000. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at a discount of Rs. [●] to the Issue Price.

If the aggregate demand in this category is less than or equal to 35,000 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 amount under Employees Reservation Portion by an Eligible Employee cannot exceed Rs. 100,000.

If the aggregate demand in this category is greater than 35,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiple of [●] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

For Anchor Investor Portion

2. Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the following requirements:
 - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
 - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 25,000 Lakhs and minimum number of five Anchor Investors for allocation more than Rs. 25,000 Lakhs.
3. The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

Method of proportionate basis of allotment in this Issue

In the event of the Issue being over-subscribed, we 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.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorised according to the number of Equity Shares applied for;
2. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
3. Number of Equity Shares to be Allotted to the successful 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.
4. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
 - (i) Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
 - (ii) 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.
5. 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 number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted 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.

7. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of the Company, in consultation with the BRLMs.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

| Sr. No. | Particulars | Issue details |
|---------|---|---------------------------|
| 1. | Issue size | 2,000 lakhs equity shares |
| 2. | Allocation to QIB (50%) | 1,000 lakhs equity shares |
| 3. | Anchor Investor Portion | 300 lakhs equity shares |
| 4. | Portion available to QIBs other than Anchor Investors [(2) minus (3)] | 700 lakhs equity shares |
| | Of which: | |
| | a. Allocation to MF (5%) | 35 lakhs equity shares |
| | b. Balance for all QIBs including MFs | 665 lakhs equity shares |
| 3 | No. of QIB applicants | 10 |
| 4 | No. of shares applied for | 5,000 lakhs equity shares |

B. Details of QIB Bids

| Sr. No. | Type of QIB bidders# | No. of equity shares bid for (in lakhs) |
|---------|----------------------|---|
| 1 | A1 | 500 |
| 2 | A2 | 200 |
| 3 | A3 | 1,300 |
| 4 | A4 | 500 |
| 5 | A5 | 500 |
| 6 | MF1 | 400 |
| 7 | MF2 | 400 |
| 8 | MF3 | 800 |
| 9 | MF4 | 200 |
| 10 | MF5 | 200 |
| | Total | 5,000 |

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in lakhs)

| Type of QIB bidders | Equity shares bid for (in million) | Allocation of 35 Lakh equity shares to MF proportionately (please see note 2 below) | Allocation of balance 665 Lakh equity shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---------------------|------------------------------------|---|--|-----------------------------|
| | | | | |

| Type of QIB bidders | Equity shares bid for (in million) | Allocation of 35 Lakh equity shares to MF proportionately (please see note 2 below) | Allocation of balance 665 Lakh equity shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---------------------|------------------------------------|---|--|-----------------------------|
| (I) | (II) | (III) | (IV) | (V) |
| A1 | 500 | 0 | 67 | 0 |
| A2 | 200 | 0 | 26.8 | 0 |
| A3 | 1,300 | 0 | 174.1 | 0 |
| A4 | 500 | 0 | 67 | 0 |
| A5 | 500 | 0 | 67 | 0 |
| MF1 | 400 | 7 | 52.6 | 59.6 |
| MF2 | 400 | 7 | 52.6 | 59.6 |
| MF3 | 800 | 14 | 105.3 | 119.3 |
| MF4 | 200 | 3.5 | 26.3 | 29.8 |
| MF5 | 200 | 3.5 | 26.3 | 29.8 |
| Total | 5,000 | 35 | 665 | 298.2 |

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the Section titled “Issue Structure” beginning on page 209 of this Draft Red Herring Prospectus.
- Out of 700 lakhs equity shares allocated to QIBs, 35 lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 lakhs equity shares in QIB category.
- The balance 665 lakhs equity shares (i.e. 70-3.5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5,000 lakhs equity shares (including five MF applicants who applied for 2,000 lakhs equity shares).
- The figures in the fourth column entitled “Allocation of balance 665 lakhs Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X $66.5 / 496.5$.
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X $79.80 / 495.80$.

The numerator and denominator for arriving at allocation of 840 lakhs equity shares to the 10 QIBs are reduced by 42 lakhs equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized 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 us, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated 1 September 2010 with NSDL, our Company and Registrar to the Issue;
- a tripartite agreement dated [●] with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- 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 Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Equity Shares allotted 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 holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) Non-transferable allotment advice will be directly sent to the Bidder by the Registrar to this Issue. Refunds will be made directly by the Registrar to the Issue as per the modes disclosed.
- (f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (g) 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.
- (h) It may be noted that 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 our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (i) The trading of the Equity Shares of the Company would be only in dematerialized form for all investors.

Communications

All future communications in connection with Bids made in this 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, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

Investors 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 letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

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”.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number 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. 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 dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS 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. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, 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 the Company.
3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds Rs. 10.00 lakhs, has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
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 Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the 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 Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the Sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. 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.

Disposal of Applications and Application Moneys

Our Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 10 (Ten) working days of the Bid Closing Date / Issue Closing Date.

Applicants residing at 68 centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or ECS facility. Applicants 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 11 working days of closure of Issue. Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder's sole risk within 11 working days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 1 (one) working day of date of Allotment. Our Company shall use best efforts to 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 4 (four)

working days after the finalisation of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations we further undertake that:

1. allotment of Equity Shares shall be made only in dematerialised form within 9 (Nine) working days of the Bid /Issue Closing Date;
2. dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 11 (eleven) working days from the Bid/Issue Closing Date would be ensured;
3. instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 9 (Nine) working days of the Bid/Issue Closing Date shall be ensured; and
4. We shall pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 9 (Nine) days, as per Section 73 of the Companies Act, post the 10th working day from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 11 working days of the Bid/Issue Closing Date, as the case may be and as stated above.

The Registrar to the Issue and our Company shall file the confirmation of demat credit of Equity Shares and refund dispatch with the stock exchanges within 11 working days of the Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Direct Credit, NEFT, RTGS or ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSB by the Registrar

The Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 9 (Nine) working days of the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched 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 11 working days from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 11 working days of the Bid/Issue Closing Date, as the case may be.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the 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.

Undertaking by the Company

We undertake as follows:

1. That the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12(twelve) working days of the Bid/Issue Closing Date;
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 11 working days of 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;
5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 9(Nine) working day of the Bid/Issue Closing Date
6. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;

7. 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.; and
8. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the 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, providing reasons for not proceeding with the Issue. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh draft red herring prospectus with SEBI.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-Section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilized monies have been invested; and
- (c) details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issue thereunder. While the Industrial Policy 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 the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India (“**FIPB**”) and the RBI.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India (“**NRIs**”). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI Exchange Control Department Circular No. ADP (DIR Series) 13 dated 29 November 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification no. FEMA 20/20000 RB dated 3 May 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

Investment by Foreign Institutional Investors

Foreign Institutional Investors (“**FIIs**”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards a sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of a company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company if the approval of the board of directors and the shareholders of the company is obtained. The offer of shares to a single FII should not exceed 10% of the post-issue paid-up capital of the company. In respect of an FII investing in shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company. Under the SEBI Takeover Regulations, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify the company of such acquisition, and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the SEBI Takeover

Regulations. The above information is given for the benefit of the Bidders and neither the Company nor the BRLMs are liable for any modifications that may be made after the date of this Red Herring Prospectus.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association. Articles 23, Articles 25 to 28 (both inclusive) and Article 81 provide for the rights in relations to the investments made by the Purchasers. Article 97 provides that these Articles shall cease to have effect upon completion of the IPO. The Articles shall be amended after the completion of the IPO to give effect to the same.

Table ‘A’

No regulation contained in Table “A” in the First Schedule to Companies Act, 1956 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 1956 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 1956 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 1956 or any re-enactment thereof.

Share Capital

Article 3 states that:

- (a) The Authorised Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- (b) The minimum paid up Share capital of the Company shall be Rs. 5,00,000 (Rupees five lakhs) or such other higher sum as may be prescribed in the Act from time to time.

Alteration of Share Capital

Article 4 states that:

The Company in General Meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a right of voting at General Meetings of the Company in conformity with Section 87 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of the Act.

Share Equivalent

Article 5 states that:

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 as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Power to issue Shares/Securities/Preference shares

Article 6 states that:

Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full

power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

Provisions in case of Preference Shares

Article 7 states that:

On the issue of Redeemable Preference Shares under the provision of Article 6 hereof the following provisions shall take effect:-

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- (b) No such shares shall be redeemed unless they are fully paid.
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.
- (e) Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Sweat Equity

Article 8 states that:

- (a) The Company may exercise the powers of issuing sweat equity shares conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:
 - i. the issue of sweat equity shares is authorised by a Special Resolution passed by the Company in General Meeting;
 - ii. the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and
 - iii. not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.
- (b) Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made thereunder, the Company may issue Sweat Equity Shares if such issue is authorised by a Special Resolution passed by the Company in the General Meeting. The Company may also issue shares to employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorised by a Special Resolution of the Company in General Meeting subject to the provisions of the Act and the Rules and applicable guidelines made there under, by whatever name called.

Power of Company to Purchase its Own Shares

Article 9 states that:

- (a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a Special Resolution in the General Meeting of the Company.
- (b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Companies Act, 1956 and the applicable guidelines and regulations that may be issued in this regard.

Reduction of Share Capital

Article 10 states that:

The Company may from time to time by Special Resolution reduce its share capital in the manner authorised by law and in particular may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

Power to Modify Rights

Article 12 (a) states that:

If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate class of meeting.

New issue of Shares not to affect rights attached to existing shares of that class

Article 12(b) states that:

The rights conferred upon the holders of the Shares (including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

Further Issue of Shares

Article 14 states that:

- (a) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
 - (i) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;
 - (ii) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from the date of the offer and the offer if not accepted, will be deemed to have been debited;
 - (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (ii) hereof shall contain a statement of this right; PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may, renounce the shares offered to him; and
 - (iv) after expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think fit, in their sole discretion;
- (b) Notwithstanding anything contained in sub-clause a(i) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever:
 - (i) if a Special Resolution to that effect is passed by the company in General Meeting; or

- (ii) where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
- (c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:
- (i) to extend the time within which the offer should be accepted; or
 - (ii) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:
- i. to convert such debentures or loans into shares in the company; or
 - ii. to subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- i. either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- ii. in the case of debentures or loans other than debentures issued to, or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the company in General Meeting before the issue of the debenture or raising of the loans.

Shares at the Disposal of the Directors

Article 14 states that:

Subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Article 13 states that:

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 13 the Company in General Meeting may, subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

Article 16 states that:

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or

otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

Article 17 states that:

Subject to the provisions of the Companies Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid –up shares as aforesaid.

Article 18 states that:

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

Article 19 states that:

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Article 23 (a) states that:

If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

Article 24 states that:

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Shares and Certificates

Article 21 states that:

- (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the

composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Issue of Share Certificates

Article 22 states that:

- (a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
- (b) Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.
- (c) The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Calls

Article 29 states that:

- (a) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.
- (b) A call may be provoked or postponed at the discretion of the Board.
- (c) A call may be made payable by installments.

Article 30 states that:

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Article 31 states that:

A call be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

Article 33 states that:

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the resident at a distance or other cause, which

the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

Article 34 states that:

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Article 35 states that:

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 time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

Article 36 states that:

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 37 states that:

Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

Article 38 states that:

- (a) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Board may pay interest, at such interest, as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid in advance of calls on any Shares may carry interest but shall not in respect thereof confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

Company's lien on shares

Article 39 states that:

The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to

time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Article 40 states that:

For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

Article 41 states that:

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the 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 shares at the date of the sale.

Forfeiture of Shares

Article 42 states that:

If any Member fails to pay the whole or any part of any call or installment or any moneys due to in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

Article 43 states that:

The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Article 44 states that:

If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, instalments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.

Article 45 states that:

When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.

Article 46 states that:

Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

Article 47 states that:

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

Article 48 states that:

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Article 49 states that:

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Article 50 states that:

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Article 51 states that:

Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Article 52 states that:

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

Article 53 states that:

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

Transfer and Transmission of Shares

Article 54 states that:

- (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

Article 55 states that:

The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 108 and other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

Article 56 states that:

The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

Article 57 states that:

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contract (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the rights of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has alien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 58 states that:

If the Company refuses to register the transfer of any share or transmission of any rights therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

Article 59 states that:

No fee shall be charged for registration of transmission, Probate, Succession Certificate and administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Article 60 states that:

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 any one time or for more than forty-five days in the aggregate in any year or any statutory modification thereof.

Article 61 states that:

The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

Article 62 states that:

- (a) Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

- (b) For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Article 63 states that:

- (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.
- (b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

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 indemnify or otherwise, as the Board in its absolute discretion, may consider adequate.

- (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 64 states that:

Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee as instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

Article 65 states that:

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

Article 66 states that:

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Article 67 states that:

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Article 68 states that:

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 54 hereof as circumstances permit.

Article 69 states that:

No transfer shall be made to an insolvent or person of unsound mind.

Dematerialisation of Securities

Article 72 states that:

For the purpose of this Article, unless the context otherwise requires:

(a) Definitions:

In the following Article, Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member shall mean and include Depositories Act, Beneficial Owner, Depository, SEBI, Security, Shareholder or member as defined in the definition portion.

(b) Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

(c) Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

(d) Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

(e) 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 (i) above, the Depository as a registered owner of the Securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

(f) Service of information:

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

(g) Transfer of Security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(h) Section 83 and 108 of the Act not apply:

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

(i) Register and Index of beneficial owners:

The Register and Index of Beneficial Owner, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

(j) Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

(k) Stamp duty on securities held in dematerialization form:

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

(l) Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

(m) Company to recognize the rights of registered Holders as also the beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Borrowing Powers

Article 78 states that:

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

Article 79 states that:

Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

Article 80 states that:

The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

Article 81 states that:

Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Article 82 states that:

If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Article 83 states that:

Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Article 84 states that:

The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Chairman of General Meeting

Article 90 states that:

- (a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect 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 elect one of the members to be the Chairman of the meeting.
- (b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

Questions at General Meeting How Decided

Article 94 states that:

- (a) At any General Meeting a resolution including a Special Resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded:
- i. by the Chairman or
 - ii. by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or
 - iii. by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

Article 95 states that:

A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number of proportion of votes in favour or against such resolution.

Article 96 states that:

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Article 92 states that:

In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 97 states that:

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

Article 98 states that:

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Article 99 states that:

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 100 states that:

If any Member is lunatic or, idiot, the vote in respect of his shares shall be cast by his legal guardian(s), provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Article 101 states that:

Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

Article 102 states that:

If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joint holders thereof.

Votes of Members

Article 103 states that:

Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly authorised.

Article 104 states that:

A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

Article 105 states that:

- (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, becoming presently payable.
- (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

Article 106 states that:

Any person entitled under Article 64 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 107 states that:

No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorised under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

Article 108 states that:

Any member of the Company entitled to attend and vote at a Meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll, instead of himself provided always that a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled one or more proxies.

Article 109 states that:

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorised by it.

Article 110 states that:

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

Article 111 states that:

Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours being the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

Article 112 states that:

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Article 113 states that:

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

Directors

Article 115 states that:

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than twelve.

The First Directors of the Company are:

1. Mr. Kailash Chandra Gupta
2. Mr. Ravi Gupta

The first Directors of the Company will be Permanent Directors of the Company.

Chairman of the Board

Article 132 states that:

The Directors may from time to time elect from among their members a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.

Qualification Shares not required for directors

Article 116 states that:

A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

Nominee Director

Article 117 states that:

- (a) Subject to the provisions of the Companies Act, 1956 and notwithstanding anything to the contrary contained in these Articles, any Financing Company or Body Corporate or Bank or Insurance Corporation (hereinafter

referred to as “the Financial Institution”) shall have a right to appoint, remove, reappoint, substitute from time to time, its nominee as a Director (hereinafter referred to as the “Nominee Director”) on the Board of the Company, so long as any moneys remain owing to them or any of them, by the Company, out of any Financial assistance granted by them or any of them to the Company by way of loan and/or by holding debentures and/or share in the Company and/or a result of underwriting or direct subscription and/or any liability of the Company arising out of the guarantee furnished by the Financial Institution on behalf of the Company remains outstanding.

- (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. Subject to the aforesaid Article 117(a) the said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observe to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

Debenture/Mortgage Director

Article 118 states that:

Any trust deed for securing the debentures or debenture-stock (or a deed or mortgage of any assets of the Company) 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-stock (or in the case of a deed of mortgage by the person or persons having such power) of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stocks (or such person or persons) from time to time, remove any Director so appointed. The Director appointed under the article is herein referred to as the “Debenture Director” (or a “Mortgage Director”) and the term “Debenture Director” (or “Mortgage Director”) means the Director for the time being in office under this article. This Debenture Director (or the Mortgage Director) shall not be liable to retire by rotation, or be removed by the Company. The trust deed (or the mortgage deed) may contain such ancillary provisions as may be arranged between the Company and the trustees (or mortgage) and all such provisions shall (subject to the provisions of the Act) have effect notwithstanding any of the other provisions herein contained.

Professional Directors

Article 119 states that:

Any Advocate or Chartered Accountant or any professional who may for the time being be a Director of the Company:

- (a) shall be entitled to charge the Company, professional remuneration for all work done by him for or on behalf of the Company at the rate agreed upon and on such terms and conditions as may be agreed upon:
- (b) shall be entitled to vote on all resolutions on all matters in any way he thinks fit irrespective of the fact that he has advised upon or been concerned with any matters relating to the said resolution prior to the passing thereof or is likely to advice upon or may have to deal with matters relating to any resolution after the same has been passed.
- (c) shall not be liable or responsible for the day to day or routine management and running of the Company and its affairs including setting aside, appropriations or payment of any statutory dues by or on behalf of the Company; and
- (d) shall be indemnified by the Company in respect of and fines or penalties that may be imposed upon him as a Director of the Company as a result of any act or omission of the Company and/or any of its Officers in failing to comply with any requirements of the law whether with regard to any payments to be made or otherwise

howsoever, and also against all costs, charges and expenses that may be incurred by him in any proceeding against or relating to the said Professional Director in his capacity as a Director.

Alternate Director

Article 120 states that:

The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Additional Director

Article 121 states that:

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

Power to fill vacancies

Article 122 states that:

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Remuneration of Directors

Article 123 states that:

- (a) Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act for attending meetings of the Board or committees thereof.
- (b) The remuneration of a Director for his service shall be such sum as may be determined by the Board of Directors but not exceeding such sum as may be prescribed by the Act or Central Government and/or the listing agreement with Stock Exchange. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally.
- (c) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either:
 - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - (ii) by way of commission if the Company by a Special Resolution authorizes such payment

Traveling Expenses incurred by Directors

Article 124 states that:

The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

Special Remuneration

Article 125 states that:

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing out of the city of his normal residence or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Directors may act notwithstanding any vacancy

Article 126 states that:

The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number falls below the minimum number fixed by Article 115 hereof the continuing Directors may act for the purpose of increasing the number of Directors to that minimum number, or for summoning a General Meeting of the Company or in emergencies but not other purpose.

Directors may contract with the Company

Article 127 states that:

Subject to the provisions of the Act and observance and fulfillment thereof and subject to restrictions imposed by Articles, no Director shall be disqualified by his office of a Director in the Company from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act.

Directors may be Directors of Companies promoted by the Company

Article 128 states that:

A Director of the Company may become a Director of any Company promoted by the Company, or in which he may be interested as a vendor or Member and subject to the provisions of the Act and these Articles no such Director shall be accountable for any benefits received as a Director or Member of such Company.

Loans to Directors

Article 129 states that:

The Company shall observe the restriction imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.

The Company may increase or reduce the number of Directors

Article 130 states that:

Subject to the provisions of the Act and these Articles, the Company may by an Ordinary Resolution in General Meeting from time to time increase or reduce within the maximum limit permissible the number of Directors provided that any increase in the number of Directors exceeding the limit in that behalf provided in the Act shall not have any effect unless approved by the Central Government and shall become void if and so far it is disapproved by the Government.

Meetings of Directors

Article 131 states that:

- (a) The Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) The Chairman of the Board of Directors or the Managing Director or any two Directors may at any time convene a meeting of the Board of Directors.

Quorum for Meeting of the Board

Article 138 states that:

Subject to the provisions of Section 287 of the Act, the quorum for a Meeting of the Directors shall be one-third of the total strength of the Board of Directors, or two Directors whichever is higher.

Powers of the Board

Article 150 states that:

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Managing Director/ Whole-time Director

Article 151 states that:

Subject to the provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Article 152 states that:

Subject to the provisions of the Act and to these Articles, a Managing Director or a Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation in accordance with the provisions of the Act but shall be subject to the provisions of any contract between him and Company be subject to the same provisions as to resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing Director or Whole-time if he ceased to hold the office of Director from any cause. Provided that if at any time the number of Directors (including the Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors' or Whole-time Director or Whole-time Directors as the Directors shall from time to time determine as to who shall be made liable to retirement by rotation in accordance with the provisions of the Act to the intent that the number of directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

Remuneration of Managing/ Whole-time Director

Article 153 states that:

The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

Powers and duties of Managing Director or Whole-time Director

Article 154 states that:

Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer

such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

Dividend Policy

Article 158 states that:

- (a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 159 states that:

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in General Meeting.

Article 160 states that:

- (a) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. Provided however whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.
- (b) The depreciation shall be provided either:-
 - i. to the extent specified in Section 350 of the Act; or
 - ii. in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or
 - iii. on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
 - iv. as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the

end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

- (c) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.
- (d) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (e) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Article 161 states that:

The Board of Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company profiles.

Article 162 states that:

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Article 163 states that:

Where the capital is paid in advance of the 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.

Article 164 states that:

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Article 165 states that:

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 64 has become entitled to be a member, or any person under the Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

Article 166 states that:

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Article 167 states that:

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Article 168 states that:

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Article 169 states that:

The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

Article 170 states that:

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Article 171 states that:

- (a) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within “thirty” or such days as may be prescribed from the date of the declaration of the dividend unless:-
 - i. where the dividend could not be paid by reason of the operation of any law;
 - ii. where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
 - iii. where there is a dispute regarding the right to receive the dividend;
 - iv. where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
 - v. where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
- (b) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.
- (c) If the dividend has not been paid within thirty days or such time as may be prescribed in the Act from time to time to a share holder, then the Company shall within seven days from the date of expiry of the said thirty days or such days as prescribed transfer the whole of the dividend amount to a special account called “**Unpaid/Unclaimed Dividend Account BLEND FINANCIAL SERVICES LIMITED**” to be opened with a scheduled bank.
- (d) Any money transferred to the unpaid/Unclaimed dividend account of the Company, which remains unpaid or unclaimed for a period of seven years or such time as may be prescribed in the Act from time to time from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act.

Article 172 states that:

No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

Article 173 states that:

Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of 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 members be set of against the calls.

Capitalisation of Profits

Article 174 states that:

- (a) The Company in General Meeting may, upon the recommendation of the Board, resolve:
 - i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
 - ii. that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled hereto, if distributed by way of dividend and in the same proportions.
- (b) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (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 proportions aforesaid; or
 - iii. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (c) A Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.
- (d) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Article 175 states that:

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) generally to do all acts and things required to give effect thereto.

Notice of General Meetings

Article 187 states that:

Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed.

Article 188 states that:

Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the Auditor or Auditors for the time being of the Company.

Article 189 states that:

- (a) A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office or by leaving it at its Registered Office.
- (b) Subject to provisions of the Act, any notice or document delivered or sent by post to or left at the Registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered share whether held solely or jointly with other person by such Member until some other person be registered in his place as the holder or joint holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all person, if any, jointly interested with him or her in any such shares.

Article 190 states that:

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.

Directors' and others right to indemnity

Article 196 states that:

Subject to provisions of Section 201 of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in

defending any proceedings whether civil or criminal in which judgement is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act on which relief is granted to him by the Court.

Directors/ Officers not responsible for acts of others

Article 197 states that:

Subject to the provisions of Section 201 of the Act, no Directors, Auditors or other Officers etc. of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgement, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

Secrecy

Article 199 (a) states that:

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before this Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below, all of which have been attached to the copy of this Draft Red Herring Prospectus, may be inspected at the registered office/ corporate office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Material contracts to the Issue

1. Issue Agreement dated 18 September 2010 entered into amongst our Company and IDBI Caps, PLCM and PNB, Book Running Lead Managers to the Issue.
2. Memorandum of Understanding dated 13 September 2010 entered into between our Company and Link Intime India Private Limited, Registrar to the Issue.
3. Copy of Tripartite agreement dated [●] entered into between the Company, CDSL and Registrar to the Issue.
4. Copy of Tripartite agreement 1 September 2010 entered into between the Company, NSDL and Registrar to the Issue.
5. Underwriting Agreement dated [●] by and among our Company, Book Running Lead Managers and the members of the Syndicate.
6. Syndicate Agreement dated [●] among the Company, Book Running Lead Managers and the Members of the Syndicate.
7. Escrow Agreement dated [●] among our Company, the Registrar to the Issue, the Escrow Collections Banks, Book Running Lead Managers and the members of the Syndicate.

Material Documents

1. Copy of Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Copy of Certificate of Incorporation of Blend Financial Services Limited.
3. Copy of Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at their Extraordinary General Meeting held on 16 September 2010 authorizing present issue of Equity Shares.
4. Copy of the minutes of the Board meeting held on 10 September 2010 approving the issue.
5. Agreement for formation of Joint Venture between FIMBank Plc., Punjab National Bank, Banca IFIS and our Company for carrying out Factoring business.
6. Audited Balance sheets and Profit and Loss Accounts of the Company for the financial years ending on 31 March 2010, 2009, 2008, 2007 and 2006.
7. Consents of Auditors, Bankers to the Company, Lead Manager, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
8. Copy of certificate dated 31 August 2010 issued by Suresh Surana and Associates, Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956

including capitalisation statement, taxation statement and accounting ratio on a standalone basis for the year ended 31 March 2010, 2009, 2008, 2007 and 2006.

9. Copy of certificate dated 31 August 2010 issued by Suresh Surana and Associates, Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio on a consolidated basis for the year ended 31 March 2010, 2009 and 2008.
10. Copy of certificate dated 13 September 2010 issued by M/s Suresh Surana and Associates, Chartered Accountants and Statutory Auditors of our Company regarding tax benefits accruing to the Company and its shareholders.
11. Copy of certificate dated 18 September 2010 received from Suresh Surana and Associates, Chartered Accountants and Statutory Auditors of our Company regarding sources and deployment of funds.
12. Due Diligence Certificate 18 September 2010 to SEBI from the Book Running Lead Managers.
13. Copy of In-principle listing approval received from BSE *vide* their letter nos. [●]dated [●]
14. Copy of In-principle listing approval received from NSE *vide* their letter nos. [●]dated [●]
15. IPO Grading Report of [●] along with their rationale dated [●]
16. SEBI Observation Letter No. [●] dated [●] issued by the Securities and Exchange Board of India.

Any of the contracts mentioned in the Draft Red Herring Prospectus may be amended or modified at any time, if so, required in the interest of the Company or if required by the other parties, without any reference to the shareholders subject to compliance of the provisions of the Companies Act and other relevant statutes’.

DECLARATION

We certify that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 30 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 regulations issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors and Officers of Our Company

Kailash Chandra Gupta, Chairman and Whole Time Director

Ravi Gupta, Managing Director

Vaibhavi Mahendra Thakkar, Chief Executive Officer and Whole Time Director

Ashok Purushottam Pradhan, Independent Director

Ramakant Madhav Nayak, Independent Director

Anil Beniprasad Agrawal, Independent Director

Sukesh Pansari, Chief Financial Officer

Place: Mumbai

Date: 18 September 2010