



VERTEX SECURITIES LIMITED

Our Company was originally incorporated in the name and style of "Vertex Securities Private Limited" as a Private Limited Company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Kerala at Cochin on September 15, 1993. Our Company was converted into a public limited company vide a new Certificate of Incorporation dated February 03, 1995 issued by the Registrar of Companies Kerala. The name of our Company was subsequently changed to Vertex Securities Limited. For details of changes in Name of our Company and our Registered Office of our Company, please see "General Information" on page 38 of this Draft Letter of Offer.

Registered Office: Thottathil Towers, 2nd Floor, Market Road, Ernakulam, Kochi – 682 014, Kerala
Tel: 91 484 2384848; **Fax:** 91 484 2394209

Corporate Office: 403, Regent Chambers, Nariman Point, Mumbai – 400 021, Maharashtra; **Tel.:** 91 22 6630 6090 / 4001 0900

Contact Person: Aniket Malekar Company Secretary & Compliance Officer

Email: secretarial@vertexbroking.com; **Website:** www.vertexbroking.com

Corporate Identity Number: L67120KL1993PLC007349

**OUR PROMOTERS: TRANSWARRANTY CAPITAL MARKET SERVICES PRIVATE LIMITED, TRANSWARRANTY FINANCE LIMITED AND Mr. KUMAR NAIR
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS (OUR "COMPANY") ONLY**

ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹2/- EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹ 1850.30 LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2024 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 122 OF THIS DRAFT LETTER OF OFFER.

*Assuming full subscription

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

AMOUNT PAYABLE PER RIGHTS EQUITY SHARE*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	[●]	[●]	[●]
Total (₹)	2.00	[●]	[●]

* For further details on Payment Schedule, see "Terms of the Issue" on page 122 of this Draft Letter of Offer.

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the 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 the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of investors is invited to the statement of "Risk Factors" on page 19 of this Draft Letter of Offer.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares are listed on BSE Limited ("BSE") (the "Stock Exchange"). Our Company has received the "in-principle" approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through its letter dated [●], 2024. Our Company will also make applications to the Stock Exchange to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.

REGISTRAR TO THE ISSUE



Link Intime India Private Limited

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Maharashtra, India

Tel: + 91 22 4918 6200

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Investor grievance e-mail: vertexsecurities2024@linkintime.co.in

Contact Person: Ms Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[●], 2024	[●], 2024	[●], 2024

*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.

**Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will be deemed to include all amendments, supplements, re-enactments and modifications thereto from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder. The words and expressions used but not defined in this Draft Letter of Offer will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

*Terms used in “Summary of Letter of Offer”, “Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 16, 73, 53, **Error! Bookmark not defined.** and 122 respectively of this Draft Letter of Offer, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.*

General Terms

Term	Description
“Company”, “Our Company”, “the Company”, or “Vertex”	Vertex Securities Limited incorporated under the Companies Act, 1956 and having its Registered Office at Thottathil Towers, 2 nd Floor, Market Road, Ernakulam, Kochi – 682 014, Kerala
“We”, “Our”, “Us”, or “our Group”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company as at and during the relevant Fiscal

Company Related Terms

Term	Description
“Articles of Association” or “Articles”	Articles of Association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board
Audited Financial Statements	The consolidated audited financial statements as at and for the financial year ended March 31, 2024 of our Company prepared in accordance with Ind AS and the Companies Act and which comprises the balance sheet as at March 31, 2024, and the statement of profit and loss, including other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information
“Auditors” or “Statutory Auditors”	The statutory auditors of our Company, namely S S Khan and Co., Chartered Accountants
“Board of Directors”, or “Board” or “our Board”	The board of directors of our Company or any duly constituted committee thereof.
Chairman	The Executive Chairman of our Company, being Kumar Nair
Chief Financial Officer	The Chief Financial Officer of our Company, George Mampillil
Corporate Office	Corporate Office of our Company situated at 403, Regent Chambers, Nariman Point, Mumbai 400 021, Maharashtra
Director(s)	The director(s) on our Board, as disclosed in “Our Management” on page 69 of this Draft Letter of Offer.
Executive Director(s)	Executive Director(s) of our Company being Ramachandran Unnikrishnan and George Mampillil
Equity Shares	Equity shares of face value of ₹2 each of our Company
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations

Term	Description
Independent Directors	An independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” on page 69 of this Draft Letter of Offer.
“Key Managerial Personnel” or “KMP”	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, as disclosed in “Our Management” on page 69 of this Draft Letter of Offer
Managing Director	Managing Director of our Company, being Ramachandran Unnikrishnan
Memorandum of Association	Memorandum of Association of our Company, as amended from time to time
Non-Executive Director(s)	A Director, not being an Executive Director of our Company
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see “Capital Structure” on page 43 of this Draft Letter of Offer
Promoters	The promoters of our Company, being Transwarranty Capital Market Services Private Limited, Transwarranty Finance Limited and Kumar Nair. For further details, see “Capital Structure” on page 43 of this Draft Letter of Offer.
Registered Office	Registered office of our Company situated at Thottathil Towers, 2 nd Floor, Market Road, Ernakulam, Kochi – 682 014, Kerala. For details of changes in registered office of our Company, see “General Information” on page 38 of this Draft Letter of Offer
“Shareholders” or “Equity Shareholders”	The holders of the Equity Shares from time to time
Subsidiaries	Vertex Commodities and Finpro Private Limited, our wholly owned subsidiary

Issue Related Terms

Term	Description
“Abridged Letter of Offer” or “ALOF”	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
“Allotment” or “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker(s) to the Issue, into which the Application Money lying credit to the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●]
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
“Applicant(s)” or “Investor(s)”	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such

Term	Description
	SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application, <i>i.e.</i> , ₹[●] per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorising the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, being [●]
Banker(s) to the Issue Agreement	Agreement dated [●], 2024 entered into by and among our Company, the Registrar to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 122 of this Draft Letter of Offer.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholder(s)	Existing Equity Shareholders as at the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, please see “ <i>Notice to Investors</i> ” on page 10 of this Draft Letter of Offer
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the escrow account will be opened, in this case being [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations
“Issue” or “Rights Issue”	This issue of up to [●] fully paid-up Equity Shares of face value of ₹2/- each of our Company for cash at a price of ₹[●] (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹ 1850.30 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date.

Term	Description
	On Application, Investors will have to pay ₹[●] per Rights Equity Share which constitutes 100% of the Issue <i>*Assuming full subscription with respect to Rights Equity Shares</i>
Issue Closing Date	[●], 2024
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[●], 2024
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Application, in accordance with the SEBI ICDR Regulations.
Issue Price	₹[●] per Equity Share On Application, investors will have to pay ₹[●] per Rights Equity Share which constitutes 100% of the Issue Price
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Rights Equity Shares aggregating to ₹ 1850.30 lakhs* <i>*Assuming full subscription with respect to Rights Equity Shares</i>
Letter of Offer	The Letter of Offer dated [●] to be filed with the Stock Exchanges and SEBI
Listing Agreement	The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see "Objects of the Issue" on page 48 of this Draft Letter of Offer
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Payment Schedule	Payment schedule under which 100% of the Issue Price is payable on Application, i.e., ₹[●] per Rights Equity Share
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares in the Issue, being [●], 2024
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar Agreement	Agreement dated June 10, 2024 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], 2024 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible

Term	Description
	Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Equity Shares to be Allotted pursuant to this Issue
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpis&intmId=34
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being, BSE
Transfer Date	The date on which the Application Money held in the escrow account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalisation of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Industry Related Terms

Term/Abbreviation	Description/ Full Form
ADTO	Average Daily Traded Volume
Brokerage Fee	The fee charged to customers by a broker to execute an order. Brokerage fees are typically quoted as a percentage of the total notional value of a trade
CCs	Clearing Corporations
CMs	Clearing Members
DII	Domestic Institutional Investor
FED	Federal Reserve
Institutional Brokerage Business	Brokerage business received from customers who are not retail brokerage customers
KRA	KYC Registration Agency, an agency registered with SEBI which maintains KYC records of the investors centrally, on behalf of capital market intermediaries registered with SEBI
KYC	Know Your Customer
MCX	Multi Commodity Exchange of India Limited
Nifty	National Stock Exchange Sensitive Index
Retail Brokerage Business	Brokerage business received from customers largely consisting of individuals, HUFs, NRIs and few corporate customers
SBs	Stock Brokers
SENSEX	BSE Sensitive Index
Trading Volumes	Notional trading values of equities including both cash and derivatives on the Stock Exchanges

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CGU	Cash Generating Unit
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act 1956	The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder
Companies Act or Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications notified thereunder
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DP ID	Depository Participant Identity
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, impairment and amortisation
ECB	External Commercial Borrowings
ECB Guidelines	The FEMA, the FEMA Borrowing and Lending Regulations, the ECB Master Directions and the FEMA Reporting Master Directions, taken together
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI, as amended from time to time
EGM	Extraordinary general meeting
EPS	Earnings Per Share
EUR	Euro
FCCB Scheme	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and the clarifications issued thereunder by the Government of India from time to time, including a notification dated November 27, 2008 issued by the Government of India
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment

Term/Abbreviation	Description/ Full Form
FDI Circular 2020	Consolidated FDI Policy Circular of 2020
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999
FEMA Borrowing and Lending Regulations	The Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time
FEMA Reporting Master Directions	The Master Direction on Reporting under the FEMA dated January 1, 2016, as amended from time to time
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time
“Financial Year” or “Fiscal Year” or “Fiscal” or “FY”	Period of 12 months ending March 31 of that particular year
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross domestic product
GIR	General Index Register
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
Income-tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
Ind AS 34	Indian Accounting Standard 34 “Interim Financial Reporting” prescribed under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information Technology
KYC	Know Your Customer
LOC	Letter of comfort
MCA	Ministry of Corporate Affairs, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NEFT	National Electronic Fund Transfer
Net Retail NPA	Represents closing balance of the Net NPA of our Retail AUM as at the last day of the relevant year or period.
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NOF	Net owned funds

Term/Abbreviation	Description/ Full Form
NPCI	National Payments Corporation of India
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non- Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs or Overseas Corporate Body	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 and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RBI Stressed Asset Resolution Circular	The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the RBI through its circular dated June 7, 2019 which sets out a framework for early recognition, reporting, and time bound resolution of stressed assets
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Kochi, Kerala
RoCE	Return on capital employed
ROE	Return on equity
RoNW	Return on Net Worth
RoW	Rest of the World
“Rs.” “₹” or “Rupees” or “INR”	Indian Rupee
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended

Term/Abbreviation	Description/ Full Form
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Securities Act	U.S. Securities Act of 1933
SRE 2410	Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by ICAI
State Government	Government of a State of India
STT	Securities Transaction Tax
TAN	Tax deduction account number
TDS	Tax deductible at source
Trademarks Act	Trade Marks Act, 1999
"US" or "U.S." or "USA" or "United States"	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
"USD" or "U.S.\$" or "US\$" or "\$"	United States Dollar, the official currency of the United States
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
WDV	Written down value method of valuation

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NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. For details, see “*Restrictions on Purchases and Resales*” on page 152 of this Draft Letter of Offer.

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to us, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, and the Stock Exchanges.

Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials (including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form) in the event the Issue Materials have been sent on the registered e-mail addresses of such Eligible Equity Shareholders or if there are electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with the Stock Exchanges and submitted to SEBI for information and dissemination. Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other Issue Materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Neither the delivery of the Issue Material nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Issue Material or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE

FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("**United States**"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Issue Material should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

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

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

Rights Entitlements may not be transferred or sold to any person in the United States.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

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

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer have been derived from our Audited Financial Statements. For details, please see “*Financial Information*” on page 73 of this Draft Letter of Offer. Our Company’s financial year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ending on March 31 of the following calendar year.

The GoI has adopted the Ind AS, which are converged with the IFRS and notified under Section 133 of the Companies Act, 2013 read with the Ind AS Rules. The Financial Statements of our Company for the Financial Years ended March 2023 and March 2022 have been prepared in accordance with Ind AS read with the Ind AS Rules and other the relevant provisions of the Companies Act, 2013. Our Company publishes its financial statements in Indian Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in the Financial Statements in whole numbers and in this Draft Letter of Offer in “Lakh” units or in whole numbers where the numbers have been too small to represent in Lakh. One Lakh represents 1,00,000 and one million represents 10,00,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 73 **FINANCIAL STATEMENTS** of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounding off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry

sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” or “Re.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euro, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units or in whole numbers. One Lakh represents 1,00,000 and one million represents 10,00,000. All the numbers in the document have been presented in Lakh or in whole numbers where the numbers have been too small to present in Lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Financial Information for the year ended March 31, 2024.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all. The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	March 28, 2024	March 31, 2023	March 31, 2022
1 USD	83.37	82.21	75.81
1 Euro	90.22	89.61	84.66

(Source: www.rbi.org.in and www.fbil.org.in)

* As on March 28, 2024, since March 29, 2024, March 30, 2024 and March 31, 2024 were holidays and no data available

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 19 of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information. The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- adverse effect of competition on our market share and profits;
- our ability to:
 - manage our growth effectively;
 - manage our credit risk, liquidity risk and operational risk;
 - manage our quality of services;
 - hire and retain senior management personnel and other skilled manpower;
 - successfully implement our business strategies and expansion plans;
 - maintain effective internal controls;
- changes in general, political, social and economic conditions in India and elsewhere;
- change in government policies and the regulatory environment; and
- general levels of GDP growth, and growth in employment and personal disposable income.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" beginning on pages 19, 66 and 102 respectively of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Neither our Company, nor our Directors, our Promoters, or any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after

the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

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SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigation and Defaults*” on pages 19, 48, 66 and **Error! Bookmark not defined.** respectively of this Draft Letter of Offer.

SUMMARY OF INDUSTRY

We operate in the Financial Services Industry with focus on stock broking. The financial services sector consists of banking, investing, taxes, real estate, and insurance, all of which provide different financial services to people and corporations. Brokers—either human or self-directed online services—facilitate the buying and selling of securities, taking a commission for their efforts. Financial advisors may charge an annual fee based on assets under management (AUM) and direct several trades in the pursuit of constructing and managing a well-diversified portfolio.

For further details, please refer to the chapter titled “*Industry Overview*” at page 59 of this Draft Letter of Offer.

PRIMARY BUSINESS OF OUR COMPANY

We are a premier brokerage house in India on the fast growth track. In the last one-decade, we have emerged as a powerhouse in the financial services industry. We started functioning in the stock market in 1993. The Company currently provides brokerage services in equity, equity derivatives, currency derivatives and in commodities segments through our network of branches and franchisees.

For further details, please refer to the chapter titled “*Our Business*” at page 66 of this Draft Letter of Offer.

OBJECTS OF THE ISSUE

Our Company intends to utilise the Net Proceeds from the Issue towards funding of the following objects:

Particulars	Estimated amount (up to) (₹ Lakhs)
To increase the Net worth and to augment long term funds for requirements	1337.58
General corporate purposes*	[•]
Total Net Proceeds**	[•]

* Subject to the finalisation of the Basis of Allotment and the Allotment, the amount utilised for general corporate purpose shall not exceed 25% of the gross Proceeds

** Assuming full subscription with respect to the Rights Equity Shares and subject to finalisation of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio rounded off to second decimal.

For further details, please see “*Objects of the Issue*” on page 48 of this Letter of Offer.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER

Pursuant to letter dated May 22, 2024, one of our Promoters Transwarranty Capital Market Services Private Limited* has confirmed that it intends to (i) subscribe, to the extent of its Rights Entitlement and also confirmed that it shall not renounce the Rights Entitlements. It may also subscribe to additional shares subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations, at the time of Allotment. However, our other Promoters, Transwarranty Finance Limited and Mr. Kumar Nair and other members of the Promoter group have not given such a commitment and intend to renounce their entitlement.

**Transwarranty Capital Market Services Private Limited, wholly owned subsidiary of Transwarranty Finance Limited has acquired 949 equity shares and 3001 equity shares on May 18, 2024 and May 20, 2024 respectively aggregating to 3,950 equity shares and is now a shareholder of the Company.*

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Any subscription for Equity Shares over and above the Rights Entitlement of the Promoters, if allotted, may result in an increase in the percentage shareholding of our Promoters. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10 (4) (b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

SUMMARY OF OUTSTANDING LITIGATIONS

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter, our Directors and our Group Companies is provided below:

Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	2	13.39
Tax Proceedings	NIL	NIL
Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
Labour Matters	Nil	
Economic offences	Nil	Nil
Material civil litigations above the materiality threshold	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	NIL

**To the extent quantifiable*

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax Matters	Nil	Nil
Indirect Tax Matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

Litigations involving our Promoter / Directors

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters (TFL as a Promoter)	195	39.66
Direct tax matters (TFL as a Promoter)	1	328.83
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

Litigations involving our group companies

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters	Nil	Nil
Direct tax matters	Nil	Nil
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

For further details, please see “*Outstanding Litigation and Defaults*” on page **Error! Bookmark not defined.** of this Draft Letter of Offer.

RISK FACTORS

For details, please see “*Risk Factors*” on page 19 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

CONTINGENT LIABILITIES

For details regarding our contingent liabilities as per Ind AS 37 for the Fiscal 2024 please see “*Financial Statements*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities*” on pages 73 and 102 respectively of this Draft Letter of Offer.

RELATED PARTY TRANSACTIONS

For details regarding our related party transactions as per Ind AS 24 entered into by our Company in Fiscal 2024 please see “*Financial Statements*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations—Related party transactions*” on pages 73 and **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**102 respectively of this Draft Letter of Offer.

ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. 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, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 59, 66 and 102 respectively of this Draft Letter of Offer. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue have independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 14 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Audited Financial Information, prepared in accordance with Ind AS and the Companies Act and in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

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

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 may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another. In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

INTERNAL RISK FACTORS

1. We are subject to extensive statutory and regulatory requirements and supervision, which have material influence on, and consequences for, our business operations.

Our business activities are subject to extensive supervision and regulation by the Government and various regulatory authorities, such as SEBI. In addition, our business operations are subject to regulatory limits on brokerage fee rates and net worth requirements imposed by stock exchanges. For details of our business activities, please see the section entitled “Our Business” on page 66 of this Draft Letter of offer. Further, to undertake some of our business activities, including for the launch of new products, we need to obtain registrations and approvals under, and comply with, regulations issued by various regulatory authorities from time to time. Such regulations include the SEBI Stock Brokers and Sub-brokers Regulations. Additionally, we need to ensure compliance with various statutes, such as SCRA read with SCRR, SEBI Act, etc and various rules, regulations, notifications and circulars issued under such statutes. We believe that our business activities and operations are compliant with all applicable laws. However, we cannot assure you that the Government or the regulatory authorities will not take different interpretations regarding applicability of, or compliance with, the laws and regulatory framework governing our business. Moreover, there is no assurance that the Government or regulatory authorities will not take a different interpretation regarding any of our current business activities being restricted or prohibited under applicable laws or the terms of the regulatory registrations and approvals obtained by us. We may be unable to obtain, maintain or renew, or comply with the terms of, the regulatory approvals and registrations applicable to our business activities, and this may have adverse consequences for our business operations. In such an event, we may also be subject to regulatory action, including fines, termination of approvals or registrations, or restrictions on undertaking all or some of our business activities.

Our business activities are also subject to periodic inspection by various regulatory authorities, such as SEBI and the stock exchanges. Any negative findings against us during such inspections may materially and adversely affect our business and results of operations.

Additionally, the laws applicable to our business continue to evolve and may be amended, revised or replaced in the future by the Government or regulatory authorities, or due to judicial decisions. Further, the Government and regulatory authorities also issue instructions or directions regarding conduct of our business activities. We cannot assure you that any of the foregoing will not impose onerous conditions on our business activities, or require us to change the systems, policies and procedures established by us for the purposes of compliance with the applicable laws. Any onerous conditions imposed by, or material changes required to our systems, policies and procedures may increase our compliance cost or adversely affect our business operations.

2. General economic and market conditions in India and globally could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Our business is highly dependent on economic and market conditions in India and globally. General economic and political conditions in India, such as macroeconomic and monetary policies, industry-specific trends, mergers and acquisitions activity, legislation and regulations relating to the financial and securities industries, household savings rate, investment in alternative financial instruments, upward and downward trends in the market, business and financial sectors, volatility in security prices, perceived lack of attractiveness of the Indian capital markets, inflation, foreign direct investment, consumer confidence, currency and interest rate fluctuations, availability of short-term and long-term market funding sources and cost of funding, could affect our business. Global economic and political conditions may also adversely affect the Indian economic conditions. Market conditions may change rapidly and the Indian capital markets have experienced significant volatility in the past.

Our brokerage business, which accounts for a significant portion of our revenue, is highly dependent upon the levels of activity in the securities markets in India and in particular, upon the volume of financial assets traded, the number of listed securities, the number of new listings and subsequent issuances, liquidity and changes in investor sentiment. Any adverse changes in such factors, as a result of general

economic or market conditions or otherwise, could materially adversely affect our business, financial condition, cash flows and results of operations.

In addition, we are highly susceptible to downturns in general economic conditions and adverse market conditions as they could materially and adversely affect most aspects of our business. Such downturns affect our business, results of operations, financial condition, cash flows and prospects in various ways, including but not limited to the volume of trading in securities that we offer in our brokerage business may be adversely affected by market movements and volatility, thereby reducing our brokerage revenues.

3. The operation of our businesses is highly dependent on information technology and we are subject to risks arising from any failure of, or inadequacies in, our IT systems.

Our operations rely heavily on the ability of our IT systems to record and process accurately a large number of transactions on a daily basis and in a timely manner. A disruption to, or failure of, our information processing or communications systems would limit our ability to process transactions. This would impair our ability to service our customers and execute trades on behalf of customers and for our own account, which could materially and adversely affect our competitiveness, financial condition, cash flows and results of operations. Although we back up our business data regularly and have a contingency disaster recovery centre for our retail brokerage and distribution businesses we cannot assure you that there will not be an unforeseen circumstance or that our disaster recovery planning is adequate for all eventualities.

The securities industry is characterized by rapidly changing technology. Online trading platforms and mobile applications are becoming increasingly popular among customers due to their convenience and user-friendliness. We rely heavily on technology, and rely on our electronic brokerage platform and mobile apps to provide a wide range of brokerage, distribution and wealth management services. If we are unable to keep up with technological changes while our competitors invest in improved or better technologies, they may be able to offer customers better products and user experience. If we are unable to effectively compete on IT-enabled offerings, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Our technology operations are also vulnerable to disruptions from human error, catastrophic events including natural disasters, lack of capacity during peak trading times or times of unusual market volatility, power failure, computer viruses, spam attacks, ransom ware, distributed denial of services attacks, unauthorized access, data leakage and other similar events, and we may not be able to adapt to the evolving technology in the industry. Disruptions to, or instability of, our technology or external technology, or failure to timely upgrade our online or mobile brokerage platforms could harm our business, reputation and prospects.

4. We rely on our brokerage business for a substantial share of our revenue and profitability. Any reduction in our brokerage fees could have material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

We rely on our brokerage business for a substantial share of our revenue and profitability. In fiscals 2024 and 2023 our revenue from our brokerage business represented 77.57% and 86.53% respectively. Our brokerage business depends on trading volume, which is significantly affected by external factors, such as general economic conditions, macroeconomic and monetary policies, market conditions and fluctuations in interest rates, all of which are beyond our control. Trading volume is also affected by the size of our customer base and the frequency that they do business through us. We earn brokerage fees based on, among other things, the volume of trades our customers perform through us. If we fail to maintain and increase our customer base, or fail to provide better services and products to retain and attract customer activity, our brokerage revenues may be adversely affected. Our brokerage fee levels are primarily driven by competition. There is constant pressure to lower the brokerage fee in the securities industry, especially as products are standardised and offered online. If we face increased competition on our brokerage fee levels, we will have to provide additional products and services to attract customers. There is no assurance that we will be able to attract such customers without having to reduce our fees, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

5. We may fail to detect money laundering and other illegal or improper activities in our business operations on a timely basis.

We are required to comply with applicable anti-money laundering and antiterrorism laws and regulations in the jurisdictions where we operate. These laws and regulations require financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require us to, among other things, establish or designate an anti-money laundering framework, conduct customer identification in accordance with relevant rules, duly preserve customer identity information and transaction records and report suspicious transactions to relevant authorities. We are required to implement timely and effective surveillance controls and measures towards ensuring that our firm is not misused by our customers or market participants to carry out manipulative trading activities. We are also required to monitor and analyse any surveillance alerts received from stock exchanges. Failure to implement such controls or monitor such alerts could lead to regulatory actions against us and harm our reputation.

We handle monetary transactions for a significant number of customers. While we have adopted policies and procedures aimed at detecting and preventing the use of our brokerage platforms to facilitate money laundering activities, terrorist acts and manipulative trading activities, such policies and procedures may not be comprehensive and completely eliminate instances in which we may be used by other parties to engage in money laundering and other illegal or improper activities. In the event that we fail to fully comply with applicable laws and regulations, the relevant government agencies may freeze our assets or impose fines or other penalties on us. There can be no assurance that there will not be failures in detecting money laundering or other illegal or improper activities which may adversely affect our business reputation, financial condition and results of operations.

6. There are operational risks associated with the financial services industry which, if realised, may have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

We are exposed to a number of operational risks that can have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects, including our brokerage business. Such risks could manifest at any time in the future. The key operational risks we are exposed to include:

- human and systems errors, including in the confirmation, entry or settlement of transactions, due to the complexity and high volume of transactions;
- inadvertent deviations from defined processes and inadvertent errors due to the manual nature of processes;
- delay or failure to timely transfer, pledge or un-pledge securities to and from depository participants;
- failure to establish and maintain an effective controls and compliance oversight on our branch network;
- delay, failure or inability to debit funds or securities blocked in customers' savings and demat accounts;
- failure of technology in our processes, including risk management and settlement processes, causing errors or disrupting our operations;
- non-confirmation or delayed confirmation of transactions by our institutional brokerage clients;
- inadequate technology infrastructure or inappropriate systems architecture;
- failure to maintain appropriate deposits with exchanges;
- mis-selling or fraud by employees;
- inadequate due diligence, including customer verification, non-adherence to anti-money laundering guidelines, KYC processes and customer needs analysis, in the sales process; and
- failure to comply with other applicable laws, regulations, accounting norms or regulatory policies, including as a result of the adoption of widely followed market practices.

If any of the foregoing were to occur, it could have a material adverse effect on our reputation, business, financial condition, cash flows, results of operations and prospects. Although we have implemented internal control measures to prevent against the risk of operational failure, we may not be able to completely avoid the occurrence of or timely detect any operational failure.

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

We face significant competition from companies seeking to attract our customers'/clients' financial assets. In particular, we compete with other Indian and foreign brokerage houses, discount brokerage companies, investment banks, public and private sector commercial banks, and asset managers, among others, operating in the markets in which we are present. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation, price and convenience.

Our competitors may have advantages over us, including, but not limited to:

- substantially greater financial resources;
- longer operating history than us in certain of our businesses;
- greater brand recognition among consumers;
- larger customer bases in and outside of India;
- better institutional distribution platforms;
- lower cost of capital;

The Indian securities industry is fragmented and typified by low barriers to entry. Many of our product and service offerings in the brokerage and distribution businesses are easy to replicate. This increases the risk of consolidation among our competitors and the risk of entry of commercial banks and e-commerce companies to enter the market. These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets. In addition, competitive pressures and regulatory changes may also lead to downward pressures on our brokerage commission rates, which could also affect our financial condition and results or operations.

8. We face various risks due to our reliance on third-party intermediaries, contractors and service providers.

We rely on third parties, such as exchanges, clearing houses and other financial intermediaries to facilitate our financial transactions. In addition, we rely on sub-brokers and authorised persons to help distribute our products. We face various risks related to such third parties, including the following:

- fraud or misconduct, including mis-selling, by such third parties;
- operational failure of such third parties' systems;
- adverse change or termination in our relationship with such third parties;
- failures in compliance or adequate controls, including KYC checks, by such third parties;
- regulatory changes relating to the operations of such third parties;
- violation of laws and regulations, including those relating to licensing/registration of sales intermediaries, by such third parties;
- inadequate due diligence in the sales process by such third parties; and
- regulatory actions due to improper business practices of such third parties.

Any of the above risks may result in litigation or regulatory action against us, which could have a material adverse effect on our business, reputation, financial condition and results of operations.

In addition, we compete with other financial institutions to attract and retain sub-brokers and authorised persons to help distribute our products and our success depends upon factors such as the amount of sales commissions and fees we pay (including due to regulatory restrictions, our reputation, our perceived stability, our financial strength, the marketing and services we provide such intermediaries and the strength of our relationships with them. If we are unable to attract or retain sub-brokers, or authorised persons, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects. We may also be affected by regulatory changes impacting such intermediaries and may have to change our business practices in relation to such changes.

We also rely on third parties to provide certain critical trading infrastructure and software, in connection with our institutional brokerage and our treasury and trading businesses. If the third parties upon which we rely cannot expand system capacity to handle increased demand, or if any of their systems otherwise fail to perform or experience interruptions, malfunctions, disruptions in service, slower response times or delays, then we could incur reputational damage, regulatory sanctions, litigation and loss of trading, any of which could materially adversely affect our business, financial condition and results of operations.

In addition, we license certain software and technology from third parties. Any premature termination of our license agreements or the loss of the ability to use such software or technology for any reason would have an adverse impact on our business and operations. Rapid changes in our industry or technology may also result in our licensed technologies becoming obsolete prior to the expiration of our licenses or to the recall or discontinuation of support for outdated products or services.

9. Credit risks in our day-to-day operations, including in our investment portfolio, may expose us to significant losses.

We may suffer significant losses from credit exposures from our customers/clients and counterparties. Our brokerage business is subject to the risk that a client or counterparty may fail to perform its obligations or that the value of any collateral held by us to secure the obligations might become inadequate. We are exposed to credit risk arising out of receivables from clearing houses of stock exchanges which comprise initial margins placed with clearing houses and receivables relating to sales of securities which have traded, but not yet settled. We are also exposed to credit risk with regard to our fixed deposits placed with banks. We are dependent on a number of parties like brokers, merchant bankers, stock exchanges, banks, registrars and share transfer agents, clearing houses and other intermediaries for our transactions execution and/or for our day-to-day operations.

If any of these counterparties do not perform their obligations due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons, and any collateral or security they provide proves inadequate to cover their obligations at the time of the default, we could suffer significant losses and it would have adverse effect on our financial condition, cash flows, results of operations and cash flows. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances.

We are responsible for contracts entered into by us on behalf of our customers. Although we attempt to minimize our exposure to specific customers, these measures may not be sufficient. For example, if we provide a margin lending product to our retail customers, allowing them to trade on the basis of margins that they deposit with us. If our customers suffer significant losses and the margin that they deposited with us proves to be inadequate, due to unseasonal volatility or otherwise, we may suffer significant financial losses.

10. We rely on the Indian stock exchanges for a significant portion of our business.

Our brokerage business relies on the Indian stock exchanges, such as the NSE and the BSE, and the clearing corporations to execute and settle all our customers'/clients' transactions. All orders placed by our customers are fulfilled through the exchanges. Any disruption in the functioning of the exchanges or a disruption to our connection with the exchanges could have a material adverse effect on our business and results of operations.

To use the services of the stock exchanges, we are required to be registered as their members. This registration subjects us to various stock exchange regulations and periodic inspections by such stock exchanges. We cannot assure you that we will be able to strictly comply with such regulations or that such inspections would not find any violations by us. Failure to comply with such regulations could lead to fines, penalties, and in extreme circumstances, termination of our registration. If our registration with the stock exchanges is terminated, we will be unable to provide brokerage services, which will have a material adverse effect on our business, financial condition and results of operations. In addition, our business operations are subject to regulatory limits on brokerage fee rates and net worth requirements imposed by stock exchanges.

11. We are required to maintain various licences and permits for our business from time to time. Any failure or delay in obtaining or renewing licences or permits may adversely affect our operations.

Our business is subject to regulations prescribed by SEBI, stock exchanges and other regulatory authorities and we require certain approvals, licences, registrations and permissions for operating our business (including for the operation of our branches). In accordance with the regulations formulated by SEBI and other regulatory authorities, we are required to intimate or obtain approvals, as the case may be, amongst others, for changes in our Board, and changes in our shareholding pattern. Some of the approvals, licenses and registrations may elapse in the ordinary course of business and our Company makes applications for renewal as and when practicable and in accordance with applicable law, while certain other registrations are valid till they are suspended or cancelled by the regulator but are subject to payment of registration fees at a periodic interval. Government licences and approvals may also be tied to conditions, some of which may be onerous to our Company and require substantial expenditures. There is no assurance in the future that the licences, approvals and permits applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable law. Our failure to obtain or timely renew such licences and approvals in a timely manner, or at all, and comply with the provisions of the applicable laws and regulations could lead to suspension or cancellation of our registration or imposition of sanctions by the relevant authorities, including penalties. If we are unable to make applications and renew or obtain necessary permits, licences and approvals on acceptable terms, in a timely manner, at a reasonable cost, or at all, it could materially and adversely affect our financial condition and results of operations.

12. We are highly dependent on our skilled personnel for our day-to-day operations. The loss of or our inability to attract or retain such persons have a material adverse effect on our business performance.

Our success in expanding our business will also depend, in part, on our ability to attract, retain and motivate skilled personnel. Competition for skilled personnel in our industry is intense. Our competitors may offer compensation and remuneration packages beyond what we are offering to our employees. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. We may be required to appoint new employees who may or may not have prior experience within the industry and need to be trained. Apart from this, employees may also leave the organization due to other reasons and may need to be replaced. These factors lead to increased manpower cost

The details of attrition rate of employees for the last three (3) financial years are as follows:

Particulars	For the Financial year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Year End number of employees	67	71	72
Number of employees retired / left	24	35	29
Attrition Rate (%)	36%	49%	40%

Most of the attrition has been at the staff level and not at the Executive or Managerial level. We have also during the past three (3) financial years added more employees than those who have left, but we cannot assure you that there will be no attrition of employees in future. If we are unable to retain talent required for our business or hire employees with similar talents and experience in the same cost, we may incur additional costs or we may face difficulties in our operations and performance due to lack of skilled and experienced workforce which could have a material adverse effect on our profitability, financial condition and results of operations.

13. We have entered into, and will continue to enter into, related party transactions.

We have in the course of our business entered into transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not adversely affect our business, prospects, financial condition and results of operations.

For details regarding our related party transactions as per Ind AS 24 entered into by our Company in Fiscal 2023, please see “*Financial Statements*”—*Related party transactions*” on page 94 of this Draft Letter of Offer.

14. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

(₹ in lakhs)

Particulars	March 31, 2024	March 31, 2023
	Audited	
Net Cash Flow from/ (used in) Operating Activities	(1508.15)	(797.49)
Net Cash Flow used in Investing Activities	951.67	887.29
Net Cash Flow used in Financing Activities	(491.48)	197.24

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

15. We have not been paying dividends in the past and our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. We have not paid dividends in the past and there can be no assurance that our Company will declare dividends in the future also.

16. We have incurred cash losses in the recent past

Our Company has incurred a cash loss of ₹ 70.52 lakhs for the year ended March 31,2023. Continuous losses from our operations could have an adverse impact on our reputation and our business.

17. Our promoters will continue to retain significant shareholding in our Company after the issue, which will enable them to exercise significant control over us.

After the completion of the Issue, our Promoters, will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and affect the outcome of shareholder voting. As a result, our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

18. There are certain legal proceedings involving our Company, Directors and Promoter, an adverse outcome in which, may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.

Our Company, its Directors and Promoter are involved in certain legal proceedings, which if determined, against us could have adverse impact on the business and financial results of our Company. A brief detail of such outstanding litigations as on the date of this Draft Letter of Offer are as follows:

Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	2	13.39
Tax Proceedings	Nil	Nil
Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
Labour Matters	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations above the materiality threshold	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

*To the extent quantifiable

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax Matters	Nil	Nil
Indirect Tax Matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

*To the extent quantifiable

Litigations involving our Promoters / Directors

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters (TFL as a promoter)	195	39.66
Direct tax matters (TFL as a promoter)	1	328.83
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

*To the extent quantifiable

We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that legal proceedings will not be initiated against our Company, its Directors or Promoter in future. For further details on the outstanding litigation proceedings, see "Outstanding Litigation and Defaults" on Page **Error! Bookmark not defined.** of this Draft Letter of Offer.

19. We may not be able to adequately protect our intellectual property, which could harm the value of our brand and services.

Our business is dependent upon successfully protecting our intellectual property, including but not limited to our trademarks and copyrights. As part of our efforts towards ensuring their protection, we



have been using our logo and variations and formatives, which is yet to be registered with Trade Mark Registry. Generating and maintaining recognition for our brand is critical to our business. The success of our business depends on our ability to use our trademarks in order to compete effectively

in existing markets and increase penetration and awareness for our brand and further promote our business in newer markets. If we are unable to maintain or enhance awareness of our brand and generate demand in a cost-effective manner, it would adversely affect our ability to compete in the industry and would have an adverse effect on our business and results of operations.

The registration for the said trademark in our name is important to retain our brand equity. If we do not register our trademark, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademark. We are unable to assure the future viability or value of any of our intellectual property. Our Company's business may be affected due to our inability to protect our existing and future intellectual property rights.

20. The management of our Company is dependent upon our senior management, directors and key personnel.

We operate in an industry where the quality of our people is a critical asset. We benefit significantly from the vision, strategic guidance, experience and skills of several key members of our management team, which includes our Promoter, supported by the skills, efforts, expertise, continued performance and motivation of our Key Management Personnel, and other personnel. If any of our Promoter, Key Management Personnel cease to be associated with our Company and we fail to recruit suitable replacements in a timely manner, our ability to manage our growth and our business, results of operations and prospects may be adversely affected.

21. Our Insurance coverage may be inadequate, as a result of which the loss or destruction of our assets could have a material adverse effect on our financial condition and results of operations.

While we believe that the insurance policies taken by us are adequate, they may not be sufficient to cover all the risk involved. Such insurance policies are taken on the basis of estimated period of completion of the project and estimated costs and other projections. However, we cannot assure you that our company recover all our losses in case of any damage or adverse event. We may face uninsured risks to the extent of remaining assets of the company. Further, if we may suffer any losses, damages and liabilities in the course of our operations and in our project development. Any such uninsured losses or liabilities could result in a material adverse effect on our business operations, financial conditions and results of operations. Further, we may not carry insurance coverage for all our projects. We may have to bear the costs associated with any damage suffered by us in respect of these uninsured projects or uninsured events.

22. Our Company has availed unsecured loans from related parties, which are recallable in nature.

As on March 31, 2024, our Company has outstanding unsecured loans aggregating to ₹ 287.94 lakhs, which have been extended by our Directors which are recallable in nature and can be recalled at any time by them. We cannot assure you that the lenders will not demand repayment of the unsecured loans extended to us. In the event, the lenders seek a repayment of any these unsecured loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to carry out the operations or complete our ongoing operations. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see "Financial Indebtedness" on page 101 of this Draft Letter of Offer.

23. We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchanges and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect

to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

We believe, we are in compliance with rules and regulations imposed by the BSE and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure/ Non filing to the BSE or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

24. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.

Our Company proposes to utilize the Net Proceeds for repayment of unsecured loan and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business.

25. The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled “Objects of the Issue.”

As the Issue size is not more than ₹10,000 lakhs, under Regulation 82 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilization of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilization of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same.

26. We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.

A number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers, or both. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, our security measures may not provide absolute security. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. A successful penetration or circumvention of the security of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security

measures, customer dissatisfaction, significant litigation exposure, and affect to our reputation, all of which could have a material adverse effect on us.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or by persons with whom we have commercial relationships that result in the unauthorized release of customers' or businesses' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability.

27. The COVID-19 pandemic has had, and may in the future continue to have, and any similar pandemic situations that may arise in the future, may have a material adverse impact on our business, results of operations, financial condition and cash flows.

The global spread and unprecedented impact of the ongoing COVID-19 pandemic continues to create significant volatility, uncertainty and economic disruption. The pandemic has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including lockdowns, shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. These responsive measures have severely disrupted economic and commercial activity tied to the production and sale of goods, which have impacted supply chains and routes, and, as a result, supply chain companies such as ours have experienced uncertainty and volatility. The scope, duration, and frequency of the measures implemented and the adverse effects of COVID-19 remain uncertain and could be severe. If COVID-19 infection rates resurge and the pandemic intensifies and expands geographically, its negative impacts on our business, operating expenses, gross profit and gross margin could be more prolonged and may become more severe.

28. We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and have made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled "Industry Overview" of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

EXTERNAL RISK FACTORS

29. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and IFRS, which investors may be more familiar with and consider material to their assessment of our financial condition.

Our audited summary statements of assets and liabilities as at March 31, 2024 and audited summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Financial Year 2024 have been prepared in accordance with the Ind AS, read with the Ind AS Rules and in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Audited Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR

Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

30. Political, economic or other factors that are beyond our control may have adversely affect on our business and results of operations.

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

31. A slowdown in economic growth in India could cause our business to suffer.

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our clients and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

32. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging markets in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country

can have an adverse effect on the securities of companies in other countries. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

33. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Gol has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

34. 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.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of 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 shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

35. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit rating for its international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

36. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions including wars amongst nations like the current Russia - Ukraine conflict could adversely affect our results of operations, cash flows or financial condition. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

ISSUE SPECIFIC RISKS

37. Our Company will not distribute the Draft Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Letter of Offer, the Abridged Draft Letter of Offer, Rights Entitlement Letter and Application Form (the "Offering Materials") to such Shareholders who have provided an address in India for the service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e- mail. Presently, there is a lack of clarity under the Companies Act and the rules thereunder, with respect to the distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

38. SEBI has by way of circulars dated January 22, 2020, May 6, 2020, January 19, 2021 and October 01, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has

been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021 and October 01, 2021 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 122 of this Draft Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

39. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if STT was paid on the sale transaction and, additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on long-term capital gains arising from sale of equity shares. However, where specified conditions are met, such long-term capital gains are only taxed to the extent they exceed Rs. 100,000.00 and unrealized capital gains earned up to January 31, 2018, continue to be exempt. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity Shares.

41. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

42. There is no guarantee that our Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchange until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

43. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, 2013, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

44. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

45. Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

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

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

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SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by way of resolution passed by our Board on April 30, 2024, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio have been approved by the Board of Directors at their meeting held on [●], 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 122 of this Draft Letter of Offer.

Rights Equity Shares being offered by our Company	[●] Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹2 each
Issue Price	₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share). On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes 100% of the Issue price including premium.
Issue Size	[●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of ₹ 1850.30 Lakhs * * <i>Assuming full subscription</i>
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari-passu</i> in all respects with the Equity Shares of our Company.
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares or is not in multiples of [●] ([●]), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Equity Shares issued, subscribed and paid up and outstanding prior to the Issue	7,40,12,189 Equity Shares issued subscribed and paid-up. For details, please see “Capital Structure” on page 43 of this Draft Letter of Offer.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares)	[●] Equity Shares* * <i>assuming full subscription</i>
Security Codes for the Equity Shares	ISIN: INE316D01024 BSE Code: 531950
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details, please see “ <i>Terms of the Issue</i> ” on page 122 of this Draft Letter of Offer.
Use of Issue Proceeds	For details, please see “ <i>Objects of the Issue</i> ” on page 48 of this Draft Letter of Offer

GENERAL INFORMATION

Our Company was originally incorporated in the name and style of “Vertex Securities Private Limited” as a Private Limited Company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Kerala at Cochin on September 15, 1993. Our Company was converted into a public limited company vide a new Certificate of Incorporation dated February 03, 1995 issued by the Registrar of Companies Kerala. The name of our Company was subsequently changed to Vertex Securities Limited. The Corporate Identity Number of our Company is L67120KL1993PLC007349.

Changes in the registered office of our Company

There has been no change in the address of our registered office.

Registered Office of our Company

Vertex Securities Limited

Thottathil Towers, 2nd Floor, Market Road,
Ernakulam, Kochi – 682 014, Kerala

Tel: 91 484 2384848

Fax: 91 484 2394209

Email: secretarial@vertexbroking.com

Website: www.vertexbroking.com

CIN: L67120KL1993PLC007349.

Registrar of Companies

Our Company is registered with the Registrar of Companies, Kerala at Kochi at the following address:

Corporate Bhawan

BMC Road, Thrikkakara

Kochi – 682021

Tel No.: +91 - 484 – 2421626

Email: roc.ernakulam@mca.gov.in

Corporate Office of our Company

403, Regent Chambers,

Nariman Point, Mumbai – 400 021, Maharashtra;

Tel No.: 91 22 6630 6090 / 4001 0900

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Kumar Nair	62	Chairman	8, Prospect Place, London, SW20 0JP, United Kingdom	00320541
Ramachandran Unnikrishnan	68	Managing Director	A/103, Rushikesh Apartments, Vakola Pipe Line Road, Santacruz East, Mumbai 400055	00493707
Jose Thomas Polachira	73	Non-Executive Independent Director	50/320 E, Road No. 1, Prasanthi Nagar, Edapally, Ernakulam, Kerala 682024	01049186
James Pothen	72	Non - Executive Independent Director	Kulathunkal, 62- Ansals, River Dale, Near Arackkadavu Bridge, Eroor, Ernakulam, Kerala 682306	02492330
Latha Anand	59	Non - Executive Independent Director	No. 62/467, C and D, Diwans Road, Opposite Devi Temple, MG Road, Kochi, Kerala 682016	06404421

Name	Age	Designation	Address	DIN
George Mampillil	76	Executive Director & CFO	Mampilli House, Kodamkulangara, Tripunithura, Eroor South, Eroor, Ernakulam, Kerala 682306	01976386

For detailed profile of our directors, please refer to the chapter titled “*Our Management*” on page 69 of this Draft Letter of Offer.

Chief Financial Officer

Mr George Mampillil is the CFO of our Company. His contact details are:

Thottathil Towers, 2nd Floor, Market Road,
Ernakulam, Kochi – 682 014, Kerala

Tel: 91 484 2384848

Fax: 91 484 2394209

Email: <mailto:rampanjri@gmail.com> mampilly@vertexbroking.com

Company Secretary and Compliance Officer

Mr Aniket Malekar is the Company Secretary and Compliance Officer of our Company. His contact details are:

403, Regent Chambers,
Nariman Point, Mumbai – 400 021,
Maharashtra;

Tel.: 91 22 6630 6090 / 4001 0900

Email: <mailto:secretarial@vertexbroking.com>

Details of Key Intermediaries pertaining to this Issue:

Registrar to the Company / Issue

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, L.B. S. Marg, Vikhroli (West)
Mumbai 400 083

Maharashtra, India

Tel: + 91 22 4918 6200

Email: vertexsecurities2024@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: vertexsecurities2024@linkintime.co.in

Contact Person: Ms Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Legal Advisor to the Issue

BGK Law Associates

Address: 405, Regent Chambers, J.B. Marg, Nariman Point, Mumbai 400021

Tel: +91 9821215888

Email: bgk@bgklawassociates.co.in

Contact Person: Mr. B. Gopalakrishnan

Bar Council Registration No: MAH/ 928-C/ 1976

Statutory and Peer Review Auditor of our Company

S S Khan & Co

Chartered Accountants

Address: 24, 1st floor, 5, Malharraowadi, Dadi Seth Agiary Lane,
Kalbadevi, Mumbai 400002

Email: ssknco786@gmail.com

Tel: +91-22-22402944

Contact Person: Mr Sarfaraz Khan

Membership Number: 144212

Firm Registration Number: 133324W

Peer Review Certificate Number: 014694

Bankers to the Issue/ Refund Bank

[•]

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

Since there are no lead managers, a statement of inter se allocation of responsibilities is not required.

Expert Opinion

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

Our Company has received written consent dated May 09, 2024 from S S Khan & Co., the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an "Expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its , in their capacity as the Statutory Auditors and in respect of their: (i) audit report dated May 08, 2023 relating to the audited Ind AS financial statements as at and for the year ended March 31, 2023 and (ii) Statement of Special Tax Benefits dated May 22, 2024 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "Expert" shall not be construed to mean an "Expert" as defined under the Securities Act, 1933.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares

applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

Credit Rating

As this is a Rights Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As this is a Rights Issue of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

Since the size of the issue is less than Rs.10,000 lacs, under Regulation 82 of the SEBI ICDR Regulations, a monitoring agency is not required to be appointed by our Company.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Changes in Auditors during the last three years

There has been no change in the Statutory Auditor of our Company in last three years immediately preceding the date of this Draft Letter of Offer.

Underwriting Agreement

This Issue is not underwritten, and our Company has not entered into any underwriting arrangement.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

* *The Board of Directors or the Rights Issue Committee will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

The above schedule is indicative and does not constitute any obligation on our Company.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [●] [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, being [●],[●] 2024.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will be liable for any loss on account of non-

submission of Applications on or before the Issue Closing Date. For details on submitting Application Forms, see "Terms of the Issue" on page 122 of this Draft Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue

Minimum Subscription

The objects of this Issue is (i) to increase Net Worth of the Company and augment long term funds for meeting working requirements of the Company; and (ii) general corporate purposes. Further, all our Promoters have not undertaken that they will subscribe to the full extent of their Rights Entitlement. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is applicable to this Issue. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.

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CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue, are set forth below.

(₹ Lakhs except share data)

Sl. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A	AUTHORISED SHARE CAPITAL		
	16,50,00,000 Equity Shares of ₹2 each	3300.00	
	200,000 Non-Cumulative Redeemable Preference Shares of ₹ 100 each	200.00	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	7,40,12,189 Equity Shares of ₹2 each	1480.24	
C	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾		
	Up to [●] Rights Equity Shares, at a premium of ₹[●] per Rights Equity Share, <i>i.e.</i> , at a price of ₹[●] per Rights Equity Share ⁽²⁾	[●]	1850.30
D	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE⁽³⁾⁽⁴⁾		
	Up to [●] Equity Shares	[●]	
E	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		Nil
	After the Issue		[●] ⁽³⁾

^{(1) & (2)} The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated April 30, 2024.

⁽²⁾ On Application, Investors will have to pay [●] per Rights Equity Share which constitutes 100% of the Issue Price

⁽³⁾ Assuming full subscription for and Allotment of the Rights Equity Shares.

⁽⁴⁾ Subject to finalisation of Basis of Allotment.

NOTES TO CAPITAL STRUCTURE

1. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Our Promoter Transwarranty Capital Services Private Limited has confirmed that it intends to subscribe to its rights entitlement and may subscribe to additional shares, but our other promoters Transwarranty Finance Limited and Mr Kumar Nair have not given any such undertaking. Please refer to Page 16 of this Draft Letter of Offer for the undertaking of our Promoters.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ / [●]- per equity share.
3. At any given time, there shall be only one denomination of the Equity Shares of our Company.
4. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. For details on the terms of this Issue, see "Terms of the Issue" on page 122 of this Draft Letter of Offer.

5. Shareholding Pattern of our Company as per the last filing with the Stock Exchange

(i) The summary statement of the shareholding pattern of our Company as on March 31, 2024, is as follows

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter and Promoter Group	4	54331503	0	0	54331503	73.41	54331503	54331503	73.41	0	0	0	0	0	0	54331503
(B)	Public	10,317	19680686	0	0	19680686	26.59	19680686	19680686	26.59	0	0	0	0	0	0	19588861
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		10,321	74012189	0	0	74012189	100.00	740121890	74012189	100.00	0	0	0	0	0	0	73920364

(ii) The statement of the shareholding pattern of our Company as on March 31, 2024 is as follows:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	4	5,43,31,503	5,43,31,503	73.41	5,43,31,503	73.41	5,43,31,503
(B) Public	10,317	1,96,80,686	1,96,80,686	26.59	1,96,80,686	26.59	1,95,88,861
Grand Total	10,321	7,40,12,189	7,40,12,189	100.00	7,40,12,189	100.00	7,39,20,364

(iii) Statement showing holding securities of persons belonging to the category Promoters and Promoter Group** as at March 31, 2024:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
A1) Indian							
a. Individuals/ Hindu Undivided Family	1	2,50,000	2,50,000	0.34	2,50,000	0.34	2,50,000
C D Padmini Devi		2,50,000	2,50,000	0.34	2,50,000	0.34	2,50,000
b. Others	1	3,92,53,950	3,92,53,950	53.04	3,92,53,950	53.04	3,92,53,950
Transwarranty Finance Limited		3,92,53,950	3,92,53,950	53.04	3,92,53,950	53.04	3,92,53,950
Total A1	2	3,95,03,950	3,95,03,950	53.38	3,95,03,950	53.38	3,95,03,950
A2) Foreign							
a. Non Resident Individuals/ Foreign Individuals	2	1,48,27,553	1,48,27,553	20.03	1,48,27,553	20.03	1,48,27,553
Kumar Nair		1,41,77,543	1,41,77,543	19.16	1,41,77,543	19.16	1,41,77,543
Leena Nair		6,50,010	6,50,010	0.88	6,50,010	0.88	6,50,010
Total A1+A2	4	5,43,31,503	5,43,31,503	73.41	5,43,31,503	73.41	5,43,31,503

*Transwarranty Capital Market Services Private Limited, wholly owned subsidiary of Transwarranty Finance Limited has acquired 949 equity shares and 3001 equity shares on May 18, 2024 and May 20, 2024 respectively aggregating to 3,950 equity shares and is now a shareholder of the Company. and hence our total number of promoters as on the date of this Draft Letter of Offer is 5 and the number of shares held by our promoters as on the date of this Draft Letter of Offer is 5,43,35,453 shares.

(iv) Statement showing holding of securities of persons belonging to the “public” category as on March 31, 2024:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (Calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
B1) Institutions	-	-	-	-	-	-	-
Banks (Domestic)	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	-
Sub Total B1							
B2) Central Government/ State Government(s) / President of India	-	-	-	-	-	-	-
Sub Total B2	-	-	-	-	-	-	-
B3) Non-Institutions							
KMPs, Directors and their relatives	7	15,40,200	15,40,200	2.08	15,40,200	2.08	15,40,200
Individual share capital up to ₹ 2 Lakhs	10,155	1,06,12,877	1,06,12,877	14.34	1,06,12,877	14.34	1,05,21,552
Individual share capital in excess of ₹. 2 Lakhs	17	27,93,170	27,93,170	3.77	27,93,170	3.77	27,93,170
Any Other							
IEPF	-	-	-	-	-	-	-
Non-Resident Indian (NRI)	34	23,33,251	23,33,251	3.15	23,33,251	3.15	23,33,251
Others	80	7,73,790	7,73,790	1.05	7,73,790	1.05	7,73,790
Bodies Corporate	24	16,27,398	16,27,398	2.20	16,27,398	2.20	16,26,898
Sub-total B3	10,317	1,96,80,686	1,96,80,686	26.59	1,96,80,686	26.59	1,95,88,861
B= B1+B2+B3	10,317	1,96,80,686	1,96,80,686	26.59	1,96,80,686	26.59	1,95,88,861

(v) Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchange: i.e. March 31, 2024

S. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Transwarranty Finance Limited	3,92,53,950	53.04
2.	Kumar Nair	1,41,77,543	19.16

(vi) *Details of shares locked-in, pledged, encumbrance by the Promoters and the Promoter Group:*

As on date of this Draft Letter of Offer, none of the shares held by the promoters are locked-in, pledged or encumbered.

(vii) *Details of shares acquired by Promoters in the last one year immediately preceding the date of filing of this Draft Letter of Offer:*

S. No.	Name of the Promoter and Promoter Group	Number of shares acquired	Mode of Acquisition	Date
1.	Transwarranty Capital Services Private Limited	949	On Market	May 18, 2024
2	Transwarranty Capital Services Private Limited	3001	On Market	May 20, 2024
Total		3950		

6. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer. The Company has taken necessary approvals from the shareholders for granting stock options to the employees. Although necessary in-principle approvals have been taken from the Stock Exchanges, the scheme is yet to be implemented.

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OBJECTS OF THE ISSUE

The objects of the Issue are:

1. To increase Net Worth and to augment the working capital requirements of the Company
2. For General corporate purposes.

(Collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue

Details of Gross Proceeds of the Issue

The details of the gross proceeds of the Issue are set forth in the following table:

Particulars	Amount
Gross Proceeds from the Issue	1850.30
Less: Issue related expenses	[•]
Net Proceeds from the Issue	[•]

Utilisation of Net Proceeds

The details of the Net Proceeds are set forth in the following table:

Particulars	Amount
Augmenting Working Capital Requirements	1337.58
General Corporate Purposes	[•]
Net proceeds from the Issue	[•]

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from bank loan as well as Net Proceeds. Accordingly, our Company confirms that We have made 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.

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2024-25.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of the Objects of the Issue

1. To meet the working capital requirements of the Company

We fund a majority of our working capital requirements in the ordinary course of business from internal accruals and bank loans. We propose to utilise ₹ 1,337.38 lakhs from the Net Proceeds of the Issue to fund working capital requirements of our Company in Fiscal Years 2024-25 as stated in the below table.

Basis of estimation of long-term working capital requirement

The details of Company's working capital as at March 31, 2022 and as at March 31, 2023 and the source of funding, on the basis of audited financial statements, as certified by our Statutory and Peer Reviewed Auditor, M/s S S Khan & Co, Chartered Accountants, vide their report dated June 12, 2024 are provided in the table below. Further, in light of the incremental business requirements, our Company requires additional working capital for funding its working capital requirements in the Fiscal 2025. The proposed funding of such working capital requirements are as set out in the table below:

Particulars of Assets	2022-23	2023-24	2024-25	2025-26
	Audited	Audited	Projected	Projected
Current Assets				
Cash and Cash Equivalentents	1180.88	119.28	337.62	229.99
Short term investments	2.40	3.02	3.02	3.02
Trade Receivables	1136.46	393.82	541.88	763.95
Advances	2.75	4.48	8.97	13.45
Other Current Assets	638.83	2230.55	2627.94	2641.42
Total (A)	2961.32	2751.15	3516.41	3648.81
Current Liabilities				
Trade Payables	2864.63	2186.78	1530.75	1301.14
Other Current Liabilities & advances	59.54	73.48	47.08	51.79
Provisions	8.04	16.19	1.54	1.69
Total (B)	2932.21	2276.45	1579.36	1354.61
Net Working Capital (A)-(B)	29.11	474.70	1937.04	2294.20
Sources of Working Capital				
i) Bank Borrowings			500.00	
ii) Internal Accruals/ Other Borrowings	-		99.46	
iii) Rights Issue Proceeds	-		1337.58	

Assumption for future working capital requirements:

The company is in Brokerage industry and hence no. of days of inventory, trade receivables and advances is not applicable.

Cash balances, trade receivables and other current assets have been increased considering the increase in volume of business. Similarly trade payables have been reduced considering availability of funds and benefits received due to shorter terms of payments.

Justification for “Holding Period” levels:

The justifications for the holding levels mentioned in the table above are provided below:

Current Assets	
Advances	Our Company has assumed the holding levels for advances of on the basis of volume of business
Trade Receivables	Our Company has assumed the holding levels for trade receivables of on the basis of the previous holdings for receivables and the volume of business
Current Liabilities	
Trade Payables	Our trade payables have a direct correlation to our business growth. Holding level for trade payables is assumed is line with the past levels and the estimated operations for FY 2024-25

Our Statutory Auditors have vide their certificate dated June 12, 2024 certified the Working Capital Requirements and our Rights Issue Committee has pursuant to its resolution dated June 12, 2024 approved the projected working capital for the Fiscal Year 2025 and Fiscal Year 2026 and the proposed funding of such working capital requirements. The Board of Directors will take note of the same in the next Board Meeting.

2. General Corporate Purposes

In terms of Regulation 62 (2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not exceed 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Undertaking by our Promoter and Promoter Group

Our Promoters have undertaken not to subscribe to the full extent of their Rights Entitlement. Any such acquisition of Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●]. For details of the undertaking please refer page [●] of this Draft Letter of Offer.

Interest of Promoters and Directors in the objects of the Issue

Our Promoters and none of our Directors have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors and Key Managerial Personnel of our Company.

Deployment of funds

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2025. However, if the Net Proceeds raised are not completely utilised for the objects stated above by Fiscal 2025 due to various factors beyond our control, such as market conditions, competitive environment, interest rate fluctuations and other commercial considerations, the same would be utilised (in part or full) in Fiscal 2026.

Issue Related Expenses

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

Particulars	Amount (₹ in Lakhs)	As a percentage of total issue expenses	As a percentage of Issue size*#
Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[•]	[•]	[•]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[•]	[•]	[•]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[•]	[•]	[•]
Total estimated Issue expenses**	[•]	[•]	[•]

* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards General Corporate Purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Issue.

^Excluding taxes

#Assuming full subscription

Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds towards the stated Objects of the Issue, our Company shall not use/deploy the Net Proceeds for any investment in the equity markets.

Monitoring of utilization of funds

Since the Issue is for an amount less than ₹ 10,000 lacs, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18(3) read with Part C of Schedule II of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses / application of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Appraising entity

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

Strategic or financial partners

There are no strategic or financial partners to the Objects of the Issue.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters and Promoter Group, Directors, Key Managerial Personnel of our Company, except for the part of the Net Proceeds that will be utilized towards the repayment/prepayment of certain unsecured loans availed by our Company from the Promoter Group members and payments made in the ordinary course of business, there are no material existing or anticipated transaction.

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STATEMENT OF TAX BENEFITS



S S KHAN & CO

Chartered Accountant

Office Add. : 24, 1st Floor, 5, Malharraowadi, Dadi Seth Agiary Lane, Kalbadevi, Mumbai - 400 002.
Tel. No : (+91-22) 2240 2944 **Mobile :** +91 98200 72944 **Email :** ssknco786@gmail.com

To

The Board of Directors

Vertex Securities Limited

2nd Floor, Thottathil Towers,

Market Road, Ernakulam,

Kochi, Kerala 682018

Independent Auditor's Certificate on Statement of Special tax benefits ("the Statement") available to Vertex Securities Limited ("the Company") and the shareholders of the Company in connection with the proposed rights issue of equity shares of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended ("Regulations")

1. We hereby confirm that the enclosed Annexure-A prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexure-A under:
 - the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2023 applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, presently in force in India; and
 - the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017 ("GST Acts"), as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2023 applicable for the Financial Year 2023-24.

The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Relevant Acts"

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.



3. The benefits discussed in the enclosed Annexure-A are not exhaustive and the preparation of the contents stated in Annexure-A is the responsibility of the management of the Company. We are informed that Annexure-A 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 their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed right issue by the company. Annexure-A is initialled by us for identification purposes only.
4. We do not express any opinion or provide any assurance as to whether:
 - the Company or its shareholders will continue to obtain these benefits in future;
 - the conditions prescribed for availing the benefits have been / would be met with; and
 - the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexure-A are based on information, explanations and representations obtained from the Company and based on their understanding of the business activities and operations of the Company.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.
8. This Statement is issued solely in connection with the proposed right issue of face value of Rs 2/- each of the Company and is not to be used, referred to or distributed for any other purpose.

Limitation

9. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to



the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law

Restriction on Use

10. The statement is intended solely for information and the inclusion in the Draft Letter of Offer in connection with the rights issue of equity shares of the Company and for submission to Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited and is not be used, referred to or distributed for any other purpose, without our prior consent, provided the below statement of limitation is included in the Draft Letter of Offer. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. S S Khan & Co shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. We have no responsibility to update this certificate for any events or circumstances occurring after the date of this certificate.

For S S Khan & Co

Chartered Accountants

ICAI Firm Registration No..133324W



Sarfaraz Khan

Proprietor

Membership No. 144212

UDIN: 24144212BKBOEE9536

Place: Mumbai

Date: May 22, 2024

Enclosed: Annexure A – Statement of Special Tax Benefits available to the Company



ANNEXURE A TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO VERTEX SECURITIES LIMITED (THE "COMPANY") AND THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS")

The information provided below sets out the possible special direct and indirect tax benefits available to the Company and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership, and disposal of equity shares of the Company, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business/commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY

The statement of tax benefits outlined below is as per the Income-tax Act, 1961 read with Income Tax Rules, circulars, notifications ("Income Tax Law"), as amended from time to time and applicable for financial year 2023-24 relevant to assessment year 2024-25. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the Income Tax Law. Hence, the ability of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfil.

For Vertex Securities Limited



STOCK / SHARES: DEMAT SERVICES / INVESTMENT CELL
MEMBER: NATIONAL STOCK EXCHANGE, BOMBAY STOCK EXCHANGE, DEPOSITORY PARTICIPANT-NSDL



(a) Lower corporate tax rate under Section 115BAA of the Income-tax Act, 1961 ("the Act")

As per Section 115BAA of the Act, with effect from Financial Year 2019-20 (i.e. AY 2020-21), a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and cess) subject to satisfaction of certain conditions.

In case a company opts for Section 115BAA of the Act, provisions of Minimum Alternate Tax (MAT) under Section 115JB of the Act would not be applicable as per clarification issued by CBDT vide Circular 29/2019 dated 2 October 2019. Additionally, such company will not be entitled to claim tax credit relating to MAT.

The option needs to be exercised on or before the due date of filing the tax return in prescribed manner. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year and therefore, shall apply to subsequent assessment years.

The Company has not opted for the provisions of Sec 115BAA of the IT Act from assessment year 2020-21. In case the company opts for Section 115BAA in future, the company will not be allowed to claim any of the following deductions/exemptions under the Act:

1. Deductions under the provisions of the Sec 10AA (Deductions for units in Special Economic Zone)
2. Deductions under clause (iia) of sub-section (1) of Sec 32 (Additional Depreciation)
3. Deductions under Sec 32AD or Sec 33AB or Sec 33ABA (Investment allowance in backward areas, Investment deposit account, Site restoration fund)
4. Deductions under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or (2AA) or subsection (2AB) of Sec 35 (Expenditure on scientific research)
5. Deduction under Sec 35AD or Sec 35CCC (Deduction for specified business, agricultural extension project).
6. Deduction under Sec 35CCD (Expenditure on Skill Development)
7. Deduction under any provisions of Chapter VI-A other than provisions of Sec 80JJA or Sec 80M
8. Deduction under Sec 80LA other than deduction applicable to a Unit in the International Financial Services Centre as referred to in sub-section (1A) of Sec 80LA of the Act.
9. No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause (1 to 8) above
10. No set off of any loss or allowance for unabsorbed depreciation deemed or under Sec 72A, if such losses or depreciation is attributable to any of the deductions referred from clause (1 to 8) above and
11. Or any other deductions/exemptions as not mentioned herein above but cannot be claimed as per the Act.

(b) Section 80JJA of the Act: Deduction in respect of employment of new employees

- In accordance with and subject to the conditions specified under Section 80JJA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a financial year, for 3 consecutive assessment years including the assessment year relevant to the financial year in which such additional employment cost is incurred.

- Additional employee cost means the total emoluments paid or payable to additional

For Vertex Securities Limited

Authorised Signatory



employees employed in the financial year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower effective tax rate of 25.168% as per the provisions of section 115BAA of the Act (as discussed above).

- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of section 80JJAA of the Act and satisfies the conditions as mentioned in the said section.

Special Tax benefits available to the shareholders under the Act

Pursuant to the amendment made by the Finance Act, 2020 dividend received by the shareholder/s on or after April 1, 2020 is liable to tax in the hands of the shareholder/s.

As per Sec 112A, any long-term capital gains over and above 1,00,000/- arising from transfer of an equity share, or a unit of an equity-oriented fund or unit of a business trust shall be taxed at 10% (without indexation) or at 20% (with indexation) of such capital gains subject to fulfilment of prescribed conditions at the option of the assessee company/shareholder/s as beneficial to them under the Act.

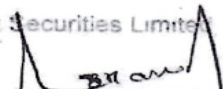
There are no special tax benefits available to the shareholders (other than resident corporate shareholder/s) of the company under the provision of the Act.

With respect to a resident corporate shareholder, a new Sec 80M is inserted by the Finance Act, 2020 to remove the cascading effect of taxes on inter-corporate dividends during the financial year 2020-21 and thereafter. The section provides that where the gross total income of the domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date on or prior to the date for furnishing the return of income under sub-section (1) of Sec 139 of the Act.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY

Outlined below are the possible tax benefits available to the Company and its shareholders under the indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 (the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), as amended by the Finance Act 2021 including the relevant rules, notifications and circulars issued thereunder, to the extent applicable & available to the company and shareholders of the company.

For Vertex Securities Limited


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SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Indian Economy

The real GDP in 1H of 2023-24 registered a YoY growth of 7.7% while the real GDP in Q3 of 2023-24 registered a growth of 8.4%, indicating the sustenance of growth momentum in the financial year. These estimates reaffirm the ability of the Indian economy to grow on the robustness of its domestic demand even when a rise in global uncertainties slows global output. India's real GDP expanded by 7.2% in FY23, the highest among major economies.

The nation has shifted to a modern economy, demonstrating increased global integration, and exporting a fifth of its output, a significant rise from one-sixteenth at independence. The demographic transition, marked by a lower infant mortality rate and a consistent growth in literacy rates, further enhances India's advantageous position. With improved income distribution, heightened employment rates, and globally competitive social amenity provisions, there is potential for India's per capita GDP to expand in the next 25 years, mirroring the growth seen in the preceding 75 years.

In the fiscal year 2024-25 (Interim Budget Estimate), there has been a 11.1% increase in the allocation for capital expenditure, rising from Rs. 10 lakh crore (US\$ 120.6 billion) in the previous year (2023-24) to Rs. 11.11 lakh crore (US\$ 134 billion). The strong growth of the Indian economy in the first half of FY24 has surpassed that of major economies, contributing to the reinforcement of macroeconomic stability.

Recently, in 2023-24, the following key indicators highlighted improved performances:

- Private consumption stood at 63.6% of the nominal GDP in Dec 2023, compared to 60.8% in last quarter same. It is supported by a rebound in contact-intensive services such as trade, hotel, and transport.
- The agricultural sector maintains robust growth, showing positive advancements in Rabi sowing, where the cultivated area has expanded from 709.09 lakh hectares in 2022-23 to 709.29 lakh hectares in 2023-24 (as on February 1, 2024). To enhance production and bolster farmers' income, elevated Minimum Support Prices (MSPs) have been declared for the upcoming Rabi Marketing Season (RMS 2023-24), ranging from 2.0 to 9.1%.
- CPI inflation eased to 4.85% in March 2024 from 5.09% in February 2024, with a decrease in both food and core inflation.
- PMI Services decreased to the levels of 61.2 in March 2024 as compared to 60.6 in February 2024.
- The consumption of petroleum products during April - March 2024 stood at 2,33,276 MMT in volume terms.
- Quick Estimates for India's Index of Industrial Production (IIP) for February 2024 stood at 147.2 against 153.5 for January 2024.
- The combined index of eight core industries stood at 156.2 for FY24 (April-February) against 145 for FY23 (April-February).
- Cargo traffic at major ports stood at 745 million tonnes (MT) during April-February FY24.
- Railway freight traffic stood at 1500 MT as on 15th March, 2024.
- During FY24 (April-March), air freight movement increased by 7% to 3365.65 tonnes as compared to 3146.80 tonnes in FY23 (April- March).
- A total of 100.85 crore e-way bills were raised from April - February in FY24.
- India registered a broad-based expansion of 7% in FY23, supported by robust domestic demand and upbeat investment activity. Sectoral analysis reveals that growth was driven by demand from the services sector, and enhanced agriculture export activity was aided by increased infrastructure investment. Private consumption has peaked, marking the highest level during all second quarters in the last 11 years, accounting for 60.6% of the Gross Domestic Product (GDP). The investment rate also rose to be the highest among all the second quarters since 2012-13 at 34.6% of GDP, hinting at the beginnings of an investment cycle.

- According to the CMIE, investment proposals amounting to US\$ 98.91 billion (Rs.8.2 trillion) comprising 241 projects were announced in January 2024.
- In March 2024, Gross GST Revenue collection reached ₹1.78 lakh crore (US\$ 6.48 billion), marking a 11.5% year-on-year growth, with yearly gross revenue hitting ₹20.18 lakh crore (US\$ 242.26 billion), reflecting a 11.7% increase compared to the previous year; positive trends were observed across components including CGST, SGST, IGST, and Cess collections, with significant inter-governmental settlements contributing to revenue distribution among states/UT.
- In April 2024, the Indian basket of crude oil reached US\$ 90.19 a barrel, compared to US\$ 83.5 in March 2024.
- In March 2024, UPI volume stood at 13,440 million transactions worth Rs. 19.78 lakh crore (US\$ 237.45 billion).
- Merchandise exports during April-March FY24 stood at US\$ 437.06 billion.
- Average daily absorptions under the liquidity adjustment facility (LAF) moderated to Rs. 1.4 lakh crore (US\$ 16.8 billion) during February-March 2023 from an average of Rs. 1.6 lakh crore (US\$ 19.2 billion) in December 2022-January 2023.
- As of April 12, 2024, reserve money stood at Rs. 46.88 lakh crore (US\$ 562.79 billion).
- As of April 05, 2024, the currency in circulation (CIC) registered Rs. 34.98 lakh crore (US\$ 419.93 billion).
- Rupee strength reached Rs. 83.52/US\$ as of April 19, 2024.
- The total foreign direct investment (FDI) received by India in FY24 (April to December 2023) amounted to US\$ 32.03 billion.
- As of April 19, 2024, India's foreign exchange reserves stood at US\$ 643.16 billion.
- According to RBI:
- Bank credit stood at Rs. 162.07 trillion (US\$ 1.94 trillion) as of February 23, 2024.
- Credit to non-food industries stood at Rs. 161.66 trillion (US\$ 1.940 trillion) as of February 23, 2024.

India's economy outpaced other economies during the first half of FY24, propelled by robust demand and increased investment. As of March 2024, the annual retail price inflation in India eased to 4.85%, a modest drop from the previous month, staying within the tolerance band set by the Reserve Bank of India (RBI). The real investment rate during Q2 of FY23, prevailing at a high level of 34.6%, demonstrates the Government's continued commitment towards asset creation.

An overall rise in Rabi coverage with adequately filled irrigation reservoirs plays a pivotal role in the agricultural output growth in 2022-23. An increase in minimum support prices for both Kharif and Rabi crops in 2022-23 and progress in rice procurement have already been supplementing rural incomes in the country. Higher incomes have further resulted in an increase in sales of passenger vehicles, two- and three-wheelers, and tractors by a good year-on-year margin in January. The increase in GST collection, the strong generation of e-way bills, and the growth in e-toll collection serve as reaffirmations of the resilience within economic activity.

In addition, steady growth momentum in service activity continues with healthy PMI levels during October to January, attributing to the growth in output and accommodating demand conditions, leading to a sustained upturn in sales. The growth impetus in rail freight and port traffic remains upbeat, with further improvement in the domestic aviation sector. Strong growth in fuel demand, domestic vehicle sales, and high UPI transactions also reflect healthy demand conditions. Continuous capital spending by the Government during the initial nine months amounted to Rs. 7.2 trillion (US\$ 86.4 billion).

The Interim Budget for FY25 emphasizes four pivotal areas: (i) Empowering the poor ("Garib Kalyan, Desh ka Kalyan"), elevating them from poverty, reaching marginalized groups, including street vendors, tribal communities, artisans, and transgender persons, to ensure inclusive growth and leave no one behind; (ii) Welfare of farmers ("Annadata") by providing direct financial aid, fostering inclusive growth and productivity through farmer-centric policies, income support, risk coverage, and technology promotion; (iii) Empowering the youth ("Amrit Peedhi, the Yuva") for nation's prosperity by focusing on quality education, holistic development, and fostering entrepreneurial aspirations; and (iv) Empowerment of women ("Momentum for Nari Shakti") through ease of living, increased participation in workforce and facilitating entrepreneurship.

Strengthening the banking and financial sector is evident, given the stability in foreign direct investment (FDI) inflows, a resurgence in Foreign Portfolio Investment (FPI) inflows, and ample foreign exchange reserves providing a robust import cover of 9 months. The external front remains resilient, contributing to the commendable performance of the INR compared to other Emerging Market Economies (EMEs). India's services exports demonstrated robust performance during April-March period of FY24 with an estimated value of services export amounting to US\$ 339.62 billion, registering a 4.4% growth compared to the same period of previous fiscal year. This growth is predominantly fuelled by the software and business services sector. With a projected 8% increase in global IT spending for 2024, India's services exports outlook remains favourable. The narrowing merchandise trade deficit and the upward trajectory of net services receipts are anticipated to contribute to an enhancement in India's current account deficit.

As we move ahead in 2024, the global economic landscape is anticipated to introduce further complexities, necessitating sustained vigilance to uphold India's external resilience. It is important for India to address medium-term challenges, including securing technology and resources for energy transition and skill development for the 21st-century economy. Concurrently, maintaining fiscal consolidation at the general government level is crucial.

The Indian economy shows promising signs with the RBI forecasting a 7% real GDP growth for FY25, supported by the prospects of robust rabi harvesting, manufacturing profitability, and resilient services. While risks such as geopolitical tensions and supply chain disruptions persist, lower input prices and moderated food inflation are expected to positively impact output growth and export prospects. With efforts to enhance export competitiveness and stable inflation rates, the outlook for India's economic growth remains favourable.

The collective efforts invested over the past several years have laid a robust foundation, providing a sturdy platform upon which the framework of a middle-income economy can be built.

(Source: <https://www.ibef.org/economy/monthly-economic-report> updated as on April 2024)

Indian Brokerage Industry

Revenue diversification remains in focus

The Indian brokerage industry has undergone rapid changes in its business environment in last three fiscals, starting with a surge in customer accretion (client base rising from ~2.1 crore in FY20 to 8.1 crore in February 2023), business volume (~15.8 lakh crore in FY20 to ~163 lakh crore in Q3FY23), pick-up in flat brokerage model to rising proportion of derivatives volumes. In recent quarters, brokerages seemed to undergo a structural shift from aggressive client addition to maintaining profitability amid rising compliance cost, through improvement in unit economics. The broking segment, especially retail broking, has become increasingly dynamic. Entry of new players, digitisation & disruption, regulations have changed the way business has been shaping up. Brokers are now restructuring their business strategy to diversify revenue streams. Value added services, including wealth management, research, advisory, AMC and financial planning has been the focus to ensure maximum customer's engagement and enrich wealth creation journey of clients. Fund based activity, including margin funding and loan against shares, is expected to enable sustained contribution to earnings. Thus, while brokerages have witnessed an increase in topline, share of pure broking income has been sliding in the overall pie. Further, as per CareEdge, revenue growth for the broking industry is expected to moderate to 10% growth in FY23 to ₹ 28000–30000 crore and be flattish in FY24E with consolidation in industry benefiting some traditional brokers. Post Covid, the broking industry witnessed a substantial surge in client accretion competitive pricing, increased marketing and digital offerings. Active clients increased from 1 crore in FY20 to 1.8 crore in FY21 and ~3.5 crore in FY22. There was substantial participation from new to market customers from tier-II/III and beyond. However, after reaching a peak of ~3.66 crore in June 2022, active clients have declined and reached ~3.35 crore in January 2023, owing to a large number of clients onboarded earlier being inactive.

Exhibit 1: ADTO trajectory in Indian market

Total daily exchange turnover (₹ lakh crore)	FY21	FY22	Apr'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23
Cash total (I)	0.66	0.72	0.73	0.47	0.50	0.64	0.67	0.52	0.62	0.57	0.52	0.54
YoY growth (%)	50.6	9.3		-38.6	-26.9	-6.6	-10.4	-40.4	-12.9	0.0	-25.4	-14.9
Futures	1.1	1.2	1.3	1.1	1.1	1.2	1.3	1.2	1.1	1.0	1.1	
Options	26.2	69.8	104.6	111.1	110.6	135.5	150.7	143.7	146.5	190.7	201.1	
F&O total (II)	27.3	71.0	106.0	112.2	111.7	136.7	152.0	144.9	147.6	191.7	202.2	208.2
YoY growth (%)	77	17		128	96	126	116	100	95	145	119	103
Total (I+II)	28	72	107	113	112	137	153	145	148	192	203	209

Source: NSE, BSE, SEBI, ICICI Direct Research

SEBI has been undertaking tightening of regulations amid increase in derivative volume, which is likely to increase compliance cost for intermediaries and may eventually also lead to a rise in brokerage rates, though timing and extent of price revision of the same is difficult to guess.

Recently, government hiked STT on sale of futures and options to an extent of ~25%. This rise will result in higher cost for participants and, thus, could impact robust momentum seen in volumes over last three fiscals. However, rolling back of ~6% hike in transaction charges (undertaken last year) by NSE is seen partially offsetting the increase in cost for participants. Further, withdrawal of 'Do Not Exercise' facility for trading in stock options is seen to have a limited impact as majority of volumes are undertaken in index options wherein 'Do Not Exercise' facility will be available. At an aggregate level, moderation in client accretion, tightening of regulations and higher compliance cost are seen leading to a gradual consolidation in the industry. Such anticipated consolidation in the industry is seen as beneficial for existing players, especially incumbents. They are well placed with diversified source of revenue streams.

Industry Trend

Moderation in client accretion; active clients peak out

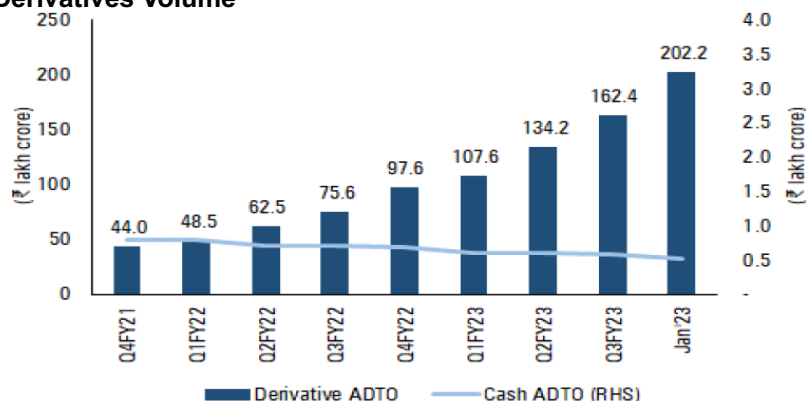
After robust client accretion for nearly 24 months, the industry witnessed a deceleration in the pace of client accretion. In 11 months of FY23, client addition was at ~2.3 crore compared to ~3.46 crore in FY22. In addition, active clients (i.e. clients with at least one trade in the last 12 months) have peaked out and started to decline in recent months. After reaching a peak of ~3.66 crore in June 2022, active clients have declined and reached ~3.35 crore in January 2023, owing to a large number of clients onboarded earlier being inactive.

In 10 months of FY23, the industry witnessed a decline in active clients with varied experience across players. While majority of peers have witnessed a decline in the number of active clients, Zerodha, Groww and Angel continued with positive accretion though the pace has moderated. In terms of market share, incumbents and new players like RKS and 5Paisa witnessed a moderation in market share. Zerodha, Angel and Groww remain exceptions, among peers, with continued expansion in market share.

ADTO continues to surge; volumes skewed towards options

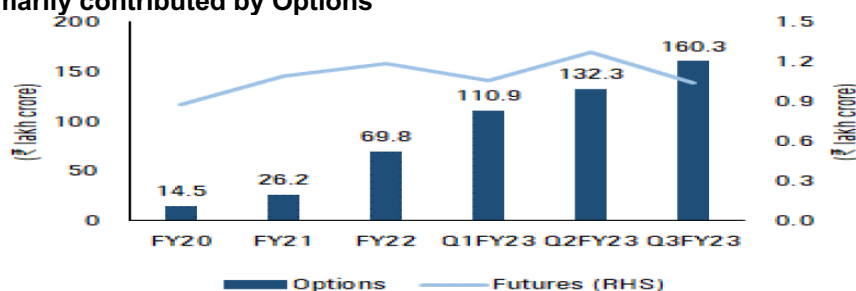
Average daily turnover (ADTO) has been increasing, in line with rising client accretion since March 2020, on the back of buoyant markets and increasing retail participation. The cash segment witnessed an increase in ADTO from ₹ 43889 crore in Q4FY20 to ₹ 79182 crore in Q4FY21. However, the trend peaked out as higher margin requirement kicked in leading to moderation in ADTO to ₹ 57047 crore in Q3FY23. Derivatives, on the other hand, have been witnessing continued increase with more than 10x increase in ADTO from ₹ 15.36 lakh crore in Q4FY20 to ~₹ 44 lakh crore in Q4FY21 and further at ₹ 162 lakh crore in Q3FY23 (₹ 208 lakh crore in February 2023).

Derivatives Volume



Source: Sebi, ICICI Direct Research

Primarily contributed by Options



Source: Sebi, ICICI Direct Research

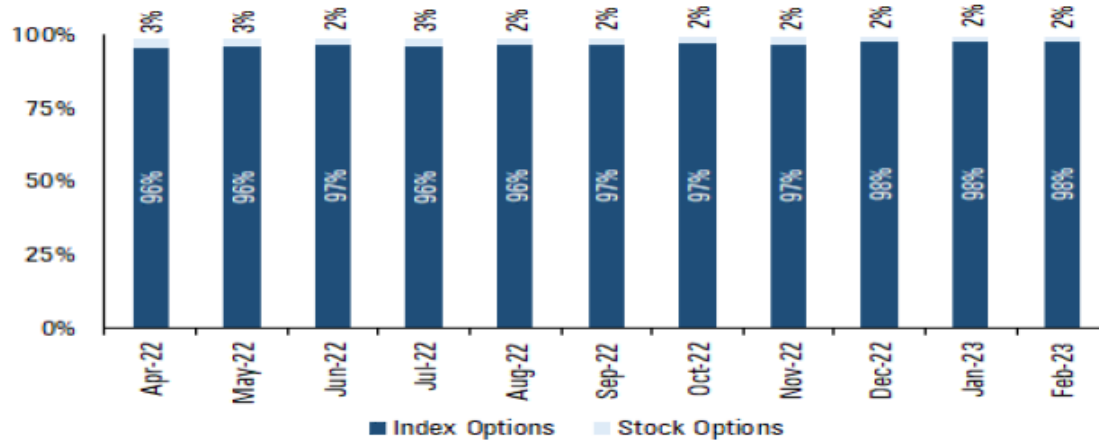
Options primarily contributed to a surge in derivative ADTO in the past few fiscals. ADTO of futures segment has remained broadly steady at ~ ₹ 1 lakh crore while options witnessed a multifold increase in volume from ~₹ 14.5 lakh crore in FY20 to ~₹ 26 lakh crore in FY21, ~₹ 70 lakh crore in FY22 and ~₹ 200 lakh crore in January 2023. Thus, the proportion of the futures segment has declined from ~5.7% in FY20 to less than 1% in January 2023. Players-wise, derivatives constitute relatively larger share of turnover when compared to incumbents. Sebi also seems to be concerned about a continued rise in derivatives volumes, especially increase in retail participation. Thus, Sebi, with the goal of ensuring safety of retail segment, has been undertaking tightening of rules in the last fiscals. However, options volume continues to remain elevated, though any impact of recent regulations needs to be seen.

In Finance bill passed in March 2023, government hiked STT (Securities Transactions Tax) on the sale of futures and options. For sale of futures, STT rate has been increased from 0.01% to 0.0125%, which translates to an increase of 25%. Likewise, STT on sale of options has been increased from 0.05% to 0.0625%. Such rise in STT will result in higher cost for participants, especially high frequency traders, which could impact robust momentum seen in volumes over last 3 fiscals. However, rolling back of ~6% hike in transaction charges (undertaken last year) is seen to partially offset the increase in cost for participants. Overall, negative impact of STT hike should be seen, though the same is to be halved by reduction of transaction charges by NSE.

In another move, NSE has announced withdrawal of 'Do Not Exercise' facility for investors trading in stock options from 30 March 2023. The 'Do Not Exercise' facility allows a trader to instruct the broker if they do not wish to exercise the right to give or receive deliveries. Earlier 'Do Not Exercise' facility allowed traders an auto square off of positions with residual amount to be paid. However, with withdrawal of this facility, all stock option contracts that expires in the money will have to be compulsory settled through physical delivery if they have not squared off on expiry date. Thus, this will entail higher margins and thus increase cost for traders.

However, 'Do Not Exercise' facility will be available for index options, which forms majority of volumes undertaken on the exchange. Thus, the said withdrawal is seen to have limited impact on volumes ahead.

Index options forms majority of volumes on NSE (No of contracts in %)

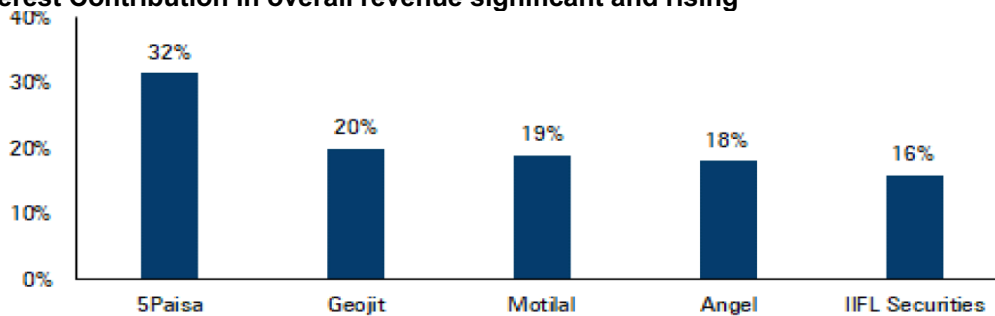


Steady MTF book to enable sustained diversification in revenue

Margin funding i.e. providing funding in lieu of securities held by client in his account, is one of the avenues to generate interest based income for Indian brokers. In the last two fiscals, the margin funding book witnessed healthy growth amid increasing volume and participation. Going ahead, the performance of the lending book would remain sensitive to capital market trend. We expect margin funding book of the brokerage industry, especially larger peers, to remain steady and continue to contribute significantly to revenue.

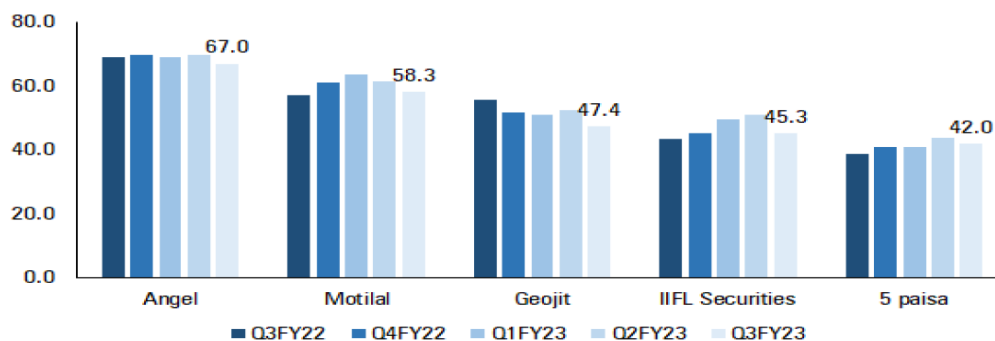
Brokers are focusing on value added services including wealth management, research, advisory, AMC and financial planning has been the focus to ensure maximum customer engagement. Services are offered to enrich wealth creation journey of clients. Fund based activity, including margin funding and loan against shares, is expected to enable sustained contribution to earnings. Thus, while brokerages have witnessed an increase in top-line, share of pure broking income has been sliding in the overall pie

Interest Contribution in overall revenue significant and rising



Source: Company, ICICI Direct Research

Share of Pure Broking Income as a percentage of revenue moderating



Source: Company, ICICI Direct Research

Increasing compliance may trigger consolidation

The Indian brokerage industry is a market with a large number of intermediaries (1277 BSE registered) with nearly half of turnover contributed by top 10 players (~79% of active clients). Large established brokers, with a strong digital presence, have been able to fare well in terms of business growth and market share in the past. Sebi seems to be concerned about a continued rise in derivatives volumes, especially increase in retail participation. Thus, Sebi, with the goal of ensuring safety of retail segment, has been undertaking tightening of rules in the last fiscals. 100% margin in cash intraday and F&O new margin rules are fully implemented now. Such tightening in regulations is likely to increase compliance cost for intermediaries, which is likely leading to continued consolidation in the industry. Given increasing regulatory compliance and associated cost, larger brokerages are expected to gradually garner market share while consolidation is expected to continue with the alignment of small brokers with larger established player. Further, higher compliance expense could trigger upward revision in brokerage rates, though timing and extent of price revision of the same is difficult to guess.

SEBI discussion paper - ASBA for stock payment

Sebi has proposed a new mechanism – Application Supported by Blocked Amount (ASBA) – wherein a direct channel of fund flow is to be created between the client and the clearing corporation particularly for UPI mode. As per the proposal, funds shall remain in the account of the client but will be blocked in favour of the clearing corporation till the expiry date of the block mandate or till the block is released. This move is to curb any malpractice in handling of client money by brokers and also enable clients to keep earning interest when funds are blocked for trading. This move could impact brokers as it would reduce float money with intermediaries, which have been utilised to avail bank guarantees and deposit with exchanges for position limits. Basically working capital needs will also surge. It may impact new age brokers too as float income as proportion of revenue may be higher than diversified large brokers and share of UPI payments likely to be higher with them.

Traditional players placed well with business model offering diverse streams of product, services over the longer term

Brokerage being the core revenue stream, still accounts for a substantial proportion of revenue for the industry. While new age brokers have been focusing on lower fixed brokerage, large incumbents are gradually attempting to diversify their portfolio offering with rising focus on value added services including advisory & research, financial planning, wealth management and margin trading facility. Thus, the proportion of pure broking income has undergone a gradual decline over the years for a majority of the players. In our view, large established full-service incumbents, with diverse product and services act as one stop for all financial needs of customers and, thus, are well placed to cater to customers as they progress on their wealth creation journey.

In the past few years, the cost structure and operational efficiency of brokerages has improved amid higher utilisation of technology. Further, players are now focussed on quality of customer and payback period to ensure improvement in unit economics. Thus, acquisition of quality revenue-generating customers and providing strong value-added services will remain key to sustainable earnings growth ahead.

(Source: ICICI Direct Research Report on the Indian Brokerage Industry dated March 29, 2023)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 19 of this Draft Letter of Offer, for a discussion of the risks and uncertainties related to those statements, as well as “Audited Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 73 and 102, respectively, of this Draft Letter of Offer for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Financial Statements.

Our Company was originally incorporated in the name and style of “Vertex Securities Private Limited” as a Private Limited Company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Kerala at Cochin on September 15, 1993. Our Company was converted into a public limited company vide a new Certificate of Incorporation dated February 03, 1995 issued by the Registrar of Companies Kerala. The name of our Company was subsequently changed to Vertex Securities Limited. The Corporate Identity Number of our Company is L67120KL1993PLC007349.

We made an Initial Public Offering in June 1996 and listed the shares in Cochin, Coimbatore, Madras and Mumbai (BSE) Stock Exchanges. We are currently listed only on the BSE. We were taken over by Transwarranty Finance Limited and Mr Kumar Nair, Promoter and Managing Director of Transwarranty Finance Limited in the year 2008 after making a public announcement for an open offer under the SEBI Takeover Regulations.

Business Overview

Vertex Securities Limited offers comprehensive brokerage services across various financial segments, including equity, equity derivatives, currency derivatives, and commodities. We provide a well-diversified portfolio of financial services which includes online mutual funds, online insurance support/services, and online account opening. We provide an extensive array of products and services thoughtfully curated to empower customers in their pursuit of expanding their financial assets.

We are a member of the National Stock Exchange of India Ltd (NSE) in the Capital Market and Derivative segments. We are also a member of The Bombay Stock Exchange Ltd (BSE) We are registered with Securities and Exchange Board of India as a Share Broker The registration is valid as on date of this Draft Letter of Offer. We also extend extending dematerialization facility and are a Depository Participant attached to National Securities Depository Ltd (NSDL). SEBI/Stock Exchanges have not taken any action against us with respect to conduct of our broking/DP business.

We currently provide brokerage services in equity, equity derivatives and currency derivative and in commodities segments through our network of branches and franchisees. During the year, the company made substantial upgradation of technology with launch of mobile App for trading and e-KYC. The Company has also successfully executed Merchant Banking valuation assignments during the year.

Our consolidated financial performance during the last two years is as under:

(Amount in ₹ Lakhs)

Particulars	FY 2024	FY 2023
	Audited	
Total Revenue from operations	839.78	699.07
Profit / (Loss) before Exceptional Items and Tax	46.20	(55.63)
Profit after Tax	46.51	(54.92)
Equity Share Capital	1480.24	1480.24
Net worth	1103.16	908.41
Net Asset Value (In Rs.)	1.49	1.22

Particulars	FY 2024	FY 2023
Total Borrowings	287.94	728.12

Business Strategies

- Aadhar based digital onboarding:** In line with our commitment to enhancing convenience, We have introduced Aadhar-based digital onboarding. This innovative approach empowers customers to seamlessly initiate their engagement with the Company and conduct transactions from the secure confines of their homes.
- Enhancement of our portfolio analysis and financial planning applications:** We have enhanced our portfolio analysis and financial planning applications.
- Diversification of our business portfolio:** We are continuing our efforts to diversify the business portfolio by distribution of Third-Party Products, such as Mutual Funds, Non-Convertible Debentures and insurance products which are anticipated to yield tangible income.

Subsidiaries

We have one wholly owned subsidiary Vertex Commodities and Finpro Private Limited (VCFPL) engaged in commodity broking business. VCFPL is now not a member of the Multi Commodity Exchange of India Ltd. (MCX), however, company is doing submissions on behalf of VCFPL as the client balances are not settled completely. VCFPL applied for the surrender of trading membership of Indian Commodity Exchange Limited and National Commodity and Derivatives Exchange Ltd and the same has been approved by the Exchanges in the financial year ended March 31, 2023. During the year ended March 31, 2023, VCFPL had total revenue of Rs. 52.81 lakh and net profit of Rs. 15.59 lakh as against the total revenue of Rs. 56.68 lakh and net profit of Rs 5.54 lakh in the previous year.

Our Major Customers

The percentage of income derived from our top customers for March 31, 2023 and as at the end of March 31, 2024 is given below:

Sr. No	Particulars	Financial Year 2022-23		Financial Year 2023-24	
		In Rs. Lakhs	Percentage	In Rs. Lakhs	Percentage
1	Income from top 5 customers	54.67	9.57%	74.13	11.38%
2	Income from top 10 Customers	83.90	14.68%	107.55	16.50%

Utilities

Since we are in the services industry, we do not require any utilities except for domestic consumption.

Collaborations

As on the date of this Draft Letter of Offer, we have not entered into any technical or other collaboration arrangements.

Human Resources

We believe our employees are one of our most important assets and critical to maintaining our competitive position in our industry. As on March 31, 2024, we had 68 full time employees. The following table sets forth a bifurcation of the number of our employees as of March 31, 2024.

Sr. No.	Description	No. of Employees
1	Top Management- Executive directors	2
2	Corporate support staff (Accounts, Secretarial, office staff)	8
3	Marketing staff	16
4	Others	42
	Total	68

Competition

We operate in a highly competitive industry. We face fierce competition from discount brokers and other leading brokerage houses who are active in retail and institutional broking business. Many of our competitors may have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. They may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of services that we may not be able to provide. Competition in our industry depends on, amongst others, the ongoing evolution of government and regulatory policies, the entry of new participants and the extent of consolidation in the industry.

Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. We are not required to constitute a Corporate Social Responsibility Committee as our Company falls within purview of Section 135(1) of the Companies Act, 2013. We are also not required to formulate a policy on corporate social responsibility.

Insurance

We do not have any insurance policy as on the date of this Draft Letter of Offer except for insurance for the motor cars owned by our Company.

Capacity and Capacity Utilization

Since we are in the services industry, the required of installed capacity and capacity utilisation is not applicable.

Intellectual Property

We do not have any registered trademarks in our name.

Property

Leasehold Property

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Lease deed with Ms. Rani Wilson dated 07.03.2024	Thottathil Towers, 2 nd Floor, Market Road, Ernakulam, Kochi – 682 014, Kerala	Monthly Rent Rs. 110,000	5 Years	Registered Office
2.	No formal agreement	403, Regent Chambers, Nariman Point, Mumbai – 400 021, Maharashtra	Nil	NA	Corporate office

OUR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles of Association. In accordance with the Articles, unless otherwise determined by our Company in general meeting, our Company shall not have less than 3 Directors and not more than 12 Directors. As at the date of this Draft Letter of Offer, our Board comprises of 6 Directors, including two (2) Executive Directors and one (1) Non- Executive Director and three (3) independent directors, including an independent woman director.

The following table provides details regarding the Board of Directors of our Company as at the date of filing this Draft Letter of Offer:

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
Mr Kumar Nair DIN: 00320541 Date of Birth: March 24, 1962 Designation: Chairman Address: 8, Prospect Place, London, SW20 0JP, United Kingdom Occupation: Business Term: Director liable to retire by rotation Original Date of Appointment: 31 st July, 2008 Nationality: British	62	1. Transwarranty Finance Limited 2. Vertex Commodities & Finpro Private Limited 3. Transwarranty Capital Market Services Private Limited 4. Consolidated Eutectics (Kolhapur) Private Ltd.
Mr. Ramachandran Unnikrishnan DIN: 00493707 Date of Birth : November 25, 1956 Designation: Managing Director Address: 1/103, Rushikesh Apts., Vakola Pipeline Road, Santacruz East, Mumbai 400055 Occupation: Professional Term: Director liable to retire by rotation Original Date of Appointment: 10 th January, 2009 Nationality: Indian	68	1. Transwarranty Finance Limited 2. Vertex Commodities and Finpro Private Limited 3. Suncem Surface Coatings Pvt Ltd 4. Transwarranty Capital Market Services Private Limited
Mr Jose Thomas Polachira DIN: 01049189 Date of Birth: June 01, 1951 Designation: Non-Executive Independent Director Address: 50/320 E, Road No. 1, Prasanthi Nagar, Edapally, Kerala 682024 Occupation: Professional Term: For a period of 5 years from September 20, 2019 Original Date of Appointment: 20 th September, 2014 Nationality: Indian	73	Nil

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
Mr James Pothen DIN: 02492330 Date of Birth: November 26, 1951 Designation: Non- Executive Independent Director Address: Kulathunkal, 62- Ansals, River Dale, Near Arackakadavu bridge, Eloor, Ernakulam, Kerala 682306 Occupation: Professional Term: 5 years from September 20, 2019 Original Date of Appointment: September 20, 2014 Nationality: Indian	72	1. Vertex Commodities and Finpro Private Limited
Ms Latha Anand DIN: 06404421 Date of Birth : April 26, 1965 Designation: Non-Executive Independent Director Address: No. 62/467, C and D, Diwans Road, Opp. Devi Temple, M G Road, Kochi, Kerala 682016 Occupation: Practising Advocate Term: 5 years from May 12, 2020 Original Date of Appointment: May 12, 2015 Nationality: Indian	59	1. Socius Legal Solutions Private Limited
Mr George Mampillil DIN: 01976386 Date of Birth: April 09, 1948 Designation: Executive Director & CFO Address: Mampilli House, Kodamkulangara, Tripunithura, Eloor South, Eloor, Ernakulam, Kerala 682306 Occupation: Business Term: Whole- Time Director Original Date of Appointment: August 13, 2018 Nationality: Indian	76	Nil

Confirmations

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

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Draft Letter of Offer.

Details of key management personnel and senior management personnel

S. No.	Name of Key Management Personnel / Senior Management Personnel	Designation
Key Management Personnel		
1.	Ramachandran Unnikrishnan	Managing Director
2.	George Mampillil	Director and Chief Financial Officer
3.	Aniket Ashok Malekar	Company Secretary
Senior Management Personnel		
4.	Jolly M M	Associate Vice President, Business Development
5.	Sunil Ghosh M C	Associate Vice President, Business Development
6.	Jerome Joseph	Associate Vice President, Business Development
7.	Arun Kumar S L	Associate Vice President, Digital Business
8.	Treesa Anthony	Senior Manager Compliance and Legal
9.	Elizabeth Varghese	Manager, Finance and Accounts

George Mampillil, aged 76 years is the Chief Financial Officer of our Company. He holds a graduate degree in Physics and has about 40 years of experience in the Financial Markets.

Aniket Ashok Malekar, aged 29 years, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce from Mumbai University and is an associate member of the Institute of Company Secretaries of India. He has been associated with our Company for 9 months and is responsible for handling secretarial matters of our Company.

Senior Managerial Personnel

Jolly M M, aged 58 is the Associate Vice President Business Development, He holds a Commerce Degree from Kerala University and has about 32 years of experience in Capital market.

Sunil Ghosh M C, aged 51 is the Associate Vice President Business Development, He holds a Commerce Degree from M. G. University and has about 30 years of experience in Capital market.

Jerome Joseph, aged 58 is the Associate Vice President Business Development, He holds a Commerce Degree from Kerala University and has about 32 years of experience in Capital market.

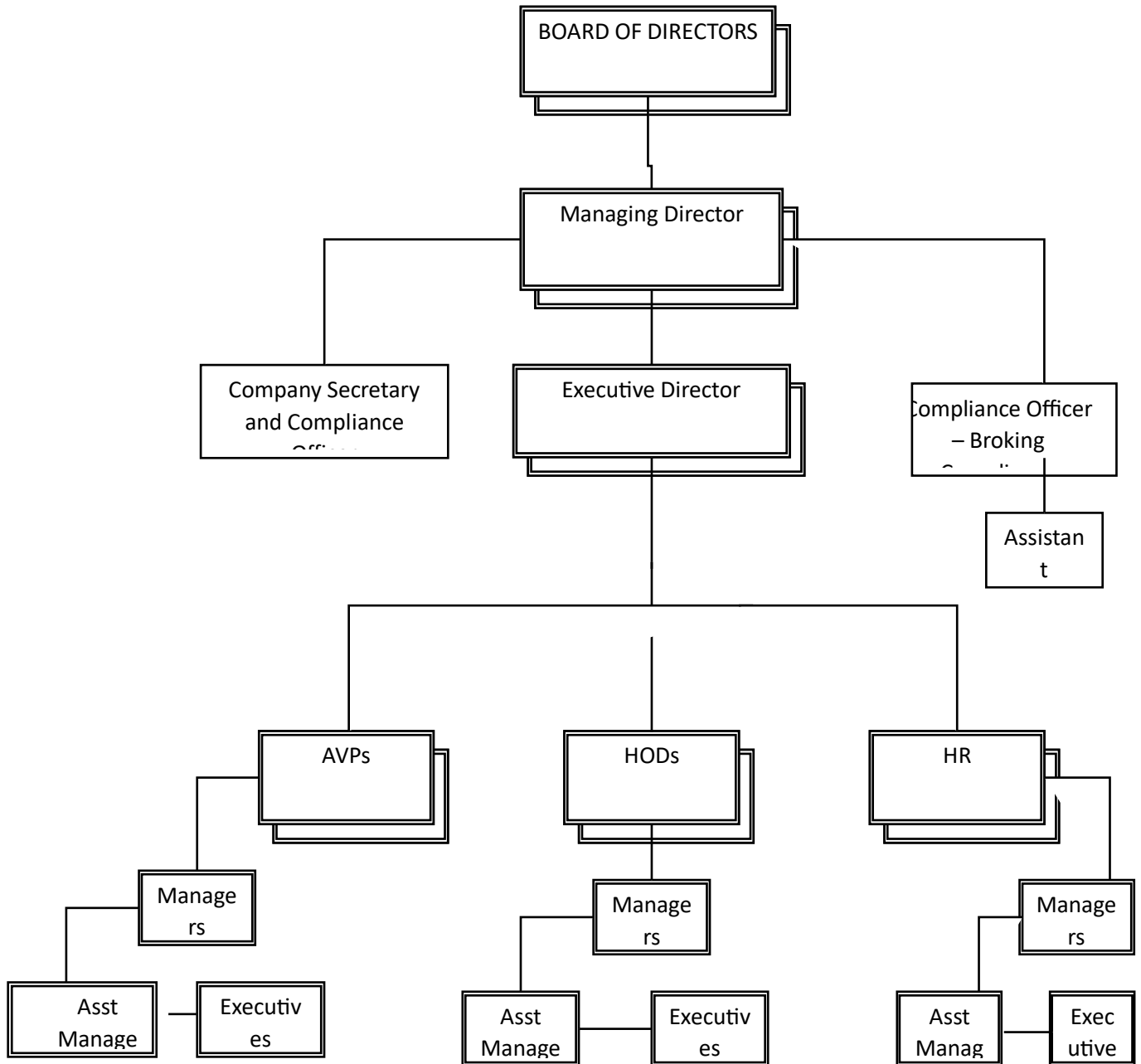
Arun Kumar S L, aged 40 is the Associate Vice President- Digital Business, He holds a B. Sc. (Computer Science) Degree from Madurai Kamaraj University and has about 18 years of experience in Capital market.

Mrs. Treesa Anthony, aged 50 is the Sr. Manager – Compliance and Legal, She holds an LLB Degree from Calicut University and has about 25 years of experience in legal matters,

Mrs. Elizabeth Varghese, aged 56 is the Manager Finance. She holds a Masters Degree in Commerce from Kerala University and has about 28 years of experience in Capital market..

Management Organisation Chart

The Organisation Chart is as given below:



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page numbers
1.	Audited Consolidated Financial Statements for the year ended March 31, 2024	74
2.	Statement of Accounting Ratios	99
3.	Capitalisation Statement	100
4.	Financial Indebtedness	101

Audited Consolidated Financial Statements for the year ended March 31, 2024



S S KHAN & CO

Chartered Accountant

Office Add. : 24, 1st Floor, 5, Malharraowadi, Dadi Seth Agiary Lane, Kalbadevi, Mumbai - 400 002.
Tel. No : (+91-22) 2240 2944 **Mobile :** +91 98200 72944 **Email :** ssknco786@gmail.com

Independent Auditor's Report on the audit of Quarterly and Year to date Consolidated Financial Results of Vertex Securities Limited pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**To the Board of Directors of
Vertex Securities Limited**

Report on the Audit of Consolidated Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date consolidated financial results of **Vertex Securities Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), for the quarter and year ended 31st March, 2024 ("the Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us the Statement:

- i. includes the financial result of Vertex Commodities and Finpro Private Limited (a subsidiary).
- ii. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting



principles generally accepted in India of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group for the quarter and year ended 31st March, 2024

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Group's Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy



and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher



than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial control with reference to financial statements in place and operating effectiveness of such control but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Statement made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among



other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

Other Matters

The Statement includes the results for the quarter ended 31st March 2024 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the end of the third quarter of the current financial year which were subject to limited review by us.

For S S KHAN & CO

Chartered Accountants

(FRN: 133324W)



SARFARAZ KHAN

Proprietor

Membership No.: 144212

Place: Mumbai

Date: April 30, 2024

UDIN: 24144212BKBODW4552

Vertex Securities Ltd.			
Consolidated Balance sheet as at 31st March 2024			
Particulars	Note No.	As At 31st March 2024	As At 31st March 2023
ASSETS			
Financial Assets			
Cash and cash equivalents	3	1,36,86,261	11,84,82,946
Bank Balance other than (a) above	4	5,91,25,000	12,91,25,000
Receivables			
(I) Trade Receivables	5	4,48,57,911	11,95,90,318
Loans	6	3,41,50,000	3,42,31,501
Investments	7	3,02,491	2,40,341
Other Financial assets	8	21,67,21,321	5,89,41,458
		36,88,42,984	46,06,11,564
Non-financial Assets			
Current tax Asset (Net)	9	35,20,590	54,58,451
Deferred tax Assets	10	6,93,134	5,13,284
Property, Plant and Equipment	11	45,67,168	50,14,018
Goodwill On consolidation		81,54,986	81,54,986
Other Intangible assets	11	9,89,180	11,12,615
Right of Use Assets	11	15,00,759	9,20,466
Other non-financial assets	12	99,27,227	89,07,095
		2,93,53,043	3,00,80,915
		39,81,96,027	49,06,92,479
Total Assets			
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		22,31,00,167	29,12,49,186
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		57,375	69,936
Borrowings (Other than Debt Securities)	14	2,87,94,288	7,28,12,347
Subordinated Liabilities	15	2,00,00,000	2,00,00,000
Other financial liabilities	16	87,33,510	1,06,25,773
		28,06,85,341	39,47,57,242
Non-Financial Liabilities			
Provisions	17	17,96,021	9,43,236
Other non-financial liabilities	18	53,97,753	41,50,987
		71,93,774	50,94,223
EQUITY			
Equity Share capital	19	14,80,24,378	14,80,24,378
Minority interest		1,49,94,666	-
Other Equity	20	(5,27,02,132)	(5,71,83,366)
Total Equity attributable to owners of company		11,03,16,912	9,08,41,012
Non Controlling interest		-	-
Total Equity		11,03,16,912	9,08,41,012
Total Liabilities and Equity		39,81,96,027	49,06,92,479
For S S KHAN & CO Chartered Accountants (FRN: 133324W)		For and on behalf of Board of Directors	
Sarfaraz khan Proprietor Membership No.: 144212		Kumar Nair Chairman DIN.00320541	U. Ramachandran Managing Director DIN.00493707
		George Mampillil Director & CFO DIN.01976386	Aniket Malekar Company Secretary
Place: Mumbai Date: April 30, 2024		Place: Kochi Date: April 30, 2024	

Vertex Securities Ltd.
Consolidated Statement of Profit and Loss for the year ended March 31, 2024

Particulars	Note no.	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Sale of services	21	8,39,78,594	6,99,07,132
Total Revenue from operations		8,39,78,594	6,99,07,132
Other Income	22	69,06,408	1,39,11,880
Total Income		9,08,85,002	8,38,19,012
Expenses			
Finance Costs	23	52,52,414	1,18,73,674
Employee Benefits Expenses	24	2,63,49,813	2,89,14,882
Depreciation and amortization	11	25,20,863	26,99,533
Others expenses	25	5,21,41,716	4,58,94,307
Total Expenses		8,62,64,807	8,93,82,396
Profit / (loss) before exceptional items and tax		46,20,195	(55,63,384)
Exceptional items		-	-
Profit/(loss) before tax		46,20,195	(55,63,384)
Tax Expense:			
(1) Current Tax		2,74,000	-
(2) Deferred Tax		(1,79,850)	-
(3) Income Tax relating to earlier years		(1,25,338)	(71,077)
Profit / (loss) for the period from continuing operations (VII-VIII)		46,51,383	(54,92,307)
Profit/(loss) from discontinued operations(After tax) (X-XI)		46,51,383	(54,92,307)
Profit/(loss) for the period		46,51,383	(54,92,307)
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or \loss			
Remeasurement of the net defined benefit obligation gain / (loss)		(2,37,634)	(53,540)
Fair valuation on Equity instrument		62,150	3,589
Other Comprehensive Income		(1,75,484)	(49,951)
Total Comprehensive Income for the period		44,75,899	(55,42,258)
Net Profit attributable to :			
Owners of equity		46,53,131	(54,92,307)
Non-controlling interest		(1,748)	-
Other Comprehensive Income attributable to:			
Owners of equity		(1,71,898)	(49,951)
Non-controlling interest		(3,586)	-
Total Comprehensive Income attributable to:			
Owners of equity		44,75,899	(55,42,258)
Non-controlling interest		-	-
Earnings per equity share	26		
Basic (Rs.)		0.06	(0.07)
Diluted (Rs.)		0.06	(0.07)

For S S KHAN & CO
Chartered Accountants
(FRN: 133324W)

Sarfaraz khan
Proprietor
Membership No.: 144212

Kumar Nair
Chairman
DIN.00320541

U. Ramachandran
Managing Director
DIN.00493707

George Mampillil
Director & CFO
DIN.01976386

Aniket Malekar
Company Secretary

Place: Mumbai
Date: April 30, 2024

Place: Kochi
Date: April 30, 2024

Consolidated Financial Statements		
Vertex Securities Ltd.		
Cash Flow Statement for the Year ended March 31, 2024		
Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
I. Cash Flows from Operating Activities:		
Net Profit Before Tax and Extraordinary Items	46,20,195	(55,63,384)
Adjustments for:		
Reversal of Rent Expense on Lease Liability	(14,84,380)	(14,57,396)
Depreciation	25,20,863	26,99,533
Remeasurement of the net defined benefit obligation gain / (loss)	(2,37,634)	(53,540)
Interest Income	(1,01,66,450)	(1,37,04,116)
Bad Debts written off	14,132	2,636
Impairment Allowance	2,92,442	46,343
Interest Expense	52,52,414	1,18,73,674
Adjustments for Changes in Working Capital:		
(Increase) / Decrease in Trade Receivables	7,44,25,834	(5,70,47,924)
Increase / (Decrease) in Trade & Other Payables	(6,81,61,581)	(2,73,08,978)
(Increase)/decrease in other financial assets	(15,84,24,181)	43,79,642
(Increase)/decrease in other non-financial assets	(10,20,132)	(1,74,734)
Increase / (Decrease) in other financial Liabilities	(18,92,263)	11,02,178
Increase/(decrease) in provisions	8,52,785	56,968
Increase / (Decrease) in non-financial Liabilities	8,03,327	(3,03,605)
Income tax paid (net of refunds)	17,89,200	12,90,666
Net Cash Flows from Operating Activities	(15,08,15,427)	(8,41,62,040)
II. Cash Flows from Investing Activities:		
(Purchase)/ Sale of Fixed Deposits	7,00,00,000	2,92,50,000
Loans - (Given)/ Received back	81,501	4,80,06,856
Cash inflow from interest on loans	1,08,10,766	1,66,41,180
Purchase of Property Plant and Equipment	(7,25,435)	(4,47,404)
Purchase of Intangible Asset	-	(7,50,000)
Sale of Investments	1,50,00,000	
Net Cash Flows from Investing Activities	9,51,66,833	9,27,00,632
III. Cash Flows from Financing Activities:		
Borrowings other than debt securities issued/ (Redeemed) (net)	(4,40,18,059)	3,42,42,358
Repayment of Subordinated Liabilities	-	(27,75,800)
Finance cost paid	(51,30,031)	(1,17,42,356)
Net Cash Flows from Financing Activities	(4,91,48,091)	1,97,24,202
Net Increase or (Decrease) in Cash and Cash Equivalents (I + II + III)	(10,47,96,685)	2,82,62,793
- Add: Cash and Cash Equivalents at Beginning of the year (Refer Note)	11,84,82,946	9,02,20,153
Cash and Cash Equivalents at End of the Year	1,36,86,261	11,84,82,946
Note:		
Cash and Cash Equivalents		
- Cash in Hand	1,87,698	2,02,431
- Balances with Banks		
- In Current Accounts	1,34,98,563	11,82,80,515
Total	1,36,86,261	11,84,82,946
For S S KHAN & CO Chartered Accountants (FRN: 133324W)	Sarfaraz khan Proprietor Membership No.: 144212	Kumar Nair Chairman DIN.00320541
		U. Ramachandran Managing Director DIN.00493707
		George Mampillil Director & CFO DIN.01976386
		Aniket Malekar Company Secretary
Place: Mumbai Date Date: April 30, 2024		Place: Kochi Date: April 30, 2024

Vertex Securities Ltd. Consolidated Notes to Financial Statement for the year ended March 31, 2024		
Particulars	As At 31st March 2024	As At 31st March 2023
NOTE '3'		
Cash and Cash Equivalent		
Cash on Hand	1,87,698	2,02,431
Balance with Banks		
In Current Account	1,34,98,563	11,82,80,515
Total	1,36,86,261	11,84,82,946
NOTE '4'		
Bank balances other than cash and cash equivalents		
Balance with Banks		
In Fixed Deposit	5,91,25,000	12,91,25,000
Total	5,91,25,000	12,91,25,000
NOTE '5'		
Receivables		
(i) Trade receivables		
Trade Receivables	2,96,09,466	11,40,10,983
Trade Receivables from related parties	-	-
Trade receivable which have significant increase in credit risk	1,73,13,757	68,72,835
Trade receivables - credit impaired	2,76,12,601	2,80,91,971
	7,45,35,824	14,89,75,789
Less: Impairment Allowance	(2,96,77,913)	(2,93,85,471)
Total (i)	4,48,57,911	11,95,90,318
NOTE '8'		
Other Financial assets		
Rent Deposit	16,11,066	21,85,867
Security Deposit	21,13,03,260	5,28,65,358
Advance Rental	53,664	43,254
Accured interest receivable	26,56,253	33,00,570
Balances with Government Authorities*	3,57,624	-
Advance to creditors	7,19,454	5,46,409
Unbilled Revenue	20,000	-
Other Receivables	-	-
Total	21,67,21,321	5,89,41,458
NOTE '9'		
Current tax assets (NET)		
Advance Payment of Income Tax (Including TDS)(Net of Provisions)	35,20,590	54,58,451
Total	35,20,590	54,58,451
NOTE '10'		
Deferred tax Asset/Deferred tax liabilities		
Depreciation and Amortisation	6,93,134	5,13,284
Total	6,93,134	5,13,284

Vertex Securities Ltd.		
Consolidated Notes to Financial Statement for the year ended March 31, 2024		
Particulars	As At 31st March 2024	As At 31st March 2023
Deferred tax assets recorded in Balance Sheet		
Deferred tax relates to the following:		
Deferred tax assets		
Present Value of Security Deposit	6,46,821	6,46,821
Depreciation and amortiation on Property, Plant & Equipment	47,611	-
Provision of Employee benefits	45,806	43,102
Gross deferred tax assets	7,40,238	6,89,923
Deferred tax liabilities		
Other timing differences	47,104	47,104
Depreciation and amortiation on Property, Plant & Equipment	-	1,29,535
Gross deferred tax liabilities	47,104	1,76,639
Deferred tax assets/(liabilities), net	6,93,134	5,13,284
NOTE '12'		
Other non-financial assets		
Capital Advances	-	76,512
Balance with tax authorities	4,38,773	3,71,510
Prepaid expense	26,92,416	48,78,624
Plan asset - Gratuity	-	-
Other advances	67,96,038	35,80,449
Total	99,27,227	89,07,095
NOTE '13'		
Payables		
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and smal enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22,31,00,167	29,12,49,186
Total (I)	22,31,00,167	29,12,49,186
(II) Other Payables		
(i) total outstanding dues of micro enterprises and smal enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	57,375	69,936
Total (II)	57,375	69,936
Total (I)+(II)	22,31,57,542	29,13,19,122
NOTE '16'		
Other financial Liabilities		
Employee benefits payable	18,93,683	5,03,265
Security Deposit from Franchises & Advances	67,40,091	68,51,787
Book Overdraft	-	15,52,573
Others	99,736	1,04,669
Accrued Interest Payable	-	16,13,479
Total	87,33,510	1,06,25,773
NOTE '17'		
Provision		
Leave enchasement	9,61,708	6,41,175
Gratuity	8,34,313	3,02,061
Total	17,96,021	9,43,236

Vertex Securities Ltd.		
Consolidated Notes to Financial Statement for the year ended March 31, 2024		
Particulars	As At 31st March 2024	As At 31st March 2023
NOTE '18'		
Other non financial Liabilities		
Statutory dues	24,09,080	18,00,870
Lease liability	15,40,615	10,97,176
Others	14,48,058	12,52,941
Total	53,97,753	41,50,987
NOTE '20'		
Other equity		
Securities Premium		
Balance at the beginning of the year	1,82,48,790	1,82,48,790
Add: Received during the year	-	-
Less: Share issue expense	-	-
Balance at the end of the year	1,82,48,790	1,82,48,790
Retained Earnings		
Balance at the beginning of the year	(8,02,04,729)	(7,46,58,883)
Profit / (Loss) for the year	46,53,131	(54,92,307)
Other comprehensive income	(2,34,048)	(53,540)
Less:-Transferto Capital Redumption Reserve	-	-
Change in Non Controlling interest	-	-
Balance at the end of the year	(7,57,85,645)	(8,02,04,729)
Other Comprehensive Income - fair value on equity instruments		
Balance at the beginning of the year	(22,67,360)	(22,70,949)
Gain / (Loss) on fair valuation on equity instruments	62,150	3,589
Effects of first time adoption of Ind AS	-	-
Balance at the end of the year	(22,05,210)	(22,67,360)
Capital Redumption Reserve		
Balance at the beginning of the year	27,75,800	27,75,800
Add:- Transferred During the Year	-	-
Balance at the end of the year	27,75,800	27,75,800
Reserve under Amalgation account		
Balance as at the beginning of the year	42,64,133	42,64,133
Add: Transferred during the year	-	-
Balance as at the end of the year	42,64,133	42,64,133
Total	(5,27,02,132)	(5,71,83,366)

Vertex Securities Ltd.

Consolidated Notes to Financial Statement for the year ended March 31, 2024

NOTE 7

Investments

Particulars	As At 31st March 2024	As at 31st March 2023
At fair value through other comprehensive income		
(i) In equity instruments		
Investment in others	2,40,341	2,36,752
Add:- Fair Value Gain / (Loss)	62,150	3,589
Sub-total (i)	3,02,491	2,40,341
Total (B) = (i + ii + iii)	3,02,491	2,40,341
Total	3,02,491	2,40,341

Particulars	As At 31st March 2024	As at 31st March 2023
Out of the above		
In India	3,02,491	2,40,341
Outside India	-	-
Total	3,02,491	2,40,341

Vertex Securities Ltd.

Consolidated Notes to Financial Statement for the year ended March 31, 2024

NOTE 11

Property, plant and equipment and intangible assets

For the financial year 2023-24

Particulars	Gross Block					Depreciation and amortisation				Net Block
	As at 1st April, 2023	Additions	Reclassification	Deductions/ Adjustments	As At 31st March 2024	As at 1st April, 2023	Deductions/ Adjustments	For the Year	As At 31st March 2024	As At 31st March 2024
Property, plant and equipment										
Plant & Equipments	1,50,91,742	4,08,480	-	-	1,55,00,222	1,40,52,978	-	4,75,434	1,45,28,412	9,71,810
Furniture & Fittings	1,52,37,567	59,428	-	-	1,52,96,995	1,18,12,889	-	5,37,573	1,23,50,463	29,46,532
Vehicles (refer note a)	27,88,707	-	-	-	27,88,707	27,72,597	-	10,851	27,83,447	5,259
Computer	2,23,58,170	2,57,526	-	-	2,26,15,697	2,18,23,703	-	1,48,427	2,19,72,130	6,43,566
Sub-Total	5,54,76,186	7,25,435	-	-	5,62,01,620	5,04,62,167	-	11,72,285	5,16,34,452	45,67,168
Intangible Asset										
Computer Software	63,24,833	-	-	-	63,24,833	63,24,831	-	-	63,24,831	2
Lisence	1,30,76,335	-	-	-	1,30,76,335	1,19,63,722	-	1,23,435	1,20,87,157	9,89,178
Right of Use Asset (refer note b)	55,10,489	18,05,436	-	-	73,15,925	45,90,023	-	12,25,143	58,15,166	15,00,759
Membership in NMCE	1,00,000	-	-	-	1,00,000	1,00,000	-	-	1,00,000	-
Membership in MCX	2,51,000	-	-	-	2,51,000	2,51,000	-	-	2,51,000	-
Membership in NCDEX	5,00,000	-	-	-	5,00,000	5,00,000	-	-	5,00,000	-
Membership in NSEL	2,50,000	-	-	-	2,50,000	2,50,000	-	-	2,50,000	0
Mumbai Stock Exchange	10,00,000	-	-	-	10,00,000	10,00,000	-	-	10,00,000	-
Sub-Total	2,70,12,657	18,05,436		-	2,88,18,093	2,49,79,575	-	13,48,578	2,63,28,154	24,89,939
Total	8,24,88,842	25,30,871		-	8,50,19,713	7,54,41,743	-	25,20,863	7,79,62,606	70,57,107

Borrowings (other than debt securities)

Particulars	As At 31st March 2024	As at 31st March, 2023
At Amortised Cost:		
(I) In India		
(A) Term loans		
(i) from banks (refer note a)	5,53,005	27,08,333
(B) Loans repayable on demand		
(a) Overdraft Facility		
(i) from banks	2,82,41,283	3,51,04,013
(ii) from other parties	-	-
(b) Other Loans		
(i) from other parties	-	3,50,00,000
Total	2,87,94,288	7,28,12,347
(II) Outside India		
In India	2,87,94,288	7,28,12,347
Outside India		
Total	2,87,94,288	7,28,12,347
(III) Out of above		
Secured	2,87,94,288	7,28,12,347
Unsecured	-	-
Total	2,87,94,288	7,28,12,347

Note

- a Term Loan taken from South Indian Bank is under the 'Emergency Credit Line Guarantee Scheme' (ECLGS) floated by GOI in the wake of COVID-19 pandemic, repayable in 36 months.
Hypothecated against the entire current assets of the Company as primary security and property owned by Transwarranty Finance Limited as a collateral security.
- b Overdraft from South Indian Bank is Working Capital Facility secured against mortgage of property owned by Transwarranty Finance Limited Guarantee of Holding Company and Personal Guarantee of the Chariman. The total limit allowed is 3.5 crores and the interest rate on the overdraft is 10.75% pa.

(IV) Terms of repayment of term loans and overdraft facility

Original Maturity of loan (In no. of days)	As At 31st March 2024		As at 31st March 2023	
	Interest	Amount (Rs)	Interest	Amount (Rs)
On maturity				
Maturity between 3 to 5 years		-		-
Maturity between 1 to 3 years		-	9.00%	27,08,334
Maturity within 1 year		-		-
Term Loan	9.00%	5,53,005	9.00%	21,66,666
Overdraft facility	13.85%	2,82,41,283	10.75%	3,36,94,989
Other parties		-		-
Total		2,87,94,288		3,85,69,990

NOTE '15': Subordinated Liabilities

Particulars	As At 31st March 2024	As At 31st March 2023
At Amortised Cost:		
(I) In India		
Preference Shares other than those that qualify as Equity (Refer note a)	2,00,00,000	2,00,00,000
Total	2,00,00,000	2,00,00,000
Out of above		
Secured	2,00,00,000	2,00,00,000
Unsecured		
Total	2,00,00,000	2,00,00,000

Note:

- a Each Non - Cumulative Redeemable Preference Share shall be redeemable with in a period of 1 to 8 years from the date of issue i.e. 05/05/20 determined by the Board of Directors of the company at their absolute discretion. Preference share holders are entitled to get dividend only if company has distributable profits. In the event of winding up or repayment of capital, Preference share holders have the preferential right to amount of capital paid up.

Vertex Securities Ltd.

Consolidated Notes to Financial Statement for the year ended March 31, 2024

NOTE 19

Equity Share capital

Particulars	As At 31st March 2024	As at 31st March 2023
Authorised		
1) 127,274,600 Equity Shares of Rs 2/- each (P.Y. 127,274,600 Equity Shares of Rs 2/- each)	25,45,49,200	25,45,49,200
	25,45,49,200	25,45,49,200
Issued, Subscribed and Paid Up		
7,40,12,189 (P.Y 7,40,12,189) Equity Shares of Rs. 2/- each fully paid up	14,80,24,378	14,80,24,378
Total	14,80,24,378	14,80,24,378

1) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

A) Equity shares

Particulars	Nos.	Amount (Rs)
Equity share capital issued, subscribed and fully paid up	7,40,12,189	14,80,24,378
As at 31st March 2023	7,40,12,189	14,80,24,378
Issued during the year	-	-
Equity share capital issued, subscribed and fully paid up	7,40,12,189	14,80,24,378
Outstanding as at 31st March 2024	7,40,12,189	14,80,24,378

3) Shares held by Holding Company- Transwarranty Finance Limited

Particulars	As At 31st March 2024		As at 31 March 2023	
	Nos.	% of Holding	Nos.	% of Holding
Transwarranty Finance Limited	3,92,53,950	53.04	3,92,53,950	53.04

4)Details of shareholders holding equity shares more than 5% shares in the Company

Particulars	As At 31st March 2024		As at 31 March 2023	
	Nos.	% of Holding	Nos.	% of Holding
Transwarranty Finance Limited	3,92,53,950	53.04	3,92,53,950	53.04
Kumar Nair	1,41,77,543	19.16	1,41,77,543	19.16

Vertex Securities Ltd.		
Consolidated Notes to Financial Statement for the year ended March 31, 2024		
Particulars	For the year ended	
	31st March 2024	31st March 2023
NOTE '21'		
REVENUE FROM OPERATIONS		
Sale Of Services		
Fees and commission income		
- Brokerage & related income	6,51,45,757	5,82,01,738
- Other Fees	68,97,487	38,12,175
Income from DP operation	57,58,980	51,78,450
On financial assets measured at Amortised cost		
Interest on Fixed Deposits & Others*	61,76,371	27,14,769
Total	8,39,78,594	6,99,07,132
NOTE '21.1'		
Revenue from contract with customers		
Particulars	For the year ended	
	31st March 2024	31st March 2023
Type of Service		
Fees and commission income		
- Brokerage & related income	6,51,45,757	5,82,01,738
- Other Fees	68,97,487	38,12,175
Income from DP operation	57,58,980	51,78,450
	7,78,02,223	6,71,92,363
Geographical market		
India	7,78,02,223	6,71,92,363
Outside India	-	-
	7,78,02,223	6,71,92,363
Timing of revenue recognition		
Services transferred at a point in time	7,78,02,223	6,71,92,363
Services transferred over time	-	-
	7,78,02,223	6,71,92,363
Contract Balances		
Particulars	For the year ended	
	31st March 2024	31st March 2023
Gross Trade receivables (refer note 5)	7,45,35,882	14,89,75,789
	7,45,35,882	14,89,75,789
NOTE '22'		
Other Income		
Interest on Inter Corporate Deposits	1,51,341	70,17,501
Unwinding of discounting of deposits	66,067	61,836
Other interest income	38,38,738	39,71,846
Miscellaneous income	28,50,262	27,59,304
Reversal of Provision for Impairment Allowance	-	1,01,393
Total	69,06,408	1,39,11,880

Vertex Securities Ltd.		
Consolidated Notes to Financial Statement for the year ended March 31, 2024		
Particulars	For the year ended	
	31st March 2024	31st March 2023
NOTE '23'		
Finance Cost		
Interest expense on lease liability	1,22,383	1,31,318
Interest on borrowings	51,30,031	1,17,42,356
Total	52,52,414	1,18,73,674
NOTE '24'		
Employee Benefits Expenses		
Salaries and wages	2,40,85,696	2,65,51,977
Contribution to provident fund and other funds	18,79,429	19,92,970
Staff welfare expense	3,84,688	3,69,935
Total	2,63,49,813	2,89,14,882
NOTE '25'		
Other Expense		
AMC Charges	8,82,240	6,16,862
Connectivity Charges	9,96,699	11,89,748
Software connectivity license/maintenance expenses	59,47,220	50,13,668
Marketing fee/Commission paid	13,37,999	69,49,845
Sub Brokerage	2,70,30,616	1,95,19,117
Demat & Other Charges	15,71,653	9,67,458
Advertisement & Publicity Expenses	1,67,810	2,67,466
Auditors fees and expense	2,15,000	2,15,000
Communication Expenses	6,51,674	5,75,286
Office Maintenance	4,84,644	5,54,084
Bank Charges	6,46,438	3,12,973
Fees to Exchanges	27,42,817	6,01,042
Insurance	26,568	245
Rent	11,75,540	12,20,933
Rates, taxes and energy cost	11,90,810	10,62,548
Annual Subscription	3,11,387	8,26,340
Client Meeting Expenses and Business Promotion	1,68,497	1,94,714
Stock Exchange Charges	1,065	73,189
Printing & Stationery	2,34,835	2,33,067
Legal and professional charges	35,84,074	14,99,821
Repairs and maintainance	1,93,841	98,611
Directors fees	3,10,000	3,50,000
Travelling and Conveyance Expenses	6,74,043	9,45,079
Impairment Allowance	2,92,442	46,343
Bad debts written off	14,132	2,636
Other miscellaneous expense	12,89,670	25,58,232
	5,21,41,716	4,58,94,307

Vertex Securities Ltd.**Notes to Financial Statement for the year ended 31st March 2024****Note '26'****Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended	
	31st March 2024	31st March 2023
(A) Net profit attributable to equity shareholders	44,75,899	(55,42,258)
(B) Weighted average number of equity shares for basic and diluted earnings per share	7,40,12,189	7,40,12,189
Basic earning price per share (Rs) (A/B)	0.06	(0.07)
Diluted earning price per share (Rs) (A/B)	0.06	(0.07)

Note '27'**Segment Information**

Disclosure under Indian Accounting Standard 108 – 'Operating Segments' is not given as, in the opinion of the management, the entire business activity falls under one segment, viz. ,primarily engaged as stock and securities broker and providing the financial services. The Company conducts its business only in one Geographical Segment, viz., India. Also there are no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2023 or 31 March 2022.

VERTEX SECURITIES LTD.**Notes to Financial Statement for the year ended 31st March 2024****Note 28****Contingent liabilities and commitments****(a) Contingent liabilities not provided for in respect of**

Particulars	As At	
	31st March, 2024	31st March, 2023
Claims against the Company not acknowledged as debts		
a. Tax demand in respect of:-		
Income Tax demand order for FY 2013-14		1,27,290
Service Tax orders for FY 2006-07 to 2009-10	6,32,636	6,22,000
Service Tax orders for FY 2014-15	38,006	1,10,971
Service Tax orders for FY 2008-09 to 2012-13	8,82,042	8,82,042
Service Tax orders for FY 2013-14	54,560	54,560
Income Tax orders for AY 2009-10	912	912
Income Tax orders for AY 2013-14		39,77,587
Income Tax orders for AY 2018-19	2,830	2,830
Total	16,10,986	57,78,192

(C) Lease commitments

The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 60 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments recognised in the Statement of Profit and Loss as 'Rent' under Note No. 25 is ` 1175540/-(P.Y. 1220933/-). Future minimum lease rent payable are as follows:

Note '29'
Related Parties Disclosure

29.1 Names of Related Parties & Nature of Relationship with whom the company have transaction during the year, as required by the Ind AS 24 "Related Party Disclosures" and Companies Act, 2013.

Sr.No.	Name of Related Party	Relationship
1	Transwarranty Finance Limited	Holding
2	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Subsidiary
3	Mr. Kumar Nair (Managing Director)	Key Management Personnel's
4	Mr. U. Ramachandran (Director & Chief Executive officer)	Key Management Personnel's
5	Mr. Goerge Mampilly (Executive Director & Chief Financial Officer)	Key Management Personnel's

29.2 Transactions with Related Parties

Name of Related Party and Nature of relationship	Nature of Transaction	2024	2023
		Transactional Value (Rs)	Transactional Value (Rs)
A) Holding Company			
1 Transwarranty Finance Limited	Inter corporate deposit received	5,06,50,000	14,94,99,617
	Inter corporate deposit repaid	5,06,50,000	14,94,99,617
	Sale of Investments in Equity Shares	1,50,00,000	-
	Professional Fees Paid	22,05,137	
	Current account debit	4,43,336	1,32,48,665
	Current account Credit	4,43,336	1,32,48,665
	Interest received on ICD	8,47,301	24,29,167
	Brokerage incentive received on share trading	1,435	168
	Interest Paid on ICD	2,10,137	2,46,466
Incentive received	-	142	
B) Subsidiary Company			
1 Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Inter corporate deposit given	86,10,911	1,29,49,257
	Inter corporate deposit received back	86,10,911	1,29,49,257
	Expense incurred on behalf of Company	5,95,693	3,21,103
B) Key Management Personnel's			
1 Mr. U. Ramachandran (Director & Chief Executive officer)	Remuneration paid	8,89,502	9,63,625
	2 Mr. Goerge Mampilly (Executive Director & Chief Financial Officer)	Remuneration paid	11,34,670

29.3 Balances as at the end of the year:

Name of Related Party and Nature of relationship	Nature of Transaction	31st March, 2024	31st March, 2023
Receivable			
A) Holding Company			
Transwarranty Finance Limited	Trading account	363	8,454

Note 30

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, borrowings other than debt securities and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2024

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial Asset							
Cash and cash equivalents			1,36,86,261	-	-	-	-
Bank balances other than cash and cash equivalents			5,91,25,000	-	-	-	-
Trade receivables			4,48,57,911	-	-	-	-
Loans			3,41,50,000	-	-	-	-
Investments		3,02,491	-	-	-	3,02,491	3,02,491
Other financial assets			21,67,21,321	-	-	-	-
Total	-	3,02,491	36,85,40,493	-	-	3,02,491	3,02,491
Financial Liabilities							
Trade payables	-	-	22,31,00,167	-	-	-	-
Other payables	-	-	57,375	-	-	-	-
Borrowings (other than debt securities)	-	-	2,87,94,288	-	-	-	-
Subordinated Liabilities	-	-	2,00,00,000	-	-	-	-
Other financial liabilities	-	-	87,33,510	-	-	-	-
Total	-	-	28,06,85,340	-	-	-	-

Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2023

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial Asset							
Cash and cash equivalents			11,84,82,946	-	-	-	-
Bank balances other than cash and cash equivalents			12,91,25,000	-	-	-	-
Trade receivables			11,95,90,318	-	-	-	-
Loans			3,42,31,501	-	-	-	-
Investments		2,40,341	-	-	-	2,40,341	2,36,752
Other financial assets			5,89,41,458	-	-	-	-
Total	-	2,40,341	46,03,71,224	-	-	2,40,341	2,36,752
Financial Liabilities							
Trade payables	-	-	29,12,49,186	-	-	-	-
Other payables	-	-	69,936	-	-	-	-
Borrowings (other than debt securities)	-	-	7,28,12,347	-	-	-	-
Subordinated Liabilities	-	-	2,00,00,000	-	-	-	-
Other financial liabilities	-	-	1,06,25,773	-	-	-	-
Total	-	-	39,47,57,242	-	-	-	-

VERTEX SECURITIES LTD.

Notes to Financial Statement for the year ended 31st March 2024

Note 31: Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement

Particulars	01st April 2023	Cash Flows	Changes in fair value	Others	31st March 2024
Borrowings other than debt securities	6,95,07,783	(4,40,18,059)	-	-	2,54,89,724
Total liabilities from financing activities	6,95,07,783	(4,40,18,059)	-	-	2,54,89,724

Particulars	01st April 2022	Cash Flows	Changes in fair value	Others	31st March 2023
Borrowings other than debt securities	3,52,65,425	3,42,42,358	-	-	6,95,07,783
Total liabilities from financing activities	3,52,65,425	3,42,42,358	-	-	6,95,07,783

VERTEX SECURITIES LTD.

Notes to Financial Statement for the year ended 31st March 2024

Note '32'

Risk management

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Financial assets						
Cash and cash equivalents	1,36,86,261		1,36,86,261	11,84,82,946		11,84,82,946
Bank balances other than cash and cash equivalents		5,91,25,000	5,91,25,000		12,91,25,000	12,91,25,000
Trade receivables	4,48,57,911		4,48,57,911	11,95,90,318		11,95,90,318
Loans	3,41,50,000		3,41,50,000	3,42,31,501		3,42,31,501
Other financial assets	33,75,707	21,33,45,614	21,67,21,321	38,46,979	5,50,94,479	5,89,41,458
Other Receivables						
Non-financial assets						
Current tax assets (net)	35,20,590		35,20,590	54,58,451		54,58,451
Deferred tax assets		6,93,134	6,93,134		5,13,284	5,13,284
Property, plant and equipment		45,67,168	45,67,168		50,14,018	50,14,018
Other intangible assets		9,89,180	9,89,180		11,12,615	11,12,615
Right of Use Assets					9,20,466	9,20,466
Other non-financial assets	94,88,453	4,38,773	99,27,227	84,59,073	4,48,022	89,07,095
Total	10,90,78,922	27,91,58,869	38,82,37,791	29,00,69,269	19,22,27,884	48,13,76,687
LIABILITIES						
Financial liabilities						
Trade payables	22,31,00,167		22,31,00,167	29,12,49,186		29,12,49,186
Other payables	57,375		57,375	69,936		69,936
Borrowings (other than debt securities)	2,87,94,288	-	2,87,94,288	7,28,12,347	-	7,28,12,347
Subordinated Liabilities		2,00,00,000	2,00,00,000		2,00,00,000	2,00,00,000
Other financial liabilities	18,93,683	68,39,827	87,33,510	5,03,265	68,51,787	73,55,052
Non-financial liabilities						
Provisions	17,96,021		17,96,021	48,062	8,95,174	9,43,236
Deferred tax liabilities (Net)				86,433		86,433
Other non-financial liabilities	53,97,754		53,97,754	34,37,147	7,13,840	41,50,987
Total	26,10,39,287	2,68,39,827	28,78,79,114	36,82,06,376	2,84,60,801	39,66,67,177

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk.

Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest

Average Exposure to interest rate risk

Particulars	As at 31 March 2024	As at 31 March 2023
Floating rate borrowings	2,82,41,283	3,51,04,013
Total Borrowings	2,82,41,283	3,51,04,013

A change of 50bps in interest rates would have following impact on profit before tax

Particulars	As at 31 March 2024	As at 31 March 2023
Interest rates - increase by 50 basis point (50 bps)	(1,41,206)	(1,75,520)
Interest rates - decrease by 50 basis point (50 bps)	1,41,206	1,75,520

Credit risk

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2024

Particulars	Stage			
	Stage 1 0 -90 DPD	Stage 2 90-180 DPD	Stage 2 180 -365 DPD	Stage 3 365 DPD or more
Gross Carrying Value	68,97,491	11,73,369	26,27,372	3,23,01,309
Allowance for ECL	-	5,86,684	19,70,529	2,68,51,763
ECL Coverage ratio	-	50	75	83

As at 31 March 2023

Particulars	Stage			
	Stage 1 0 -90 DPD	Stage 2 90-180 DPD	Stage 2 180 -365 DPD	Stage 3 365 DPD or more
Gross Carrying Value	79,24,944	13,75,871	27,95,219	2,65,81,051
Allowance for ECL	-	6,87,935	20,96,415	2,65,81,051
ECL Coverage ratio	-	50	75	100

VERTEX SECURITIES LTD.

Notes to Financial Statement for the year ended 31st March 2024

Note 33

Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or combination of short term /long term debt as may be appropriate.

Note 34

Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

Note 35

The Company has redeemed 27,758 Non-Cumulative Redeemable Preference Share Capital post year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

For S S KHAN & CO
Chartered Accountants
(FRN: 133324W)

For and on behalf of Board of Directors

Sarfaraz khan
Proprietor
Membership No.: 144212

Kumar Nair
Chairman
DIN.00320541

U. Ramachandran
Managing Director
DIN.00493707

George Mampillil
Director & CFO
DIN.01976386

Aniket Malekar
Company Secretary

Place: Mumbai
Date: 30 April 2024

Place: Kochi
Date: 30 April 2024

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Consolidated Audited Financial Statements included in “*Financial Statements*” on page 73 of this Draft Letter of Offer

Particulars	As at and for the year ended March 31, 2024
Basic EPS (₹)	0.06
Diluted EPS (₹)	0.06
Return on Net Worth (%)	4.22
Net Asset Value per Equity Share (₹)	1.49
EBITDA (₹ Lakhs)	2.34

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period
Diluted EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares and for the effects of all dilutive potential equity shares
Return on Net Worth	Profit/(loss) after tax for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Net Worth
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
Net Asset Value per Equity Share	Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of March 31, 2024
EBITDA	Profit/(loss) after tax for the period adjusted for income tax expense, depreciation and amortisation expense, exceptional items, other income as presented in the Audited Consolidated Financial Statements

STATEMENT OF CAPITALISATION

(In ₹ Lakhs)

Particulars		Pre-Issue as at March 31, 2024	As adjusted for the issue (Post Issue) *
Borrowings:			
Current borrowings	A	287.94	[●]
Non-current borrowings	B	0.00	[●]
Total borrowings	C=A+B	287.94	[●]
Shareholder's fund (Net worth)			[●]
Share Capital	D	1480.24	[●]
Other Equity [^]	E	(527.02)	[●]
Total shareholder's fund (Net worth)	F=D+E	953.22	[●]
Non-current borrowing's/shareholder's fund (Net worth) ratio	B/F	-	[●]
Total borrowings /shareholders' funds (Net worth) ratio	C/F	0.30	[●]

**To be updated in the Letter of Offer*

^excludes non-controlling interest

Notes:

1. Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long-term borrowings.
2. The amounts disclosed above are based on the audited Financial Statements of the Company for the period ended March 31, 2024.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all the borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on March 31, 2024, our total secured borrowings was ₹ 287.94 lakhs and our total unsecured borrowings was Nil.

SECURED BORROWINGS BY OUR COMPANY

Category of borrowing	Outstanding amount as on March 31, 2024 (₹ in Lakhs)
Term Loans from South Indian Bank	5.53
Overdraft Facility from South Indian Bank	282.41
Total	287.94

UNSECURED BORROWINGS BY OUR COMPANY

Category of borrowing	Outstanding amount as on March 31, 2024 (₹ in Lakhs)
NIL	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is intended to convey our management's perspective of our financial condition and operating performance as at and for the financial years ended March 31, 2024 and March 31, 2023 and should be read in conjunction with our Audited Financial Statements, including the respective notes thereto, and the related auditors' reports thereon, included in "Financial Statements" on page 73 of this Draft Letter of Offer. Unless otherwise stated, the financial information used in this section has been derived from our Audited Financial Statements and our September Financial Results.

Our Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. In this Draft Letter of Offer, unless specified otherwise, any reference to the "the Company" or "our Company" or to "us" refers to Vertex Securities Limited,

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors" and "Our Business" on pages 19 and 66 respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations. Also see "Forward Looking Statements" on page 14 of this Draft Letter of Offer.

BUSINESS OVERVIEW

Vertex Securities Limited offers comprehensive brokerage services across various financial segments, including equity, equity derivatives, currency derivatives, and commodities. We provide a well-diversified portfolio of financial services which includes online mutual funds, online insurance support/services, and online account opening. We provide an extensive array of products and services thoughtfully curated to empower customers in their pursuit of expanding their financial assets.

We are a member of the National Stock Exchange of India Ltd (NSE) in the Capital Market and Derivative segments. We are also a member of The Bombay Stock Exchange Ltd (BSE) We are registered with Securities and Exchange Board of India as a Share Broker The registration is valid as on date of this Draft Letter of Offer. We also extend extending dematerialization facility and are a Depository Participant attached to National Securities Depository Ltd (NSDL). SEBI/Stock Exchanges have not taken any action against us with respect to conduct of our broking/DP business.

We currently provide brokerage services in equity, equity derivatives and currency derivative and in commodities segments through our network of branches and franchisees. During the year, the company made substantial upgradation of technology with launch of mobile App for trading and e-KYC. The Company has also successfully executed Merchant Banking valuation assignments during the year

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled 'Risk Factors' on page 19 of this Draft Letter of Offer.

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- adverse effect of competition on our market share and profits;
- our ability to:
 - manage our growth effectively;
 - manage our credit risk, liquidity risk and operational risk;
 - manage our quality of services;
 - hire and retain senior management personnel and other skilled manpower;
 - successfully implement our business strategies and expansion plans;
 - maintain effective internal controls;

- changes in general, political, social and economic conditions in India and elsewhere;
- change in government policies and the regulatory environment; and
- general levels of GDP growth, and growth in employment and personal disposable income.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled “Audited Financial Information” on page 74 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in the Notes to the Accounts in the chapter “Audited Financial Information” on page 74 of this Draft Letter of Offer there has been no change in accounting policies in the last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

The Audit Report issued by our Statutory Auditors for the year ended March 31, 2024 does not have any reservations, qualifications and adverse remarks.

RESULTS OF OPERATIONS

The following table sets out selected data from the Consolidated Financial Statements for Financial Year 2024 and Financial Year 2023, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	Audited FY 2024		Audited FY 2023	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Income				
Revenue from operations	839.78	92.40	699.07	83.00
Other Income	69.06	7.60	139.12	0.17
Total Income from Operations	908.85	100.00	838.19	1.00
Expenses				
Finance Costs	52.52	5.78	118.74	0.14
Employee Benefit Expenses	263.50	28.99	289.15	0.34
Depreciation and amortization expenses	25.21	2.77	27.00	0.03
Other Expenses	521.42	57.37	458.94	0.55
Total Expenses	862.65	94.92	893.82	1.07
Profit / (Loss) before exceptional items and Tax	46.20	5.08	(55.63)	(0.07)
Exceptional Items	0.00		0.00	0.00
Profit /(Loss) before tax	46.20	5.08	(55.63)	(0.07)
Tax Expense				
Current Tax	2.74	0.30	0.00	0.00
Deferred Tax	(1.80)	(0.20)	0.00	0.00
Income Tax relating to earlier years	(1.25)	(0.14)	(0.71)	0.00
Profit / (Loss) After Tax	46.51	5.12	(54.92)	(0.07)
Other Comprehensive Income/(Loss)	(1.75)	(0.19)	(0.50)	0.00

Particulars	Audited FY 2024		Audited FY 2023	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Total Comprehensive Income /(Loss)for the Year	44.76	4.92	(55.42)	(0.07)
Earnings per Share (Basic) (in Rs.)	0.06		(0.07)	
Earnings per Share (Diluted) (in Rs)	0.06		0.61	

Total income

Revenue from operations

Our revenue from operations comprises of brokerage related income, other fees and income from DP operation.

Other Income

Other income comprises of interest on corporate deposits, other interest income, miscellaneous income and reversal of provision of impairment loss.

Expenses

Our expenses consist of finance cost, employee benefit expense, depreciation and amortization costs and other expenses.

Finance Costs

Finance Costs include interest on borrowings and interest expense on lease liability.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, bonus, contribution to provident Fund and other funds and other staff welfare expenses.

Depreciation expenses

Depreciation consists of depreciation on tangible and intangible assets owned by our company.

Other expenses

Other expenses include connectivity charges, software connectivity licence, marketing fee/ commission paid, sub-brokerage, demat and other charges, advertisement, auditors fees, communication expenses, office maintenance, bank charges, fees to exchanges, insurance, rent, rates, taxes and energy cost, annual subscription, client meeting expenses, stock exchange charges, printing and stationery, legal and professional charges, repairs and maintenance, Directors Fees, Travelling and Conveyance expenses, Impairment Allowance, Bad debts written off and other miscellaneous expenses.

Tax expenses

Tax expense comprises of current tax, deferred tax and prior period adjustments. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Comparison of Historical Results of Operations

Financial Year 2024 compared to Financial Year 2023

Total Revenue

The total revenue increased from ₹ 838.19 lakhs for the financial year ended March 31, 2023 to ₹ 908.85 lakhs an increase of ₹ 70.66 lakhs or 8.43 %. This increase was due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased from ₹ 699.07 lakhs for the financial year ended March 31, 2023 to ₹ 839.78 lakhs an increase of ₹140.71 lakhs or 20.31%. This increase was due to an increase in brokerage & related income, other fees and income from DP Operation.

Other income

Other income decreased from ₹139.12 lakhs for the financial year ended March 31, 2023 to ₹ 69.06 lakhs a decrease of ₹70.06 lakhs or 50.36%. This decrease was due to a decrease in interest from inter corporate deposits, other interest income and other miscellaneous income.

Expenses

Our total expenses decreased from ₹ ₹893.82 lakhs for the financial year ended March 31, 2023 to ₹862.65 a decrease of ₹31.17 lakhs or 3.49% . This decrease was due to a reduction in finance costs.

Finance Costs

Our Finance Costs decreased from ₹ 118.74 lakhs for the year ended March 31, 2023 to ₹ 52.52 lakhs, a decrease of ₹ 66.22 lakhs or 55.77 %. This is due to a decrease in the interest on borrowings.

Employee benefit expenses

Our Employee Benefit Expenses decreased from ₹ 289.15 lakhs for the year ended March 31, 2023, to ₹ 263.50 lakhs, a decrease of ₹ 25.65 lakhs or 8.87% %. This is due to decrease in salaries and wages and other related staff welfare expenses.

Depreciation Expense

Depreciation for the year ended March 31, 2024 was ₹ 25.21 lakhs as compared to ₹.27.00 lakhs for the year ended March 31, 2023, a decrease of ₹ 1.79 lakhs or 6.63% since there was no addition to any tangible or intangible assets.

Other expenses

Other expenses for the year ended March 31, 2024 was ₹ 521.42 lakhs as compared to ₹ 458.94 lakhs for the year ended March 31, 2023, an increase of ₹ 62.48 lakhs or 13.61% over the previous year. This was due to an increase in sub-brokerage, Fees to Exchange, insurance and software connectivity charges.

Profit/(Loss) before Tax

The profit before tax for the year ended March 31, 2024 was ₹46.20 lacs as compared to a loss of ₹ 55.63 lakhs for the year ended March 31, 2023, an increase of ₹ 101.83 lakhs or 183.05%. This was due to an increase in operating revenue and reduction in operating expenses.

Taxation

Total tax expense for the year ended March 31, 2024 was ₹ (0.31) lakhs as compared to ₹ Nil for March 31, 2023.

Profit/Loss after Tax

As a result of the aforesaid, Our Company had a net profit of ₹ 46.51 lakhs for the year ended March 31, 2024 as compared to a loss for the ended March 31, 2023 of ₹ 54.92 lakhs.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

	(₹ in Lakhs)	
Particulars	March 31, 2024	March 31, 2023
Net Cash Flow from/ (used in) Operating Activities (A)	(1508.15)	(841.62)
Net Cash Flow from / (used) in Investing Activities (B)	951.67	927.01
Net Cash Flow from / (used) in Financing Activities (C)	(491.48)	197.24
Net increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(1047.96)	282.63
Cash and cash equivalents at the beginning of the year/period	1184.83	902.20
Cash and cash equivalents at year/ period end	136.86	1184.83

Cash generated from Operating Activities

Net cash used from operating activities for the year ended March 31, 2024 was ₹ 1508.15 lakhs as compared to a net profit before tax of ₹ 46.20 lakhs for the same period. This difference is primarily on account of adjustment for depreciation, reversal of rent expense on lease liability, interest income, bad debts written off, impairment allowance and interest expense. There has been an increase in trade receivables and a decrease in trade payables, increase in other financial, increase in other non-financial assets, increase in other financial liabilities, increase in provisions, decrease in non-financial liabilities and income tax paid.

Net cash used from operating activities for the year ended March 31, 2023 was ₹ 841.62 lakhs as compared to a loss of ₹ (55.63) for the same period. This difference is primarily on account of adjustment for depreciation, reversal of rent expense on lease liability, interest income, bad debts written off, impairment allowance and interest expense. There has been an increase in trade receivables and a decrease in trade payables, increase in other financial, increase in other non-financial assets, increase in other financial liabilities, increase in provisions, decrease in non-financial liabilities and income tax paid.

Net Cash used in Investing Activities

Net cash generated in investing activities for the year ended March 31, 2024 was ₹ 951.67 lakhs. This was on account of sale of fixed deposits, loans given, cash inflow from interest on loans and sale of investments.

Net cash from investing activities for the year ended March 31, 2023 was ₹ 927.01 lakhs. This was on account of sale to fixed deposits, loans received, cash inflow from interest on loans and purchase of property.

Net Cash flow used in Financing Activities

Net cash flows used in financing activities for the year ended March 31, 2024 was ₹ (491.48) Lakhs. This was on account of redemption of borrowings other than debt securities issued and finance cost paid.

Net cash flows generated from financing activities for the year ended March 31, 2023 was ₹ 197.24 lakhs. This was on account of borrowings other than debt securities issued, repayment of subordinated liabilities repaid and finance cost paid.

Contingent Liabilities

Our contingent liabilities was ₹6.70 lakhs as on March 31, 2024 and ₹ 8.60 lakhs as on March 31, 2023.

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Credit Risk: Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented in the financial statements.

Liquidity Risk: Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short-term fund requirements.

Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day to- day operations. Further, certain interest bearing liabilities carry variable interest rates The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

RELATED PARTY TRANSACTIONS

For details of our related party transactions, see “Note No: 29 Related Party Transactions” on page 94 of this Draft Letter of Offer.

Qualitative Disclosure about Market Risk

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 19 and page 102 respectively of this Draft Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the brokerage industry in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled “Risk Factors” on page 19 of this Draft Letter of Offer.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 19 and 102 respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths we will be able to stay competitive. For further details, kindly refer the chapter titled “Our Business” on page 66 of this Draft Letter of Offer.

Total Turnover of Each Major Business Segment

We operate in one segment only.

New Product or Business Segment

Except as disclosed in “Our Business” on page 66 of this Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our Company’s business is not seasonal in nature.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Draft Letter of Offer, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Significant Developments since last balance sheet date

To our knowledge no circumstances have arisen since March 31, 2024, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

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SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors or Promoters; or (iii) claim involving our Company, Directors or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors or Promoters (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to the materiality policy approved by our Board in its meeting held on March 30, 2024 (“Materiality Policy”) (as disclosed herein below).

In terms of the Materiality Policy, other than what is stated herein under, no actions are taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above.:

A. involving our Company, Promoters and Directors:

- i. the monetary amount of claim by or against the Company, its subsidiaries, its promoters its Directors, Group Companies in any such pending litigation is in excess of 10% of the total revenue of the Company, as per the last audited consolidated financial statements of the Company for a complete financial year included in the Offer Documents; or
- ii. where the monetary liability is not quantifiable or which does not fulfil the threshold specified in (i) above, such pending litigation is material from the perspective of Company’s business, operations, prospects or reputation.

B. involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

All the outstanding civil proceedings involving our Company whose monetary impact is equivalent to or in excess of ₹ 90.88 Lakhs have been disclosed in this section.

Further, except as disclosed in this section, there are no (i) disciplinary action taken against any of our Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Letter of Offer; and (ii) litigation involving our Subsidiaries which may have a material impact on our Company.

Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom the Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 10% per cent of the total trade payables of our Company as per the most recently completed Fiscal as per the Audited Consolidated Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 223.10 lakhs (being approximately 10 per cent. of total trade payables of our Company as at March 31, 2024 as per the Audited Consolidated Financial Information) (“**Material Dues**”). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”) will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Unless stated to the contrary, the information provided in this section is as of the date of this Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. *Litigations against our Company*

1. **Criminal Proceedings:**

- a. **Crl.Rev.Pet 1235/2017 and Crl.Rev.Pet 1457/2014** are connected cases, appeal filed by Deepak Kumar Patni in the High Court of Kerala against the judgements against Vertex Securities Limited in complaint u/s. 138 of Negotiable Instruments Act. The total amount involved is Rs. 10 lakhs (5 Lakhs each): In ST 302/2007 & 303/2007 which was a Complaint filed by Vertex U/s. 138 of Negotiable Instruments Act, against Deepak Kumar Patni, the accused was sentenced to undergo simple imprisonment for 1 year in each case, compensation for Rs. 5 lakhs each in each case and in default simple imprisonment for 6 months in each cases. Mr Deepak Kumar Patni appealed before the District & Sessions Court, EKM (Appeal No.420/2013 & Cr.A.No.419/13) against the order in ST 302 & 303 /2007 respectively. The said Appeal was allowed in part. The conviction of the appellant/accused in ST 302/07 was confirmed. The sentence was modified and reduced to simple imprisonment for three months. Crl.Rev.Pet 1457/2014 filed by Deepak Kumar Patni against the judgement dated 30.04.2021 passed by the 3rd Additional District and Sessions Court, Ernakulam. Crl.Rev.Pet 1235/2017 filed by Deepak Kumar Patni against order in Criminal Appeal No. 420/2013 of the Sessions Court. Both the cases are connected and status is "Pending"
- b. **FAO 470/2013 filed by Vertex Securities Limited** against Krishan Chand Nasa in the High Court of Delhi at New Delhi. Arbitration Complaint filed by Krishan Chand Nasa in NSE against unauthorised trade and subsequent loss of Rs.3,89,225/- against Vertex Securities Limited. Arbitrator awarded an amount of Rs. 3,39,225/- in favour of Krishan Chand Nasa. Vertex Securities Limited filed second appeal before NSE arbitral tribunal against the Arbitral Award. Accordingly, the appeal was allowed. The impugned award dated 21.9.2010 was set aside and the respondent's claim raised in the Arbitration Application was dismissed. Krishan Chand Nasa filed an appeal in the District court, New Delhi against the Second Appellate Award of NSE. The appeal was passed in favour of Krishan Chand Nasa setting aside the NSE appellated arbitral Award. Vertex Securities Limited filed appeal no. FAO 470/2013 in High Court, New Delhi against the order of District Court, New Delhi. In compliance of the order of the Hon`ble Court, Krishan Chand Nasa has furnished FDR bearing Account No.038841100007026/1 dated 16.10.2015 for Rs. 3,00,000/- issued by YES Bank, Vikas Puri Branch, New Delhi for release of the amount of Rs.3,00,000/- deposited by the appellant, Vertex Securities Limited, as security. And the court has directed to release the amount of Rs.3,00,000/- to the respondent-Krishan Chand Nasa. Meanwhile, Krishna Chand Nasa (respondent) expired on 01.05.2021. The legal representatives of the deceased respondent filed application for impleading them in the appeal and the same petition is allowed by the Court. The case now stands pending with no date of posting.

2. *Actions taken by Statutory / Regulatory Authorities: Nil*
3. *Tax Proceedings: Nil*
4. *Labour: Nil*
5. *Custom: Nil*
6. *Excise: Nil*
7. *Other Material Litigations: Nil*
8. *Disciplinary action against our Company by SEBI or any stock exchange in the Last Fiscals: Nil*

ii. Litigation by our Company

1. *Criminal Proceedings: Nil*
2. *Actions taken by Statutory / Regulatory Authorities: Nil*
3. *Tax Proceedings: Nil*
4. *Labour: Nil*
5. *Custom: Nil*
6. *Excise: Nil*
7. *Other Material Litigations: Nil*

2. LITIGATION INVOLVING OUR PROMOTERS

i. Cases filed against our Promoter

1. *Criminal Proceedings: Nil*
2. *Labour Matter: Nil*
3. *Custom: Nil*
4. *Excise: Nil*
5. *Income Tax: Nil*

ii. Cases filed by our Promoter

1. Criminal Proceedings (under Section 138 of NI Act, 1881 for recovery):

There are about 195 cases filed by our promoter company Transwarranty Finance Limited under Section 138 of the Negotiable Instruments Act, 1881 for recovery of dues from their clients due to the bouncing of the instruments given by them in settlement of the payment. These matters are pending before various courts in the country and are at various stages of hearing. The total amounts involved in this ₹ 39.66 lakh.

2. *Labour Matters: Nil*
3. *Custom: Nil*
4. *Excise: Nil*

5. Income Tax:

The Income Tax Department raised an outstanding demand of Rs.417 lakhs against our promoter company Transwarranty Finance Limited for the Assessment year 2017-18. Our Promoter has filed an Appeal before the National Faceless Appeal Centre on this Order. The Income Tax Department has adjusted the demand against the subsequent years' refunds and the amount currently outstanding is ₹ 3,67,44,790.

3. LITIGATION INVOLVING OUR DIRECTORS

i. Cases filed against our Directors (other than promoter)

1. *Criminal Proceedings: Nil*
2. *Civil Matters: Nil*
3. *Labour Matters: Nil*
4. *Custom: Nil*
5. *Excise: Nil*
6. *Income Tax: Nil.*
7. *Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals: Nil*

ii. Cases filed by our Directors: Nil

4. LITIGATION INVOLVING SUBSIDIARY COMPANY: Nil

5. OUTSTANDING DUES TO MSMEs OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated April 30, 2024, our Company has no material creditors, as on March 31, 2024, and as on March 31, 2023.

As on March 31, 2024, and as on March 31, 2023, the details of amounts outstanding towards medium small and Micro Enterprises and other creditors are as follows:

Particulars	(₹ in lakhs)	
	As on March 31, 2024	As on March 31, 2023
<i>Outstanding dues to small scale undertakings</i>	-	-
<i>Outstanding dues to other creditors</i>	2186.78	2864.63
Total outstanding dues	2186.78	2864.63

For further details, refer to the section titled “Financial Statements” on page 73 of this Letter of Offer.

6. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

7. PENALTIES LEVIED UPON OUR COMPANY / PROMOTER / PROMOTER GROUP COMPANIES IN THE PAST FIVE YEARS-

No penalty has been imposed on our Company or our Promoters or our promoter group companies in the past five years except that BSE Limited and National Stock Exchange of India Limited have imposed a penalty of Rs.10,000 each on December 27, 2023 on our promoter Transwarranty Finance Limited.

8. LITIGATIONS OR LEGAL ACTIONS, PENDING OR TAKEN, BY ANY MINISTRY OR DEPARTMENT OF THE GOVERNMENT OR A STATUTORY AUTHORITY AGAINST OUR PROMOTERS DURING THE LAST 5 (FIVE) YEARS.

Except as disclosed above there are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 (five) years.

9. PENDING PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES.

There are no pending proceedings initiated against our Company for economic offences.

10. INQUIRIES, INVESTIGATIONS ETC. INSTITUTED UNDER THE COMPANIES ACT, 2013 OR ANY PREVIOUS COMPANIES ENACTMENT IN THE LAST 5 (FIVE) YEARS AGAINST OUR COMPANY

There are no inquiries, investigations etc. instituted under the Companies Act or any previous enactment in the last 5 (five) years against our Company.

11. MATERIAL FRAUD AGAINST OUR COMPANY IN THE LAST 5 (FIVE) YEARS

There has been no material fraud committed against our Company in the last 5 (five) years.

12. **FINES IMPOSED OR COMPOUNDING OF OFFENCES FOR DEFAULT:** There have no fines imposed except as mentioned in Paragraph 7 above and neither our Company or our Promoters / Promoter Group entities have compounded any offence for default in the past 5 years.
13. **NON-PAYMENT OF STATUTORY DUES: NIL**

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MATERIAL DEVELOPMENTS

Except as stated below and in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since (March 2024), which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

1. The Authorised Capital has been increased to 16,50,00,000 Equity Shares of ₹2 each aggregating to ₹3300.00 lakhs on April 30, 2024.

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OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors at its meeting held on April 30, 2024 have authorised this Issue pursuant to Section 62(1)(a) of the Companies Act, 2013.

Our Board of Directors / Rights Issue Committee has, at its meeting held on [●], determined the Issue Price as ₹[●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share for every [●] Equity Share held on the Record Date.

The Draft Letter of Offer was approved by the Rights Issue Committee (duly constituted by the Board in their meeting on April 30, 2024) pursuant to its resolution dated June 12, 2024.

Our Company has received 'in-principle' approval letter from BSE vide letter dated [●] for listing of the Rights Equity Shares to be allotted pursuant to Regulation 28(1) of SEBI Listing Regulations. Our Company will also make applications to BSE Limited to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 122 of this Draft Letter of Offer.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of the Promoter and the Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred 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. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter and Directors have been categorized or identified as willful defaulters or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1913. The Equity Shares of our Company are presently listed on the BSE. We are eligible to undertake the Issue in terms of Chapter III of SEBI ICDR Regulations. Pursuant to Clauses (3) of Part B of Schedule VI to the SEBI ICDR

Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

- (1) Our Company has been regular in making periodical disclosures to the BSE under the requirements of the SEBI (LODR) Regulations, 2015.
- (2) The reports, statements and information referred to above are available on the website of BSE.
- (3) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at least once every year and as and when required, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfy all the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, our Company has given disclosures in this Draft Letter of Offer in terms of Part B of Schedule VI of SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE being the only stock exchange where the Company's shares are listed, the Designated Stock Exchange for the purposes of the Issue is BSE.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of the issue is less than ₹5000 lakhs.

Disclaimer from our Company and our Directors

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.vertexbroking.com.

All information shall be made available by our Company 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.

Investors will be required to confirm and will be deemed to have represented to our Company, our directors, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, 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 the Equity Shares.

No information which is extraneous to the information disclosed in this Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centre.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, Maharashtra only.

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Letter of Offer, has been included in the Letter of Offer prior to the filing with the Stock Exchange.

Designated Stock Exchange

BSE being the only stock exchange where the Company's shares are listed, the Designated Stock Exchange for the purposes of the Issue is BSE.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Draft Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer / Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer / Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT

LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

This Draft Letter of Offer is being filed with the BSE as per the provisions of the SEBI ICDR Regulations. SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchange.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent of our Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see "*Terms of the Issue*" at Page 122 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, L.B. S. Marg, Vikhroli (West)

Mumbai 400 083

Maharashtra, India

Tel: + 91 22 4918 6200

Email: vertexsecurities2024@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: vertexsecurities2024@linkintime.co.in

Contact Person: Ms Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/post-Issue related matters such as non-receipt of Letters of Allotment / share certificates / demat credit /Refund Orders etc.

Mr Aniket Malekar is the Company Secretary and Compliance Officer of our Company. His contact details are:

403, Regent Chambers,
Nariman Point, Mumbai – 400 021,
Maharashtra;
Tel. No.: 91 22 6630 6090 / 4001 0900
Email:[mailto: secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com)

Consents and Expert Opinion

Consents in writing of: our Directors, Company Secretary and Compliance Officer, legal advisor to the Issue and the Registrar to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated May 09, 2024 from S S Khan & Co., the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its , in their capacity as the Statutory Auditors and in respect of their: (i) audit report dated May 08, 2023 relating to the audited Ind AS financial statements as at and for the year ended March 31, 2023 and (ii) Statement of Special Tax Benefits dated May 22, 2024 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “Expert” shall not be construed to mean an “Expert” as defined under the Securities Act, 1933.

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SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Circulars SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renounees) shall make an application for a rights issue only through ASBA facility.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association of our Company, the provisions of Companies Act, the terms and conditions as may be incorporated in the FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI (ICDR) Regulations, and the ASBA Circular, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (**‘Issue Materials’**) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses and have made a request in this regard.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.vertexbroking.com ;
- b) the Registrar to the Issue at www.linkintime.co.in; and
- c) the Stock Exchange at www.bseindia.com;

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.linkintime.co.in by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.vertexbroking.com).

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit. Resident Eligible Equity Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

The distribution of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail address and an Indian address to our Company.

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense account, as applicable. For further details on the Rights Entitlements and demat suspense account, please see "*Terms of Issue—Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 135 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense account in case of resident Eligible Equity Shareholders holding shares in physical form as at Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii) the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see "*Terms of Issue—Grounds for Technical Rejection*" on page 131 of this Draft Letter of Offer. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - please see "*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 126 of this Draft Letter of Offer.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

- a. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- b. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.
- c. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details

of the correct bank account have been provided in the Application.

- d. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- f. Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- g. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- h. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the 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 Application Form and the Rights Entitlement Letter.
- i. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

- a. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- c. Do not send your physical Application to the Registrar, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- d. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- e. Do not submit Application Form using third party ASBA account.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar or the Stock Exchange. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR

Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilise the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Vertex Securities Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as at Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹[●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at vertexsecurities2024@linkintime.co.in; and

17. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “*Restrictions on Purchases and Resales*” on page 152 of this Draft Letter of Offer and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” on page 152 of this Draft Letter of Offer.

“I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The remaining procedure for Application shall be same as set out in “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 126 of this Draft Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as at the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense demat

account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Terms of Issue—Basis of Allotment*” on page 143 of this Draft Letter of Offer.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- a) Please read the Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regards to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 126 of this Draft Letter of Offer.
- d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the

Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. The investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Rights Equity Shares applied by them do not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical

Application.

- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit multiple Applications.
- s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
- t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- c) Sending an Application to our Company, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- f) Account holder not signing the Application or declaration mentioned therein.
- g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any

interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

- p) Applications which: (i) appear to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r) Application from Investors that are residing in U.S. address as per the depository records.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see “*Terms of Issue—Procedure for Applications by Mutual Funds*” on page 134 of this Draft Letter of Offer.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure*” on page 43 of this Draft Letter of Offer.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100% under automatic route).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI

Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI 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 registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, inter alia, the following conditions:

- a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCsBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any Allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “*Terms of Issue—Basis of Allotment*” on page 143 of this Draft Letter of Offer.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as at the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.vertexbroking.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar www.linkintime.co.in. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense account (namely, "[●] RE Suspense Account") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer. In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock

Exchange (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock-broker in the same manner as the existing Equity Shares.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] band indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on ‘T+1 rolling settlement basis’, where ‘T’ refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

a) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalisation of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see “*The Issue*” on page 37 of this Draft Letter of Offer.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●] the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions

of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531950) under the ISIN: INE316D01024. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters

Our promoters do not intend to subscribe to their entitlement fully in this rights issue.

Rights of Holders of Rights Equity Shares

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- a) The right to receive dividend, if declared;
- b) The right to receive surplus on liquidation;
- c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and

- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VI. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares shall be tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation, one Marathi language daily newspaper with wide circulation and one Malayalam language local newspaper with wide circulation (Malayalam being the regional language of Kerala, where our Registered Office is located).

This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at (www.linkintime.co.in). It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchange. Further, Application Forms will be made available at Registered Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to vertexsecurities2024@linkintime.co.in.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALISED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 144 OF THIS DRAFT LETTER OF OFFER.

VII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* Our Board or a duly authorised committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

VIII. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares

offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or its Rights Issue Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

IX. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 (Four) days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 (Four) days' period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

X. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- a) Unblocking amounts blocked using ASBA facility.
- b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“**MICR**”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar, to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XI. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated December 07, 2010 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated December 07, 2010 amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity

Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

XIII. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilised out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilised monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

XIV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company

expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.
3. The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications.
7. As of the date of this Draft Letter of Offer, our Company had not issued any outstanding compulsorily convertible debt instruments. Further, except as disclosed in this Draft Letter of Offer, our Company has not issued any outstanding convertible debt instruments.
8. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XV. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "**Vertex Securities Limited– Rights Issue**" on the envelope and postmarked in India) to the Registrar at the following address:

LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park,
LBS Marg, Surya Nagar, Gandhi Nagar,
Vikhroli (West), Mumbai - 400 083,
Maharashtra, India.

Tel: + 91 22 4918 6200

Email: vertexsecurities2024@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: vertexsecurities2024@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration Number: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is + 91 22 4918 6200
4. The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in
- b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.linkintime.co.in
- c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in
- d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: <https://www.linkintime.co.in>

This Issue will remain open for a minimum 7 (Seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

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RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, 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 for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will not be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs through the FDI Circular 2020 (defined below).

The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as at October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under the FEMA Rules will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

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RESTRICTIONS ON PURCHASES AND REALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that the Letter of Offer will be filed with the Stock Exchange and submitted to the SEBI for information and dissemination.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into: (i) the United States, or (ii) any jurisdiction other than India except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone: (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer and any other Issue Materials should not distribute or send the Letter of Offer or any such documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India except in accordance with applicable law.

The Letter of Offer is, and the other Issue Materials will be, supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

Australia

The Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The Letter of Offer is not a disclosure document under Chapter 6D of the Corporations Act of Australia and it has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. It is not required to, and does not, contain all the information which would be required in a disclosure document.

Any offer in Australia of the Rights Entitlements and Equity Shares under the Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of the Letter of Offer, and any offers made under the Letter of Offer, you represent to the Issuer that you will not provide the Letter of Offer or communicate any offers made under the Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or the Equity Shares for, any Australian residents unless they are a “sophisticated investor” or a “professional investor” as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Letter of Offer and the Rights Entitlements and the Rights Equity Shares that are offered pursuant to the Letter of Offer have not been registered, filed, approved or licensed by the Central Bank of Bahrain (“CBB”), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism (“MOICT”) or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in the Letter of Offer, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. The Letter of Offer is only intended for Accredited Investors as defined by the CBB. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Equity Shares and the Letter of Offer will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. All marketing and offering of the Rights Equity Shares shall be made outside the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved the Letter of Offer and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of Rights Equity Shares.

British Virgin Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares has been or will be made to the public in the British Virgin Islands.

China

No action has been taken by our Company which would permit an offering of Rights Entitlements or the Rights Equity Shares or the distribution of the Letter of Offer in the People's Republic of China (“**PRC**”). The Letter of Offer may not be circulated or distributed in the PRC and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of the Letter of Offer are required to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), an offer to the public of any Rights Entitlement or Rights Equity Shares may not be made in that Relevant State, except if the Rights Entitlement or Rights Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- a) to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to Article 23 of the Prospectus Regulation. The Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this subsection, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares.

Hong Kong

The Rights Entitlements and the Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares are, directly or indirectly, being offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as

amended) (the “Qualified Institutional Investor”), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to a small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree is a Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investor (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any Qualified Institutional Investor purchasing Rights Equity Share agree that it will not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident other than to another Qualified Institutional Investor.

Kuwait

The Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. The Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Singapore

The Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). The offer of Rights Entitlements and Rights Equity Shares pursuant to the Rights Entitlements to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

Eligible Equity Shareholders in Singapore may apply for additional Rights Equity Shares over and above their Rights Entitlements only (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) if they are a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares,

debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than SGP\$ 200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Kingdom

No Rights Entitlement or Rights Equity Shares may be offered in the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Rights Entitlement and Rights Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that our Company may make an offer to the public in the United Kingdom of Rights Entitlement and Rights Equity Shares at any time:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Entitlement or Rights Equity Shares in means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Except for each person who is not a qualified investor as defined in the UK Prospectus Regulation and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a qualified investor as defined in the UK Prospectus Regulation.

In addition, the Letter of Offer may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (each such person being referred to as a "**Relevant Person**"). If you are not a Relevant Person, you should not take any action on the basis of the Letter of

Offer and you should not act or rely on it or any of its contents. Except for each person who is not a Relevant Person and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Relevant Person.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the "UAE") or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. The Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Rights Entitlement and the Rights Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has not approved the Letter of Offer nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this subsection have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Rights Equity Shares offered in the Offer should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Letter of Offer, you should consult an authorised financial adviser.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. The Rights Entitlements and the Rights Equity Shares are only being offered and sold outside the United States in offshore transactions, as defined in and in compliance with Regulation S. Neither the receipt of the Letter of Offer nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholders who has received the Letter of Offer and its accompanying documents directly from our Company.

Representations, Warranties and Agreements by Purchasers

In addition to the applicable representations, warranties and agreements set forth above, each purchaser, by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted, acknowledged and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
2. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
3. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
4. The purchaser acquiring the Rights Equity Shares for one or more managed accounts, represents and warrants that the purchaser has been authorized in writing, by each such managed account to acquire the Rights Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference herein to 'the purchaser' to include such accounts.
5. The purchaser is eligible to invest in India under applicable law, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. Further, the purchaser is eligible to invest in and hold the Rights Equity Shares in accordance with the FDI Policy, read along with the press note 3 of 2020 dated April 17, 2020 issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.
6. The purchaser is investing in the Rights Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in the Issue, the purchaser is not in violation of any applicable law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013, each as amended and/or substituted from time to time.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with the Stock Exchange and its submission with the SEBI for information and dissemination); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements (except in India) or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in the Issue.
9. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or

result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to us and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and the Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (including any research reports) (other than, with respect to our Company and any information contained in the Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
11. Without limiting the generality of the foregoing, the purchaser acknowledges that the Equity Shares are listed on BSE Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent financial results, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes the "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with the Issue, and the Rights Entitlements or the Rights Equity Shares, including the Letter of Offer and the Exchange Information, has been prepared solely by our Company.
13. The purchaser acknowledges that no written or oral information relating to the Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by our Company.
14. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, undertakings and agreements and other information contained in the Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under applicable securities laws.
15. The purchaser is aware that the Rights Entitlements and the Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to the purchaser was made in accordance with Regulation S.
16. The purchaser was outside the United States at the time the offer of the Rights Entitlements and Rights Equity Shares was made to it and the purchaser was outside the United States when the purchaser's buy order for the Rights Equity Shares was originated.

17. The purchaser did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S).
18. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If, in the future, the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares: (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.
19. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for, and authorized to consummate the purchase of, the Rights Equity Shares in compliance with all applicable laws and regulations. If the purchaser is outside India:
 - a. the purchaser, and each account for which it is acting, satisfies: (i) all suitability standards for investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe, and is subscribing, for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence; and
 - b. the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
20. Except for the sale of Rights Equity Shares on the Stock Exchange, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
21. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company for all or part of any such loss or losses it may suffer.
22. Each of the aforementioned representations, warranties, acknowledgements and agreements shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Rights Equity Shares. The purchaser shall hold our Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties, acknowledgements and agreements set forth above and elsewhere in the Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
23. The purchaser acknowledges that our Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to our Company, and are irrevocable.
24. The purchaser agrees that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Kochi, Kerala, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Letter of Offer and other Issue Materials.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available for inspection at the registered office of the Company till the issue closing date on working days and working hours between 11:00 A.M. to 5:00 P.M. and also shall be available on the website of the Company at www.vertexbroking.com from the date of this Draft Letter of Offer until the Issue Closing Date.

Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to secretarial@vertexbroking.com.

1. Material Contracts for the Issue

- (i) Registrar Agreement dated June 10, 2024 entered into amongst our Company and the Registrar to the Issue.
- (ii) Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank.

2. Material Documents

- (i) Certified true copies of the Certificate of Incorporation, the Memorandum of Association and the Articles of Association of our Company as amended from time to time.
- (ii) Resolution of the Board of Directors dated April 13, 2024 in relation to the approval of this Issue.
- (iii) Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio
- (iv) Resolution of the Rights Issue Committee dated [●] approving and adopting the Draft Letter of Offer.
- (v) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- (vi) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory and Peer Review Auditor, Legal Advisor, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (vii) Copies of Annual Reports of our Company for Financial years 2023, 2022 and 2021.
- (viii) Audit reports dated April 30, 2024 of the Statutory Auditor, on our Company's Audited Financial Statements, included in this Draft Letter of Offer.
- (ix) Statement of Tax Benefits dated May 22, 2024 from M/s. S S Khan & Co, Tax expert included in this Draft Letter of Offer.
- (x) Tripartite Agreement dated December 07, 2010 between our Company, NSDL and the Registrar to the Issue.
- (xi) Tripartite Agreement dated December 07, 2010 between our Company, CDSL and the Registrar to the Issue.

(xii) In principle listing approval dated [●] issued by BSE Limited.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

Sd/-

KUMAR NAIR
(Chairman)

Sd/-

RAMCHANDRAN UNNIKRISSHANN
(Managing Director & CEO)

Sd/-

GEORGE MAMPILLIL
(Executive Director)

Sd/-

JAMES POTHEN
(Independent Director)

Sd/-

JOSE THOMAS POLACHIRA
(Independent Director)

Sd/-

LATHA ANAND
(Independent Director)

Sd/-

ANIKET MALEKAR
(Company Secretary and Compliance
Officer)

Place: Kochi, Kerala
Date: June 12, 2024