



## INDIAN ENERGY EXCHANGE LIMITED

Our Company was incorporated as Indian Energy Exchange Limited on March 26, 2007 as a public limited company under the Companies Act, 1956, with the Registrar of Companies, Maharashtra at Mumbai (the "Registrar of Companies, Maharashtra"). Our Company obtained a certificate for commencement of business on April 17, 2007. For details of change in registered office of our Company, see "History and Certain Corporate Matters" on page 132.

**Registered Office and Corporate Office:** Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre, Plot No. 7, District Centre, Jasola, New Delhi 110 025

Tel: (91 11) 4300 4000; Fax: (91 11) 4300 4015

**Contact Person:** Vineet Harlalka, Company Secretary and Compliance Officer

**E-mail:** compliance@iexindia.com; **Website:** http://www.iexindia.com

**Corporate Identity Number:** U74999DL2007PLC277039

**OUR COMPANY IS A PROFESSIONALLY MANAGED COMPANY AND DOES NOT HAVE AN IDENTIFIABLE PROMOTER IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND THE COMPANIES ACT, 2013, AS AMENDED**

**PUBLIC OFFER OF UP TO 6,065,009 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF INDIAN ENERGY EXCHANGE LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, THROUGH AN OFFER FOR SALE BY THE PERSONS LISTED IN ANNEXURE A (THE "SELLING SHAREHOLDERS"), AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER WOULD CONSTITUTE UP TO 20.0% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.**

**THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF JANSATTA (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, HINDI ALSO BEING THE REGIONAL LANGUAGE IN THE PLACE WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision to the Price Band, the Bid/Offer Period will be extended by three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the respective websites of the BRLMs (as defined hereafter) and at the terminals of the Syndicate Members.

In terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), this is an Offer for at least 10% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made in accordance with Regulation 26(1) of the SEBI ICDR Regulations through the Book Building Process, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors (the "Anchor Investor Portion") on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, shall mandatorily participate in the Offer through the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs"). Anchor Investors are not permitted to participate in the Anchor Investor Portion through ASBA process. For details, see "Offer Procedure" beginning on page 349.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Offer Price (determined and justified by our Company in consultation with the BRLMs as stated under the section "Basis for Offer Price" on page 82) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 18.

### ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholders severally accept responsibility that this Red Herring Prospectus contains all information about themselves as the Selling Shareholders in context of the Offer and severally accept responsibility for statements in relation to themselves and the Equity Shares offered by them in the Offer included in this Red Herring Prospectus are true and correct in all material aspects and are not misleading in any material respect.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated June 27, 2017 and July 13, 2017 respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date. For details, see "Material Contracts and Documents for Inspection" on page 397.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

<b>Axis Capital Limited</b> 1 <sup>st</sup> Floor, Axis House C-2, Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Tel: (91 22) 4325 2183 Fax: (91 22) 4325 3000 E-mail: iex.ipo@axiscap.in Investor grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact person: Kanika Goyal SEBI Registration No.: INM000012029	<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC, Plot No. 27 "G" Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: (91 22) 4336 0000 Fax: (91 22) 6713 2447 E-mail: iex.ipo@kotak.com Investor grievance E-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	<b>IIFL Holdings Limited</b> 10 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Tel: (91 22) 4646 4600 Fax: (91 22) 2493 1073 E-mail: iex.ipo@iiflcap.com Investor grievance E-mail: ig_ib@iiflcap.com Website: www.iiflcap.com Contact Person: Gaurav Singhvi/ Sachin Kapoor SEBI Registration No.: INM000010940	<b>Karvy Computershare Private Limited</b> Karvy Selenium Tower B Plot 31 and 32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com Investor Grievance e-mail: iex.ipo@karvy.com Website: www.karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No. INR000000221

### BID/OFFER PROGRAMME

<b>BID/OFFER OPENS ON</b>	<b>MONDAY, OCTOBER 9, 2017<sup>(1)</sup></b>
<b>BID/OFFER CLOSES ON</b>	<b>WEDNESDAY, OCTOBER 11, 2017</b>

<sup>(1)</sup> Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time.*

*The words and expressions used in this Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the CERC Power Market Regulations, the Depositories Act or the rules and regulations made there under.*

*Notwithstanding the foregoing, terms used in the sections “Statement of Tax Benefits”, “Industry Overview”, “Financial Statements”, “Outstanding Litigation and Other Material Developments” and “Main Provisions of Articles of Association” on pages 85,88,160,317 and 388, respectively, shall have the meaning ascribed to such terms in such sections.*

#### General Terms

Term	Description
our “Company”, the “Company”, or the “Issuer”	Indian Energy Exchange Limited, a company incorporated under the Companies Act, 1956, having its registered office and corporate office at Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre, Plot No. 7, District Centre, Jasola, New Delhi 110 025
our “Exchange” or the “Exchange”	Indian Energy Exchange, the power exchange owned and operated by our Company in accordance with the CERC Power Market Regulations
we/us/our	Unless the context otherwise indicates or implies, our Company

#### Company Related Terms

Term	Description
63 Moons	63 Moons Technologies Limited (earlier known as Financial Technologies (India) Limited)
Articles of Association/AoA	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board of Directors described in the section “Our Management” on pages 146 to 148
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
BVP	Bessemer Venture Partners Trust
Compulsorily Convertible Preference Shares or CCPS	The compulsorily convertible preference shares of our Company of face value of ₹ 10 each
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board of Directors described in the section “Our Management” on page 149
DCB	DCB Power Ventures Limited
DCB Letter Agreement	The letter agreement dated October 13, 2015 issued by our Company to DCB, Agri Power and Engineering Solutions Private Limited, Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited, Trustees to the Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I), Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited, Trustees to the Aditya Birla Private Equity Trust A/C Aditya Birla Private Equity - Sunrise Fund) and Kiran Vyapar Limited
Director(s)	The director(s) of our Company
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Equity Shareholders	Holder(s) of the Equity Shares
ESOP 2010	Employee Stock Option Scheme 2010 of our Company, as amended
FTIL	Financial Technologies (India) Limited (now known as 63 Moons Technologies Limited)
Investment Agreement	The investment agreement dated September 13, 2010 entered into among our Company, FTIL, PFS, BVP and Lightspeed, as amended by an amendment agreement dated March 16, 2012 along with the deed of adherence dated March 26, 2012 entered into by our

<b>Term</b>	<b>Description</b>
	Company with Multiples Private Equity Fund I Limited, Multiples Private Equity Fund, FTIL, PFS, BVP and Lightspeed and deed of adherence dated April 20, 2017 entered into by our Company with DCB, Kiran Vyapar Limited, Lightspeed, Multiples Private Equity Fund I Limited and Multiples Private Equity Fund
Key Management Personnel	Key management personnel of our Company in terms of section 2(51) the Companies Act, 2013 and the SEBI ICDR Regulations and disclosed in the section “Our Management” on page 152 to 155
IPO Committee	The IPO committee of our Board of Directors described in the section “Our Management” on pages 149 to 151
Lightspeed	Lightspeed Venture Partners VIII Mauritius
Madison	Madison India Opportunities III
Memorandum of Association/MoA	The memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board of Directors described in the section “Our Management” on page 148
Perpetual License Agreement	The perpetual license agreement dated August 31, 2015 entered into with 63 Moons and as amended by letter agreement dated September 22, 2015
Preference Shares	The preference shares of our Company of face value of ₹ 10 each
PFS	PTC India Financial Services Limited
Registered Office and Corporate Office	Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre, Plot No. 7, District Centre, Jasola, New Delhi 110 025
Restated Financial Statements	The financial statements of our Company comprising the summary statements of assets and liabilities as at and for the three months period ended June 30, 2017 and for the Financial Years ended March 31, 2017, 2016, 2015, 2014 and 2013 and the summary statements of profit and loss and cash flows for the three months period ended June 30, 2017 and for the Financial Years ended March 31, 2017, 2016, 2015, 2014 and 2013 prepared in accordance with generally accepted accounting principles in India and the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India, together with the schedules, notes and annexures thereto
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana located at 4 <sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019
Registrar of Companies, Maharashtra	Registrar of Companies, Maharashtra located at 100, Everest, Marine Drive, Mumbai 400 002
Senior Management Personnel	Certain senior management personnel of our Company, other than our Directors and Key Management Personnel, as disclosed in the section “Our Management” on pages 152 to 155
Shareholders	Equity Shareholders of our Company
Special Purpose Interim Condensed Standalone Ind AS Financial Statements	Special Purpose Interim Condensed Standalone Ind AS financial Statements of our Company for the three months ended June 30, 2017 prepared in accordance with the recognition and measurement principles of Ind AS
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board of Directors described in the section “Our Management” on page 149
Statutory Auditors	The statutory auditors of our Company, B S R & Associates LLP

#### **Offer Related Terms**

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, the transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted

<b>Term</b>	<b>Description</b>
Allotment Advice	Note, advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Red Herring Prospectus
Anchor Investor Allocation Price	The price at which the Equity Shares will be allocated to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, and which will be decided by our Company in consultation with the BRLMs  The Anchor Investor Allocation will be determined by our Company in consultation with the BRLMs
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Anchor Investor Bid/Offer Period	The day which is one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price
Anchor Investor Portion	Up to 60% of the QIB Portion consisting of up to 1,819,501 Equity Shares which may be allocated by our Company in consultation with the BRLMs to Anchor Investors on a discretionary basis  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder, to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
ASBA Bidder	All Bidders other than Anchor Investors
ASBA Forms	An application form, whether physical or electronic, used by an ASBA Bidder and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Axis Capital	Axis Capital Limited
Banker to the Offer/Escrow Collection Bank	Bank which is a clearing member and registered with SEBI as banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being Axis Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer and which is described in the section "Offer Procedure" on page 377
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by the Anchor Investors pursuant to submission of Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations  The term Bidding shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by an Anchor Investor or as blocked in the ASBA Account of the ASBA Bidders, as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Application Form or ASBA Form, as the context requires

<b>Term</b>	<b>Description</b>
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be published in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in the place where our Registered Office is located)  Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be published in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in the place where our Registered Office is located)
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Bid Lot	[●] Equity Shares
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker  The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
BRLMs/Book Running Lead Managers	The book running lead managers to the Offer, being, Axis Capital, Kotak and IIFL
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow Agreement	The escrow agreement dated September 26, 2017 entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank for <i>inter alia</i> , collection of the Bid Amounts from the Anchor Investors and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by our Company in consultation with the BRLMs, which shall be any price within the Price Band  Only Retail Individual Bidders (subject to the Bid Amount being up to ₹ 200,000) are eligible to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not eligible to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details

<b>Term</b>	<b>Description</b>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Collection Bank from the Escrow Accounts and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after filing of the Prospectus with the RoC
Designated Intermediaries	Members of the Syndicate, sub-syndicate members, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	BSE
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated June 16, 2017, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Equity Shares
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
General Information Document/GID	The General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and suitably modified and included in "Offer Procedure" on page 358
IIFL	IIFL Holdings Limited
Kotak	Kotak Mahindra Capital Company Limited
Maximum RIB Allottees	The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or 60,651 Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders who have Bid for the Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)

<b>Term</b>	<b>Description</b>
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising 909,752 Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India as defined under FEMA and includes NRIs, FVCIs and FPIs
Offer	The offer for sale of up to 6,065,009 Equity Shares by the Selling Shareholders at the Offer Price aggregating up to ₹ [●] million in terms of this Red Herring Prospectus
Offer Agreement	The agreement dated June 16, 2017 entered into among our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price at which the Equity Shares will be Allotted to ASBA Bidders. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of this Red Herring Prospectus  The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
OFS Notice	The notice dated April 27, 2017 issued by our Company to our Shareholders whose names appeared in the register of members of our Company/ records of the depository as on April 21, 2017, inviting them to participate in the Offer and setting out the related terms and conditions
Offer Scheme	The scheme which forms part of the OFS Notice and which sets out the terms and conditions for participation by our Shareholders in the Offer, by tendering the eligible Equity Shares held by them for sale in the Offer in the manner provided in the OFS Notice
Offered Shares	Equity Shares held by the Selling Shareholders and offered for sale in the Offer
Price Band	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including any revisions thereof  The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLMs and will be advertised, at least five Working Days prior to the Bid/Offer Opening Date, in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in the place where our Registered Office is located)
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Offer Price
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto
Public Offer Account	A bank account opened with the Banker(s) to the Offer by our Company under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account(s) and from the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank, with whom the Public Offer Account for collection of Bid Amounts from Escrow Accounts and ASBA Accounts will be opened, in this case being Axis Bank Limited
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer comprising 3,032,503 Equity Shares which shall be allocated to QIBs including Anchor Investors
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	This red herring prospectus dated September 26, 2017 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto



<b>Term</b>	<b>Description</b>
	This Red Herring Prospectus has been registered with the RoC at least three Working Days before Bid Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made
Refund Bank	Axis Bank Limited
Registered Brokers	The stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate, eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar to the Offer or Registrar	Karvy Computershare Private Limited
Registrar and Share Transfer Agents or RTAs	Registrar to an issue and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar Agreement	The agreement dated June 16, 2017 entered into among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs) and does not include NRIs (other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of 2,122,754 Equity Shares which shall be available for allocation to RIB(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> and updated from time to time
Selling Shareholders	Persons listed in Annexure A – List of Selling Shareholders on page 411
Selling Shareholders' Consent Letters	Consent letters issued by each of the Selling Shareholders, pursuant to the OFS Notice, details of which are listed in “Annexure A – List of Selling Shareholders” on page 411
Share Escrow Agent	Share escrow agent appointed pursuant to the Share Escrow Agreement namely Karvy Computershare Private Limited
Share Escrow Agreement	The agreement dated June 16, 2017 entered into between our Company, the Share Escrow Agent and the Selling Shareholders in connection with the deposit of the respective portion of Offered Shares by each of the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> and updated from time to time
Stock Exchanges	BSE and NSE
Syndicate Agreement	The agreement dated September 26, 2017 entered into among the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Member(s)	Intermediary registered with SEBI who is permitted to carry out activities as an underwriter, in this case, Kotak Securities Limited and India Infoline Limited
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members
Underwriters	[•]

<b>Term</b>	<b>Description</b>
Underwriting Agreement	The agreement to be entered into among the Underwriters, our Company and the Selling Shareholders on or after the Pricing Date but prior to filing the Prospectus with the RoC
Wilful Defaulter	Company or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges. "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

#### Technical/Industry Related Terms/Abbreviations

<b>Term</b>	<b>Description</b>
BEE	Bureau of Energy Efficiency
BU	Billion units
CERC	Central Electricity Regulatory Commission
CERC Deviation Settlement Mechanism Regulations	Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014
CERC ESCerts Regulations	Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016
CERC Grid Code Regulations	Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010
CERC Open Access Regulations	Central Electricity Regulatory Commission (Open Access in Inter State Transmission) Regulations, 2008
CERC Power Market Regulations	Central Electricity Regulatory Commission (Power Market) Regulations, 2010
CERC Power System Development Fund Regulations	Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2014
CERC Recognition and Issuance of REC Regulations	Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010
CERC Sharing of Inter State Transmission Charges Regulations	Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges) Regulations, 2010
CERC Trading License Regulations	CERC (Procedure, Terms and Conditions for Grant of Trading License and other Related Matters), Regulations, 2009
CRIS	CRISIL Risk and Infrastructure Solutions Limited
DAM	Day-ahead market
DSM	Deviation settlement mechanism
ESCert	Energy saving certificates
Electricity Act	The Electricity Act, 2003
G-DAM	Green day-ahead market
GW	Gigawatts
Hz	Hertz
Joint Commission	The commission constituted under Section 83 of the Electricity Act through an agreement entered into by two or more State governments with each other or with the Central Government in relation to one or more State governments, as the case may be
kWh	Kilowatt-hour

<b>Term</b>	<b>Description</b>
Member(s) of the Exchange	A person who has been admitted as such by the Exchange in accordance with the CERC Power Market Regulations
MPLS	Multi-Protocol Label Switching
MU	Million units
MVA	Mega volt amps
MW	Megawatts
National Electricity Policy	The National Electricity Policy, 2005
NLDC	National Load Despatch Centre
PAT	Perform Achieve Trade
PGCIL	Power Grid Corporation of India Limited
PXIL	Power Exchange India Limited
REC	Renewable energy certificate
RLDC	Regional Load Despatch Centres
RPOs	Renewable Purchase Obligations
SEB	State Electricity Board
SERC	State electricity regulatory commission of the relevant State
SLDC	State Load Despatch Centres
TAM	Term-ahead market
Tariff Policy	The National Tariff Policy, 2016
TBCB	Tariff Based Competitive Bidding
UDAY	Ujwal Distribution Companies Assurance Yojana
VPN	Virtual private network

#### **Conventional and General Terms or Abbreviations**

<b>Term</b>	<b>Description</b>
₹/Rs./Rupees/INR	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS/Accounting Standards	Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
BIS Act	The Bureau of Indian Standards Act, 2016
Bn/bn	Billion
BSE	BSE Limited
C.P.C	Civil Procedure Code, 1908
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investors	FPIs who are registered with SEBI as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II Foreign Portfolio Investors	FPIs who are registered with SEBI as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered with SEBI as “Category III foreign portfolio investors” under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidders beneficiary account

<b>Term</b>	<b>Description</b>
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
Delhi Shops and Establishment Act	Delhi Shops and Establishment Act, 1954
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's Identification
DP/Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
EPF Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares of our Company are to be listed
ESI Act	Employees State Insurance Act, 1948
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FDI Policy	The extant Consolidated Foreign Direct Investment Policy notified by DIPP from time to time, in this case the Consolidated Foreign Direct Investment Policy notified by notification D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
Financial Year/FY/Fiscal	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	Erstwhile Foreign Investment Promotion Board
FPI(s)	A foreign portfolio investor as defined under the SEBI FPI Regulations registered with SEBI under applicable laws in India
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti Avoidance Rules
GDP	Gross Domestic Product
GIR	General Index Register
GoI or Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015

<b>Term</b>	<b>Description</b>
India	Republic of India
IPO	Initial Public Offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
MCA	Ministry of Corporate Affairs
Mn	Million
N.A./NA	Not applicable
NACH	National Automated Clearing House
NAV	Net asset value
NEFT	National Electronic Fund Transfer
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/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. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/earnings ratio
PAN	Permanent Account Number
PAT	Profit after tax
Previous Indian GAAP	Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
RBI	The Reserve Bank of India
RoNW	Return on net worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

<b>Term</b>	<b>Description</b>
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
U.S. Securities Act	United States Securities Act of 1933
SICA	Erstwhile Sick Industrial Companies (Special Provisions) Act, 1985
State Government	The government of a state in India
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.K.	United Kingdom
U.S./U.S.A/United States	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$	United States Dollars
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references in this Red Herring Prospectus to “India” are to the Republic of India and all references to the “U.S.,” “U.S.A” or “United States” are to the United States of America and all references to the “U.K.,” “UK” are to the United Kingdom.

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

### Financial Data

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Financial Statements as at and for the three months period ended June 30, 2017 and for the Financial Years ended March 31, 2017, 2016, 2015, 2014 and 2013, prepared in accordance with the Companies Act and generally accepted accounting principles in India and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, together with the schedules, notes and annexures thereto. Further, Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three months ended June 30, 2017 which have been prepared in accordance with the recognition and measurement principles of Ind AS have also been disclosed in this Red Herring Prospectus.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Alternatively, the sum or percentage change or certain numbers may not conform exactly to the total figure given. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to one decimal place and accordingly, there may be consequential changes in this Red Herring Prospectus. However, figures sourced from third party industry sources have been rounded off to other than two decimal points to conform to their respective sources.

Our Company’s financial year commences on April 1 of the preceding year and ends on March 31 of that year; accordingly, all references to a particular financial year, unless stated otherwise, are to the 12-month period ended on March 31 of that year. Reference in this Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year or FY is to the 12 months ended on March 31 of such year, unless otherwise specified.

There are significant differences between Previous Indian GAAP, Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you 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 Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, the Previous Indian GAAP, Ind AS and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditional and Results of Operations” on pages 18, 111 and 284, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements of our Company unless otherwise stated.

### Important Note on Introduction of Ind AS and its Impact on Preparation and Presentation of our Historical and Future Financial Statements

The Ministry of Corporate Affairs, Government of India (“MCA”) notified the Companies (Indian Accounting Standards) Rules, 2015 (“**Ind AS Rules**”) on February 16, 2015 providing a revised roadmap on implementation of Indian Accounting Standards (“**Ind AS**”) which stipulates implementation of Ind AS in a phased manner beginning from accounting period 2016 – 2017 (“**MCA Roadmap**”).

In accordance with the MCA Roadmap, Ind AS has become applicable to our Company starting April 1, 2017. Given that Ind AS differs in many respects from Previous Indian GAAP, our financial statements under Companies Act, 2013 relating to any period subsequent to April 1, 2017 (and for any prior comparative periods) may not be comparable to our historical financial statements prepared under Previous Indian GAAP. There can be no assurance that the adoption of Ind AS will not materially affect the preparation and presentation of our financial statements in the future. In addition, there can be no assurance that if Ind AS were to be applied to our historical financial statements prepared under Previous Indian GAAP, there will not be material differences in applicable accounting policies and standards that will require material adjustments to our historical financial statements prepared under Previous Indian GAAP.

We have prepared Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three months ended June 30, 2017. The Special Purpose Interim Condensed Standalone Ind AS Financial Statements, include a reconciliation between certain financial information prepared in accordance with Previous Indian GAAP with financial information prepared

under Ind AS, in accordance with applicable accounting standards. Our financial statements for the period commencing from April 1, 2017 may not be comparable to our historical financial statements. For further information, see “Risk Factors - Certain companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under the Income Computation and Disclosure Standards notified by the Government of India (“ICDS”). The transition to Ind AS and ICDS in India is very recent and the implementation of Ind AS may be subject to additional notifications and guidelines”, “Summary of Significant Differences between Previous Indian GAAP and Ind AS” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Accounting Pronouncements” from pages 35 and 36, 314 and 300, respectively. Further, Ind AS differs from IFRS and US GAAP.

### Currency and Units of Presentation

All references to:

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

Except otherwise specified, our Company has presented certain numerical information in this Red Herring Prospectus in “million” and “billion” units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000.

### Exchange Rates

This Red Herring Prospectus contains conversion 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 Rupee and other currencies:

Currency	As on June 30, 2017	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013
1 US\$	64.74	64.84	66.33	62.59	60.10 <sup>(1)</sup>	54.39 <sup>(2)</sup>

Source: RBI Reference Rate

1. Exchange rate as on March 28, 2014, as RBI reference rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.
2. Exchange rate as on March 28, 2013, as RBI reference rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, a Saturday and a public holiday, respectively.

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications, other sources and the report titled “Short-term power market in India” dated May 2017 issued by CRISIL Risk and Infrastructure Solutions Limited (“CRIS”) and updated by an addendum to the report in September 2017, which includes the following disclaimer:

*“CRISIL Risk and Infrastructure Solutions Limited (CRIS) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRIS from sources which it considers reliable (Data). However, CRIS does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRIS especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRIS providing or intending to provide any services in jurisdictions where CRIS does not have the necessary permission and/or registration to carry out its business activities in this regard. Indian Energy Exchange Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRIS operates independently of, and does not have access to information obtained by CRISIL Limited’s Ratings Division / CRISIL Limited’s Research Division (CRISIL), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRIS and not of CRISIL’s Ratings Division / Research Division. No part of this Report may be published/reproduced in any form without CRIS’s prior written approval.”*



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 Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 18.

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

## FORWARD-LOOKING STATEMENTS

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

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

- adverse outcome in any of the legal proceedings involving us and our directors;
- inability to maintain or grow the volume of the electricity contracts traded on our Exchange and retain our current participants or attract new participants to our Exchange;
- information technology (“IT”) system limitations or failures, including our IT maintenance;
- any adverse finding by NCLT in relation to the Perpetual License Agreement;
- failure to comply with regulatory obligations and consequently being subject to censures, fines and enforcement proceeding;
- risk in relation to potential conflicts of interest which may arise in the course of performing self-regulatory functions and bearing regulatory responsibilities related to our Exchange and any failure by us to fulfill our regulatory obligations;
- regulatory restrictions, and changes in regulations, applicable to us, restricting our ability to conduct our business;
- any unanticipated regulatory changes faced by our Exchange and the implementation of these changes having an adverse effect on our business, financial condition and results of operations;
- any adverse adjudication in relation to the compounding application filed with the RBI pursuant to the directions given by FIPB;
- any failure to meet or respond to technological changes or changes in participant preferences may cause the volume of trades on our Exchange to decline; and
- we may incur damages on breach of the terms and conditions of the Perpetual License Agreement.

For further discussion of factors that could cause the actual results to differ from the expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 18, 111 and 284, respectively. 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 Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders 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 Red Herring Prospectus 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, our Directors and the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Syndicate will ensure that the Bidders in India are informed of material developments

from the date of this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges pursuant to the Offer.

The Selling Shareholders will ensure that investors are informed of material developments in relation to statements and undertakings made by the Selling Shareholders in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges pursuant to the Offer. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in this Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

## SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or the Equity Shares, the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and prospects. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and prospects may suffer, the trading price of the Equity Shares may decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Industry Overview”, “Our Business” and “Management’s Discussions and Analysis of Financial Condition and Results of Operations” on pages 88, 111, and 284, respectively, as well as the financial, statistical and other information contained in this Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See “Forward-Looking Statements” on page 16.

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 otherwise stated, the financial information of our Company has been derived from the Restated Financial Statements.

### **Internal Risk Factors**

- We and certain of our Directors are involved in certain legal proceedings; any adverse outcome in any of these proceedings may adversely affect our profitability, reputation, business, financial condition and results of operations.***

There are certain outstanding legal proceedings involving us and our Directors that are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. For further details of these material legal proceedings involving us and our Directors, see “Outstanding Litigation and Other Material Developments” on page 317. A summary of the criminal, tax, regulatory and material civil proceedings, against us and our Directors as on the date of this Red Herring Prospectus is provided below:

#### ***Litigation against our Company***

<b>S. No.</b>	<b>Nature of Case</b>	<b>Number of Outstanding Cases</b>	<b>Amount involved (in ₹ million)</b>
1.	Criminal Proceedings	Nil	Nil
2.	Civil Proceedings	2	Not ascertainable
3.	Actions by statutory/ regulatory authorities	4	Not ascertainable
4.	Direct Tax	6	5.68
5.	Indirect Tax	Nil	Nil

#### ***Litigation against our Directors***

<b>S. No.</b>	<b>Nature of Case</b>	<b>Number of Outstanding Cases</b>	<b>Amount involved (in ₹ million)</b>
1.	Criminal Proceedings	3	Not ascertainable
2.	Civil Proceedings	1	Not ascertainable
3.	Actions by statutory/ regulatory authorities	11	Not ascertainable
4.	Direct Tax	Nil	Nil
5.	Indirect Tax	1	Not ascertainable

We cannot assure you that these legal proceedings will be decided in our favor or in favor of the respective Director, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings may divert management time and attention and consume financial resources. Any adverse outcome in any of these

proceedings may adversely affect our profitability and reputation and may have an adverse effect on our business, financial condition, results of operations and prospects.

**2. *Our business and results of operations may be adversely affected if we are unable to maintain or grow the volume of the electricity contracts traded on our Exchange and retain our current participants or attract new participants to our Exchange.***

We derive a significant majority of our revenue from (i) transaction fees, which we earn from participants who execute transactions on our Exchange and (ii) annual subscription fees, which are subscription fees we charge participants for trading on our Exchange, which combined accounted for 81.56%, 87.05%, 85.48% and 89.95% of our total revenues for the financial years 2015, 2016, 2017 and for the three months ended June 30, 2017, respectively. As such, a significant percentage of our revenues are dependent on the volume of power traded on our Exchange.

The success of our business depends substantially on our ability to maintain and increase the number of participants and the volume of electricity contracts traded on our Exchange and the resultant revenue from transaction fees and subscription fees. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations – Trading volumes and number of participants on our Exchange” from page 285 to 286.

Trading volumes on our exchange are impacted by inadequate availability of inter-region transmission capacity; specifically import of power in northern and southern regions, which are the two key load centers in India, restricting clearing volume on our Exchange. Congestion on inter-state power transmission networks due to a lack of available transmission capacity may negatively impact participants’ confidence in our Exchange and may result in reduced trading volumes. Further, our inability to offer a liquid trading platform which facilitates efficient price discovery or changes to contract specifications which participants view as unfavorable may also have an adverse impact on our trading volumes. A general decline in power supply, demand or trading volumes which could be influenced by external factors may lower our revenues and may have an adverse effect on our business, financial condition, results of operations and prospects.

Further, trading volumes on our Exchange are affected by economic and market conditions. Factors impacting participants on our Exchange, such as sellers of power, including independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, including distribution companies and industrial, commercial and institutional power consumers impact trading volumes on our Exchange. Changes in consumption, disruption to transmission capacity on the regional and state grids, reduced availability of surplus power and other factors such as broad trends in business and finance, the level and volatility of interest rates, inflation and general fluctuations in the price of power impact our trading volumes.

Any decline in the volume of electricity contracts traded or the number of participants trading on our Exchange may lead to a decline in revenue generated from transaction fees and subscription fees collected from our participants, and so may have an adverse effect on our business, financial condition, results of operations and prospects.

**3. *Information technology (“IT”) system limitations or failures, including our IT maintenance may harm our business, financial condition, results of operations and prospects.***

Our Exchange depends on the integrity, performance and continuing availability of the technology and software that underpin our electronic trading platform. We are also reliant on both third-party and in-house technology specialists, including computer engineers, systems and quality analysts, database administrators and website designers to operate and maintain our electronic trading platform, as well as rectify issues as they arise. Although we currently implement a security framework to prevent and detect system intrusions and implement internal and external security tools, audits and regular updates to our systems that are designed to manage redundancy and to reduce the risk of system disruptions, such systems and facilities may prove inadequate or improperly administered. If the technology, systems or software we license were to malfunction or our third-party or in-house technology specialists were to fail to perform, it may have an immediate and negative impact on our Exchange and may have an adverse effect on our trading volumes, business, financial condition, results of operations and prospects.

Heavy trading on our online platform during peak trading times or times of unusual market volatility may cause our systems to operate slowly or even to fail for certain periods of time. We may face interruptions in operations due to insufficient system capacity or power supply, which may adversely affect trading volumes on our Exchange. We cannot assure you that we will not experience system and security failures, outages or interruptions on our electronic trading platform in the future. Any failure that causes an interruption to our services or reduces our responsiveness, including failures caused by participant error or misuse of our platform and systems, may harm our reputation and have an adverse effect on our business, financial condition, results of operations and prospects.

**4. *Any adverse finding by the NCLT in relation to the Perpetual License Agreement could result in an adverse effect on our reputation, business, financial condition and results of operations.***

Pursuant to an interim ex-parte order dated June 30, 2015 of the Company Law Board, Principal Branch, New Delhi (“CLB”), FTIL has been restrained from any sale, alienation or creation of third party rights in its assets and investments until further order. On an appeal filed by FTIL challenging the order dated June 30, 2015, the Madras High Court, by an order dated July 10, 2015 confirmed the CLB’s order with respect to alienation of or creation of third party rights with respect to the immovable assets of FTIL and the operation of the part of CLB’s order pertaining to investments was suspended. The Union of India challenged the order of the Madras High Court before the Supreme Court of India, which, by its order dated April 18, 2016, set aside the order of the Madras High Court and remanded the matter to the CLB and further, allowed FTIL to incur any routine operational expenses required, without creating any third party rights on its assets.

Thereafter, FTIL filed an application before the NCLT (formerly, CLB) for early hearing of its application seeking vacation of the order dated June 30, 2015 of the CLB. Pursuant to its order dated June 24, 2016, the NCLT modified the order of the CLB and directed constitution of a committee comprising two independent directors and the managing director of FTIL, a retired judge of the Supreme Court and a nominee of the Union of India, with veto powers in the hands of the retired judge and the nominee of Union of India. This committee has been empowered to consider sale of any investments held by FTIL, in compliance with any order or direction of any regulatory or statutory authority in India or abroad and treasury operations of FTIL, among others and requires proceeds of all sale of investments to be deposited in a fixed deposit account, which can be accessed by FTIL only with the approval of the committee constituted thereby and by applying to the NCLT. Additionally, the NCLT has permitted the parties to the dispute to approach it against such decision.

Our Company had entered into the Perpetual License Agreement for acquiring exclusive rights to the source code (together with modification rights) for its trading software. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement. Should the NCLT confirm the interim order of the CLB, in any final order or should there be any challenge to our acquisition of the exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons, the Perpetual License Agreement may stand annulled or be repudiated. Further, in the event such annulment or repudiation occurs, while our Company will be entitled to continue the trading of software under an erstwhile software and implementation agreement, the recovery of the consideration paid by us to 63 Moons under the Perpetual License Agreement may be subject to disputes which may be time consuming or required to be set off against the consideration paid by us to 63 Moons and we would lose the exclusive rights to the source code (together with modification rights) acquired by our Company pursuant to the Perpetual License Agreement. Any such development may have an adverse effect on our reputation, business, financial condition and results of operations.

**5. *We operate in a highly regulated industry and may be subject to censures, fines and enforcement proceedings if we fail to comply with regulatory obligations.***

The power trading industry is subject to significant regulatory oversight and may be subject to increased regulatory scrutiny in the future. We are regulated by the CERC in terms of the CERC Power Market Regulations and several rules and regulations made under the Electricity Act, among others. We are subject to regulatory investigations by the CERC. See “– Internal Risk Factors – We are subject to periodic regulatory review by the CERC and any adverse findings or non-compliance discovered as part of such review, may require us to incur additional expenditure to address such findings or non-compliance and may have an adverse effect on our reputation, business, results of operations, financial condition and prospects” on pages 25 to 26.

We are also required to obtain and maintain certain approvals, licenses, registrations and permits from CERC and other statutory and regulatory authorities including for each of the products traded on our Exchange. While we have obtained most of the approvals required for our operations, for certain approvals in relation to revision of our bye laws, rules and business rules, we have submitted applications which are currently pending before relevant authorities. In addition, we may need to apply for new licenses and approvals or renew our existing ones, which expire from time to time. For further details of pending approvals applied for and not yet been obtained, see “Government and Other Approvals” on page 327. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, it may have an adverse effect on our business, financial condition, results of operations and prospects.

In addition to the permission to operate our Exchange, we are required to obtain and maintain registration with the CERC as a power exchange, which is valid for a period of 25 years. Further, our approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure in order to comply with such conditions. We cannot assure you that the approvals, licenses, registrations or permits issued to us will not

be suspended or revoked, applicable penalties will not be imposed on us due to non-compliance or that more onerous conditions will not be introduced in the future.

The CERC has broad powers to impose fines, penalties or censure, prohibit operations, revoke or suspend licenses or registrations and impose other sanctions on our Exchange and its participants for violations of applicable regulations. In the past, CERC has also initiated independent audit of power exchanges through independent consultants, issued orders in requiring introduction of 15 minute time block bidding in the DAM and directed power exchanges to extend the TAM by introducing intraday and contingency contracts on a round-the-clock basis. In the event we fail to comply with current regulatory obligations, or any future obligations introduced by the CERC or other regulators, we may be subject to fines, penalties or censure and our licenses or registrations may be revoked or suspended, which in turn may have an adverse effect on our business, results of operations and financial condition.

**6. *We face the risk that potential conflicts of interest may arise in the course of performing self-regulatory functions and bearing regulatory responsibilities related to our Exchange. Any failure by us to fulfill our regulatory obligations may have an adverse effect on our business, financial condition, results of operations and prospects.***

We have an obligation to regulate our participants, monitor activities on our Exchange and ensure compliance with prevailing laws and the rules, regulations and by-laws of our Exchange. Although our Exchange is regulated by the CERC, we do perform self-regulatory functions and bear regulatory responsibility related to our Exchange. For example, we carry out activities such as registration of members and clients, trading surveillance, clearing and settlement and periodic inspection on members to ensure compliance with the CERC Power Market Regulations. While we carry out periodic reviews through our internal auditors and the audit committee of our Board (the “**Audit Committee**”), and submit periodic reports to the CERC through our risk management committee and market surveillance committee, we face the risk that potential conflicts of interest may arise in the course of a “for-profit” exchange performing such self-regulatory functions.

Any failure by us to diligently and fairly regulate our Exchange or to otherwise fulfill our regulatory obligations may significantly harm our reputation, prompt scrutiny from the CERC and have an adverse effect on our business, financial condition, results of operations and prospects. In addition, our Exchange may be required to modify or restructure its regulatory functions in response to any changes in the regulatory environment, which may require us to incur substantial expenses and may harm our reputation if our regulatory compliance is deemed inadequate.

**7. *Regulatory restrictions, and changes in regulations, applicable to us, may restrict our ability to conduct our business and may have an adverse effect on our business.***

Regulations notified by the CERC, the State Electricity Regulatory Commissions (the “**SERCs**”) or other regulators of our industry, and governance changes that our Exchange may adopt in fulfillment of our regulatory obligations, may adversely affect our business operations. Such regulations may restrict the scope of certain operations we may undertake, reduce our fees or margins on transactions or subject us to certain additional statutory and regulatory costs. The CERC, in terms of the CERC Power Market Regulations, places restrictions on the types of electricity contracts and other power products that can be traded, the modalities to be followed and the types of participants that can trade on our Exchange. For example, we applied to the CERC for approvals to develop electricity products for the trading in renewable energy contracts on a day ahead basis, i.e., the ‘green day-ahead market’. However the ‘green day-ahead market’ energy contract was declined CERC approval, as the CERC determined that market conditions at present are not conducive for the introduction of such product.

At present the CERC Power Market Regulations stipulate, among others, the following:

- the ownership and governance structure of our Company and our Exchange;
- transparency with regard to our price discovery methodology;
- nature of investments made utilizing our Settlement Guarantee Fund; and
- manner of implementation of IT infrastructure and our electronic trading platform.

The CERC, the Government of India or SERCs may also notify changes in laws, regulations or governmental policies which may have an adverse effect on the way power exchanges conduct their business. For example, in the financial year 2015, the SERCs in certain states in India increased the open access charges payable by participants in such states, resulting in a decrease in participants on our Exchange from such states. Additionally, initiatives being considered by the Central and State Governments and regulators may have an adverse effect on our overall trading volumes.

Further, the Ministry of Power, Government of India, has issued a consultation paper on August 24, 2017, identifying certain issues relating to open access, including a proposal requiring open access customers to schedule power in advance to address difficulties and costs arising from frequent shifting of open access consumers between state distribution companies and other power sources. The consultation paper also includes proposals for revised methodologies for determination of cross-subsidy surcharge, additional surcharge and stand-by charges and tariff

design and rationalisation, primarily based on the principles of transparency and offering direct subsidies solely to needy consumers, instead of cross-subsidizing tariffs for all customers. The consultation paper sought comments from stakeholders by September 8, 2017 and we have submitted our comments on the consultation paper on September 8, 2017. The introduction of these or other proposed regulatory changes and future reforms could impose significant costs and obligations on the operation of our Exchange and trading thereon.

**8. *Our Exchange may face unanticipated regulatory changes and the implementation of these changes may have an adverse effect on our business, financial condition and results of operations.***

The participants on our Exchange, our business activities as well as our ownership, governance structure and shareholding pattern must comply with the provisions of the CERC Power Market Regulations. We had, pursuant to a regulatory compliance application dated February 15, 2017 filed with the CERC, proposed an amendment to our bye-laws, rules and business rules. Such amendment, requiring the approval of the CERC, was made available on the website of the CERC in July 2017, for comments and suggestions from stakeholders (i.e., persons dealing with us). Certain stakeholders have provided their comments and suggestions, including the following, among others:

- payment of interest to our members on the security deposits provided by them;
- a substantial reduction of the transaction fees charged by us is requested;
- no need of maintaining a separate account for each client by our members;
- the circular issued by us for registration of members/clients should be with the approval of the CERC;
- no need of inspection for a trader member and mechanism for verifying the service charge of professional members should be put in place;
- MPLS and VPN connectivity should be made optional;
- procedure for real time curtailment should be approved by the CERC;
- submission of monthly trading reports should not be required of the members;
- a mechanism for working out the penalty for non-delivery of power to be defined;
- the fee for installation of our trading software at the members' premises to be defined;
- the professional member category is not envisaged in the Electricity Act and should be done away with; and
- deletion/ modification of bids pursuant to a force majeure event should be permitted.

We submitted our response to the CERC on the comments received from various stakeholders in relation to the foregoing on September 20, 2017. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments Occurring after June 30, 2017" from pages 299 to 300.

While we are currently not in a position to confirm the timing, final form or commercial or other implications of any such proposed or future amendments to our bye-laws, rules and business rules, any reduction of transaction fees charged by us, any payment of interest to our members on security deposits provided by them, and any associated compliance and operating costs could adversely affect our business, financial condition and results of operations.

**9. *We have filed a compounding application with the RBI pursuant to the directions given by FIPB and any adverse adjudication in relation to the same may have an adverse effect on our reputation and financial condition.***

The FIPB issued a letter dated May 29, 2015 to our Company advising us to align the equity shareholding of BVP, and Lightspeed in our Company and fulfil all conditions prescribed under applicable provisions of the consolidated FDI circular dated April 17, 2014 (the "**2014 FDI Circular**"). Further, our Company was directed to apply for compounding with the RBI. For further details on the FIPB directives, see "Outstanding Litigation and Material Developments – Litigation involving our Company - Litigation against our Company – Actions taken by regulatory and statutory authorities – Compounding directive by FIPB" on pages 319 to 320.

Our Company filed an application dated April 1, 2016 with the FIPB, informing them that respective shareholder had aligned their shareholding in accordance with the extant FDI policy, and sought a dispensation from the FIPB's compounding directive. The FIPB vide its letter dated June 20, 2016 (the "**June 2016 letter**") informed our Company that our application for removal of the compounding condition was rejected and further directed us to undertake that our Company will adhere to all conditions of paragraph 6.2.19.2 of the consolidated FDI policy circular of 2015 with respect to all its investors and bring down Multiples Private Equity Fund I Limited's shareholding in our Company within the threshold limit within six months from the date of June 2016 letter. Subsequently, our Company pursuant to a letter dated March 20, 2017, informed the FIPB that our investors are in compliance with its directives and again requested for dispensation of the compounding requirement. Further, pursuant to office memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, the FIPB has been abolished and consequently this matter may be transferred to the DIPP or the concerned administrative ministry of the Central Government.



Further, our Company, a few of our past and present directors and our chief financial officer and company secretary received a show cause notice dated June 15, 2017 on June 19, 2017 from the Additional Director (Adjudicating Authority), ED (the “**Notice**”) pursuant to a complaint dated January 17, 2017 filed by M.K. Sharma, Assistant Director, ED (the “**Complainant**”) in reliance on section 16(3) of the FEMA (the “**Complaint**”), asking to show cause in writing within 30 days from the date of receipt of the Notice as to why the ED should not initiate adjudication proceedings as contemplated under Section 13 of the FEMA against our Company and impose penalties as provided in section 13(1) of FEMA. The Complainant had alleged that Multiples Private Equity Fund I Limited was holding 6.316% of the equity share capital of our Company as on the date of the Complaint, which was in contravention of paragraph 6.2.19.2 of the consolidated foreign direct investment policy of 2015 (the “**2015 FDI Policy**”), and not in compliance with the directions issued by the FIPB pursuant to its letter dated June 20, 2016. Further, the Complainant had alleged that Multiples Private Equity Fund I Limited and our Company did not bring down the shareholding of Multiples Private Equity Fund I Limited to the threshold limit within the time frame provided by FIPB. The ED stated in the Notice that there appeared to be a contravention of the provisions of Regulation 5(1)(i) and Sr. No. F.9 of Annexure B of Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 read with sections 6(3)(b), 47(3) and 42 of the FEMA, the extent of ₹ 63,132,996 (comprising the difference of shareholding held by Multiples Private Equity Fund I Limited exceeding the permissible limit by 1.316%) by not reducing the shareholding of Multiples Private Equity Fund I Limited to within the permissible limit as required under the 2015 FDI Policy within the time limit provided by the FIPB.

Our Company by its letter dated July 5, 2017 had requested the ED to provide the copies of documents which were relied upon by the Complainant for filing of the Complaint. Our Company further informed the ED that it had complied with the directions of the FIPB under the June 2016 letter and accordingly Multiples Private Equity Fund I Limited had reduced its shareholding in our Company from 6.316% to 5% on March 3, 2017 and this had been communicated by the Company to the FIPB by its letter dated March 6, 2017. The ED by its letter dated July 10, 2017, had allowed time of one week for inspection and collection of the said documents and to file a reply to the show cause notice within four weeks thereafter. Our Company received the said documents on July 17, 2017.

In response to the Notice, our Company filed its reply on August 11, 2017. Our Company stated that Multiples Private Equity Fund I Limited had complied with the directives issued by FIPB and the same was communicated to our Company by Multiples Private Equity Fund I Limited pursuant to its letter dated March 3, 2017 and the same was communicated by our Company to the FIPB by its letter dated March 6, 2017. Our Company also stated in its reply to the Notice that it had taken all necessary steps to comply with the requirements and directions issued by the FIPB albeit with a delay of two months and that it would file a compounding application with the RBI for such delay. There has been no further correspondence from the ED in this regard.

Subsequently, on September 11, 2017, pursuant to the directions of the FIPB and our reply to the Notice, our Company filed the compounding application under Rule 4 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 (the “**FEMA Compounding Rules**”) read with Rule 7 of the Compounding Rules (the “**Compounding Application**”) before the Compounding Authority, Cell for Effective Implementation of FEMA, Foreign Exchange Department, RBI, Mumbai (the “**Compounding Authority**”). Our Company stated in the Compounding Application that there had been an inadvertent delay in bringing down the foreign shareholding of BVP, Lightspeed and Multiples Private Equity Fund I Limited within the time limit provided by the FIPB, which resulted in the contravention of the provisions of Regulation 5(1)(i) and Sr. No. F.9 of Annexure B of Schedule 1 of the FEMA Regulations. Further, our Company stated in the Compounding Application that the contraventions were technical in nature and may be considered as a procedural lapse. Accordingly, our Company has sought condonation and compounding of its inadvertent contraventions of the provisions of Foreign Exchange Management (Current Account Transactions) Rules, 2000 in accordance with the FEMA Compounding Rules. The Compounding Application is currently pending. We cannot assure you that the outcome of the Compounding Application will be favourable. In the event we are required to pay a significant amount of compounding fees, it may have an adverse effect on our reputation and financial condition.

Further, should further legal proceedings be initiated against our Company, our Directors and chief financial officer and company secretary by the ED or the RBI in this regard, we may be required to expend management time and financial resources towards defending our claim. Further, we cannot assure you that any such legal proceeding would be decided in our favour. In the event of an adverse adjudication, our reputation, prospects and business may be harmed.

10. ***We are subject to certain risks relating to the operation of an electronic trading platform. Any failure to meet or respond to technological changes or changes in participant preferences may cause the volume of trades on our Exchange to decline, which may have an adverse effect on our business, financial condition, results of operations and prospects.***

Electronic trading platforms may be subject to rapid technological change, change in usage patterns, change in user preferences, new product and service introductions and the emergence of new industry standards and practices. These changes may render our Exchange and existing technology and platform uncompetitive or obsolete. As all trading on

our Exchange is conducted exclusively on an electronic basis, we are heavily dependent on our trading software and other information technology systems we use for our trading platform.

Further, increasing trading volumes on our trading platform, as well as our ability to continue to grow our business, will depend, in part, on several factors including:

- our ability to enhance our existing services and hardware and maintain and improve the functionality and reliability of our trading platform, in particular, reducing network downtime or disruptions;
- our ability to maintain and enhance transparency in the operations of our Exchange;
- develop or license new technologies that address the increasingly sophisticated and varied needs of our Exchange's participants;
- our ability to increase capacity to manage increasing trading volume on our Exchange during peak trading hours or unusual market volatility;
- any increase in the number and types of devices capable of sending orders to our trading platform;
- our ability to anticipate and respond to technological advances and emerging industry practices on a cost-effective and timely basis; and
- our ability to continue to attract and retain highly skilled technology staff to maintain and develop our existing technology and to adapt to and manage emerging technologies.

In addition, our ability to respond to failure of systems due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware, or software or electronic malfunctions or defects, computer viruses, acts of vandalism or similar events may affect our business and results of operations. In order to address hardware and software failures we have instituted a disaster recovery system for our Exchange, however, disruptions to the operations of our Exchange may affect our reputation and reduce the volume of electricity contracts traded on our Exchange, which in turn may lead to a decline in our revenues generated from transaction fees. Trading on our Exchange for the DAM, which accounts for a significant portion of our trading volumes, occurs through an auction based mechanism where bids are matched in batches for delivery of power on the subsequent day. While we have not experienced any system failure or disruption in the past in relation to the DAM, we periodically experience disruptions to trading in the TAM at a frequency of once or twice a quarter, typically restricted to night hours, during end of day operations or beginning of day operations, which we believe do not significantly affect our trading volumes. We cannot assure you that we will not experience such failure or disruptions in the future. Further, any failure by participants to make payments or systemic failure by one or more generators of electricity to deliver electricity may also adversely affect our trading volumes. See “– Any failure by our participants to make payment or any systemic failure to deliver electricity may adversely affect our reputation, business, financial condition, results of operations and prospects.” on page 29.”

We cannot assure you that we will be able to successfully implement new technologies or develop proprietary technology adequately addressing our participants' requirements or emerging industry standards, in a timely and cost effective manner, or at all. Any failure to keep up with new or advanced technology and respond to participant preferences may cause the volume of trades on our Exchange to decline, which may have an adverse effect on our business, financial condition, results of operations and prospects.

**11. *We may incur damages in the event of any breach of the terms and conditions of the Perpetual License Agreement.***

Our Company entered into the Perpetual License Agreement for acquiring exclusive rights to the source code (together with modification rights) for its trading software. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement. While our Company has acquired the irrevocable, perpetual and non-encumbered license to use and modify the software, including the source code, 63 Moons continues to be the legal and beneficial owner of the trading software and intellectual property rights therein belong to 63 Moons. Further, pursuant to the terms of the Perpetual License Agreement, we are not permitted to sell, sub-license or otherwise encumber or use the software, including the source code other than as per the terms of the Perpetual License Agreement or use the software to enter into technology business in competition with 63 Moons, globally. Any use of the software, including the source code by us in a manner which is restricted or not authorized under the Perpetual License Agreement may result in a breach of the terms and conditions of the Perpetual License Agreement and may require us to pay damages to 63 Moons which may have an adverse effect on our reputation, business and financial conditions.

12. ***Our compliance and risk management methods may be ineffective and may result in outcomes that may adversely affect our reputation, financial condition and results of operations.***

Our ability to comply with applicable laws and regulations is largely dependent on our establishment and maintenance of compliance and risk management procedures, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. Our policies and procedures to identify, monitor and manage our risks may not be fully effective and we may fail to implement or update our internal procedures and manuals, as frequently as required. The CERC Power Market Regulations require us to establish various committees and submit periodic reports, related to risk assessment and mitigation. For example, we have instituted our Risk Management Committee and Market Surveillance Committee, among others, which meet at frequent intervals to assess and rectify risks to our Exchange. Some of our risk management methods depend upon evaluation of information regarding markets, participants or other matters that are publicly available or otherwise accessible by us. That information may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to be recorded properly and verification of a large number of transactions and events. We cannot assure you that our policies and procedures will always be effective or that we will always be successful in monitoring or evaluating the risk to which we are or may be exposed, which may adversely affect our ability to conduct our business.

Our actual or alleged non-compliance may subject us to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by participants, for significant damages. Any of these outcomes may adversely affect our reputation, financial condition and results of operations. In extreme cases, these outcomes may adversely affect our ability to conduct our business.

13. ***We are subject to periodic regulatory review by the CERC and any adverse findings or non-compliance discovered as part of such review, may require us to incur additional expenditure to address such findings or non-compliance and may have an adverse effect on our reputation, business, results of operations, financial condition and prospects.***

Our Exchange is subject to periodic regulatory review by the CERC relating to compliance with applicable rules and regulations. In the past, the CERC had initiated an independent review of our Exchange's systems and procedures, highlighting certain shortcomings, which we believe we have addressed. The CERC engaged an independent agency which submitted its compliance report to the CERC on March 28, 2016 ("**Review of Power Exchange – Indian Energy Exchange**"), which was forwarded to us by the CERC on May 3, 2016. We submitted our responses to the CERC on June 10, 2016, and on August 8, 2016. On advice of the CERC vide letter dated September 1, 2016, a presentation was made to CERC on September 9, 2016, to explain IEX compliance status on the various issues raised in CERC review report. Our Company had also submitted its compliance report to the CERC on September 28, 2016 and updated and consolidated compliance report on November 18, 2016 ("**IEX Compliance Report**") and subsequently made a presentation to the CERC on April 17, 2017.

Pursuant to this, the CERC, through its letter dated May 1, 2017 sought further clarifications in relation to the IEX Compliance Report, specifically on the following matters:

- achievement of social welfare maximization objective as laid down in the CERC Power Market Regulations;
- non maintenance of a separate investment corpus for our settlement guarantee fund;
- certain state power distribution companies being allowed to undertake trades with shortfalls in margins and pay-ins in certain exceptional or contingency cases;
- non convening of the default committee meeting and a need to finalize standard operating procedures for declaring default and expulsion of member;
- implementation of a secured file transfer protocol for transmitting bid related files to the NLDC;
- absence of separate funds to address liabilities arising out of arbitration, liabilities and claims of contingent nature;
- constitution of our grievance committee and our grievance redressal mechanism;
- measures taken to ensure bid data confidentiality; and
- analysis of impact of accepting bids after 12:00 noon on social welfare, based on historical data.

We submitted our responses to the clarifications sought by the CERC on May 24, 2017. In order to address the clarifications sought by the CERC, we had, among other steps:

- submitted results to the CERC demonstrating social welfare maximization through our Exchange’s operations;
- maintained a separate investment corpus for our settlement guarantee fund effective September 2016;
- submitted responses to the CERC demonstrating rationale for power distribution companies being allowed to undertake trades with shortfalls in margins and pay-ins in certain exceptional or contingency cases, together with procedures adopted to regulate such trades;
- instituted and submitted standard operating procedures to the CERC in relation to meetings of our defaults committee and have scheduled such meetings;
- upgraded our internal audit and technology systems including implementing a secure file transfer protocol with the NLDC;
- appointed a nodal officer for grievance redressal;
- submitted responses to the CERC detailing that we had set up a surveillance room with a secured network and access control to ensure bid confidentiality; and
- submitted responses to the CERC detailing the analysis demonstrating no impact on social welfare due to acceptance of bids after 12:00 noon, and discontinued acceptance of such bids, in relation to the DAM, effective February 2016.

Further, in order to update the findings of the IEX Compliance Report, we also commissioned a separate review of the period between April 2016 and February 2017 by an independent agency, and the findings of this report were also submitted to the CERC on April 26, 2017. We received an email from CERC on July 24, 2017 seeking clarifications in connection with:

- social welfare maximization; and
- constitution of our grievance committee and our grievance redressal mechanism.

We have replied to CERC by an email on August 22, 2017. While we seek to comply with all regulatory provisions applicable to us, in the event the CERC requires us to undertake additional compliance procedures or to upgrade our existing systems and processes, we may be required to incur additional expenditure. The CERC may also impose fines or penalties on us for any adverse findings or in the event our systems and processes do not comply with existing rules and regulations. Further, we may be subject to regulatory reviews and investigations or enforcement proceedings in the future. Any such investigations or proceedings, whether successful or unsuccessful, may result in substantial costs, the diversion of resources, including management time, and potential harm to our reputation, which may have an adverse effect on our business, results of operations, financial condition and prospects.

**14. *Our business operations could be affected if the recommendations under the report of the Standing Committee on Energy, Ministry of Power, Government of India result in amendments to the CERC Power Market Regulations.***

The Standing Committee on Energy, Ministry of Power (the “**Standing Committee**”) issued a report dated April 18, 2016 on “Evaluation of role, performance and functioning of the power exchanges”. In its report, the Standing Committee, provided suggestions/recommendations regarding development and operations of the power market and power exchanges in particular:

- the Ministry of Power, Government of India and the CERC should formulate clear and effective guidelines so as to ensure healthy competition and development of multi exchange power market;
- the day ahead market and day ahead contingency contract should be streamlined for better functioning of the power exchanges;
- involvement of distribution companies in wheeling of power;
- simplification and increasing transparency of settlement mechanism;
- the price discovery mechanism to be made open-ended should be verified to ensure that resultant prices discovered are fair and not manipulated; and
- various policy changes should be considered in order to ensure transparency in the power market.

While the recommendations made in this report have not yet been considered, there can be no assurance that there will not be amendments to the CERC Power Market Regulations in the future which may have an adverse impact on our business, financial condition and results of operations.

15. ***We are dependent on certain material contracts with third-party vendors relating to the technology and software that we use and for services that are important to our business. Any interruption in, or cessation of an important supply or service by any third party may have an adverse effect on our business and operations.***

The technology we use is imperative to successfully conducting our business. We utilize trading software, which is critical to maintaining the anonymity of bids, the integrity of our price discovery mechanism, and the implementation of our risk management procedures and caters to the requirements of all pre and post trade functionalities on our Exchange. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement. See “Our Business – Description of Our Business – Technology” on pages 123 to 124 for details of our trading platform. Our ability to continue to use the technology is essential to our business. The loss of the ability to use such technology due to any reason may have an immediate and adverse impact on our business and operations.

We also periodically utilize services from third party vendors for important elements of our trading systems, communications and networking equipment, computer hardware and software and related support and maintenance, as well as other functions necessary for the operation of our business. We cannot assure you that any of these providers will be able to continue to provide their services in an efficient, cost-effective manner, or at all, or that they will be willing or able to adequately expand their services to meet our needs. Any interruption in or the cessation of service by any of our service providers or vendors or our inability to make alternative arrangements in a timely manner, or at all, may have an adverse effect on our business, financial condition, results of operations and prospects.

16. ***We depend on a limited number of participants for a significant portion of our revenue, and any decrease in revenues or trading volume from any one of our major participants may adversely affect our Exchange.***

A small number of participants account for a substantial portion of power traded on our Exchange, and consequently our revenue, and we expect that a limited number of participants will continue to represent a substantial portion of our revenue from operations in the foreseeable future. Our top ten participants accounted for 30.6%, 29.7%, 23.5% and 35.0% of our revenues from DAM operations for the financial years 2015, 2016, 2017 and for the five months ended August 31, 2017, respectively. The loss of any of our major participants may have an adverse effect on our transaction volumes and consequently on our business, financial condition, results of operations and prospects.

17. ***Declines in interest rates and performance of mutual funds we have invested in may adversely affect our results of operations and financial condition.***

Our revenues and reserves are invested in a portfolio of assets comprising bonds and mutual funds. For the financial years 2015, 2016 and 2017 and for the three months ended June 30, 2017, our interest income, dividend income and profit on sale of current investments (including training income), collectively accounted for 17.9%, 12.5%, 14.1% and 9.8% of our total revenues, respectively.

Our investments are exposed to the effects of fluctuations in the prevailing levels of market interest rates and thus declines in interest rates may adversely affect their values. See “Management’s Discussions and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures Analysis of Market Risks – Interest Rate Risk” on page 298. Interest rates are sensitive to many factors beyond our control, including general economic conditions and governmental, monetary and tax policies. Changes in the general level of interest rates can affect our profitability by affecting the spread between, among other things, income we receive on our investments, the value of our interest-earning investments, our ability to realize gains from the sale of investments and our interest expense on any interest-bearing liabilities that we may incur in the future. Fluctuations in interest rates may also affect the valuation of our investments. For the foregoing reasons, a variation in interest rates may adversely affect our revenues, results of operations and financial condition.

18. ***Our expansion into new markets may present increased risks due to our unfamiliarity with those areas thus affecting those operations and thus affect our profitability, results of operations and cash flows.***

Some of our expansion targets are planned for markets where we have little or no operating experience. Our growth strategies include expanding the trading on our Exchange into countries neighboring India which are connected to the Indian power grid. New markets, particularly outside India, may have different competitive conditions and participant preferences than our existing markets. As a result, our growth in those markets may be less successful than anticipated. Participants in new markets may not be familiar with our brand, and we may need to build brand awareness in that market through greater investments in advertising and promotional activity than we originally planned.

Further, our expansion plan into markets outside India will require extensive regulatory support in our target markets and domestically, which we may not receive. Further, such activities may strain our resources and may limit our ability to pursue other strategic and business initiatives. We cannot assure you that we will be successful in either developing, or fulfilling the objectives of such expansion. We may find it more difficult in new markets to hire, motivate and keep

qualified employees, to remain competitive or to be or remain in compliance with prevailing rules and regulations. The volume of power traded on exchanges in new markets may take longer to ramp up or reach expected volume, and may never do so. Some or all of these factors may be more pronounced in markets outside of India due to cultural, regulatory or economic differences with which we are not familiar, and may have a particularly adverse impact on our results in those markets and may have an adverse effect on our business, financial condition, results of operations and prospects.

- 19. *We may have to introduce new products and services to retain and attract participants on our Exchange and undertake market development activities to encourage trading of power products on our Exchange, in the event such products or services are not successful, our business and results of operations may be adversely affected.***

In consultation with the CERC and relevant Government authorities, we continually evaluate and test new electricity contracts and other power products to be introduced on our Exchange in order to expand our range of products and services and enhance our operational capabilities. Each new type of contract or product available for trade on our Exchange must be reviewed and approved by the CERC and has to be traded as per the business rules approved by the CERC in relation thereto. We may spend substantial time and money developing new products and initiatives which may or may not receive CERC approval. For example, we applied to the CERC for approvals to develop electricity products for the trading in renewable energy contracts on a day ahead basis, i.e., - the 'green day-ahead market'. However the 'green day-ahead market' energy contract was declined CERC approval, as the CERC determined that market conditions at present are not conducive for the introduction of such product.

Further, we make efforts to work with certain State Governments and regulators in India to enable industry participants to trade on our Exchange and reduce and rationalize open access charges levied on participants, thus enabling participants in such states to access power through our Exchange. In addition, we may engage with major distribution companies to work on strategies for reducing and optimizing their power purchase costs by trading electricity contracts on our Exchange.

If these products and initiatives are not successful, we may not be able to offset their costs, which may have an adverse effect on our business, financial condition, results of operations and prospects.

- 20. *We may be harmed by employee or participant misconduct or errors that are difficult to detect and any such incidences may adversely affect our reputation, business, results of operations and prospects.***

We may be exposed to the risk of employees, participants and to a lesser extent vendors, engaging in fraud or other misconduct or negligence in the past. Employee, participant or vendor fraud, misconduct, negligence or errors may expose us to business risks or losses, including investigations, regulatory sanctions and serious harm to our reputation. Although we intend to continue to implement stringent security measures, it is not always possible to detect or deter misconduct, and the precautions we take to prevent and detect such activity may not be effective in some cases, or at all. Our employees, participants and vendors may also commit errors that may subject us to claims and proceedings for alleged negligence, as well as regulatory actions. In such a case, our reputation, business, results of operations and prospects may be adversely affected.

- 21. *Our networks and those of our third-party service providers may be vulnerable to security risks.***

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our network, systems and any alternate or backup systems we put in place, may be vulnerable to unauthorized access, computer viruses, cyber-attacks and other security related problems such as misuse, loss or destruction of our participant's confidential or other information or disruptions of and errors within our systems. Persons who circumvent security measures may wrongfully use such confidential information or cause interruptions or malfunctions in our operations or expose us to third-party liabilities, which may have an adverse effect on our business, financial condition and results of operations.

We may also be required to expend significant resources to protect against the threat of security breaches or to alleviate security related problems, including reputational harm and litigation, caused by any breaches or alleged breaches. Although we intend to continue to implement stringent security measures, voluntary compliance audits and software updates, these measures may prove to be inadequate and we may encounter wrongful use of our information or interruptions in our operations that may result in negative publicity, cause us to lose participants, face unforeseen liabilities and experience a decline in trading volume, all or any of which may have an adverse effect on our business, financial condition, results of operations and prospects.

- 22. *Damage to our reputation or brand name may have an adverse effect on our business, financial condition, results of operations and prospects.***

One of our key competitive strengths is our reputation and brand name and we rely significantly on customer-confidence to successfully operate our business. Various issues may harm our reputation and brand, including:

- transparency in trades and pricing or any failure of our payment and settlement mechanism;
- timely scheduling and delivery of power to participants;
- our ability to maintain the security of our data and systems;
- the quality and reliability of our technology platforms and systems;
- the ability to fulfill our regulatory requirements;
- the representation of our business and brand in the media and to the greater public;
- the quality of our customer service;
- the quality of our corporate governance structure; and
- the quality of our disclosure controls or internal controls over financial reporting, including any failures in supervision.

Damage to our reputation may cause certain of our participants to cease trading on our Exchange, leading to a reduction in our trading volume. This, in turn, may have an adverse effect on our business, financial condition, results of operations and prospects.

**23. *Any failure by our participants to make payment or any systemic failure to deliver electricity may adversely affect our reputation, business, financial condition, results of operations and prospects.***

We provide a performance and settlement guarantee to each party on every trade executed on our Exchange. Consequently, we are exposed to credit risks associated with any failure by our participants to make payment in accordance with the terms of the relevant trade. We manage our credit risk through the margin requirements that we have established for our members and their clients and through the maintenance of our settlement guarantee fund collected from our members. Any default by our participants resulting in failure to make payments, or any failure of our clearing and settlement systems to prevent such default, may require us to suspend trading for such participant, require us to pay compensation and reverse trades made on our Exchange. Further, any systemic failure by one or more generators of electricity to deliver electricity could impact our trading volumes. This, in turn, may have an adverse effect on our reputation, business, financial condition, results of operations and prospects. See “Our Business – Description of Our Business – Our Clearing and Settlement Operations” on pages 118 to 121.

**24. *Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and prospects.***

We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all potential losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at costs acceptable to us, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us, our business, financial condition, results of operations and prospects may be adversely affected. For further details on our insurance arrangements, see “Our Business – Description of Our Business – Insurance” on page 126.

**25. *We are dependent on our senior management and other key personnel, and the loss of, or our inability to attract or retain, such persons may adversely affect our business, financial condition, results of operations and prospects.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, led by our Managing Director and Chief Executive Officer, Satyanarayan Goel, who has over 38 years of experience in the power industry. He is ably supported by an 11 member senior management team, having experience ranging from 14 to 31 years, in their respective areas of operation. We believe that the input and experience of our senior management in particular, and other key personnel have been invaluable to the development of our Exchange and the strategic direction taken by us. For details in relation to the experience of our key management personnel, see “Our Management” on page 152 to 154. We cannot assure you that these individuals or any other member of our senior management team will not leave us or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a significant period of time to hire and train replacement personnel when qualified personnel terminate their employment with us given the unique nature of the exchange industry. 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. The loss of the services of such persons may have an adverse effect on our business, financial condition, results of operations and prospects.

**26. *We have not been able to obtain certain records of the educational qualifications and professional experience of a Director and have relied on declarations and undertakings furnished by such individual for certain details of his profile, as disclosed in the section “Our Management”.***

While our Directors have supplied us with records of their respective qualifications, experience, awards and achievements, as disclosed in “Our Management” on page 138, certain records were not traceable, including on account of the lapse of a considerable amount of time since the dates of the events and details discussed in those biographies.

Particularly, we and the BRLMs were not able to verify details pertaining to educational and professional qualifications of our Director, Dinesh Kumar Mehrotra. Accordingly, reliance has been placed on declarations and undertakings furnished by such Director to us and the BRLMs to disclose details of his educational qualifications and professional experience in this Red Herring Prospectus. We and the BRLMs have been unable to independently verify such information

**27. *Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements.***

We paid total dividends (interim and final) at the rate of 290.0% and 190.0%, in financial years 2015 and 2016, respectively. On June 12, 2017, our Board has recommended a final dividend of ₹ 35 per Equity Share and ₹ 35 per CCPS for the Financial Year ended March 31, 2017, totaling to ₹ 1,277.60 million (including corporate dividend tax), which was approved by our Shareholders at the AGM held on July 25, 2017. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and subsequent approval of Shareholders, and will depend on factors that our Board of Directors and Shareholders deem relevant, including, our future earnings, financial condition, cash requirements, business prospects and any other arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of dividends paid by us in the past, see “Dividend Policy” on page 158.

**28. *Our offices, including our Registered and Corporate Office, are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on the same or similar commercial terms.***

Our offices, including our Registered and Corporate Office, are located on leased premises, and we do not own any of these premises. Any of these lease agreements can be terminated, in accordance with their terms, and any such termination may result in any of these offices being shifted or shut down. Further, a great deal of uncertainty exists surrounding title to land, and the title to land which we lease may be fragmented, and in some cases have multiple owners. There can be no assurance that we will, in the future, be able to retain and renew the leases for the existing locations on the same or similar terms, or be able to find alternate locations for the existing locations on terms favorable to us, or at all. In the event we fail to find suitable premises for relocation of our existing offices, if required, in time or at all, there may be a disruption of our operations and this may result in an adverse effect on our business, financial condition, results of operations and prospects.

**29. *We have issued Equity Shares at prices that may be lower than the Offer Price in the last 12 months***

In the last 12 months, we have issued 303,287 Equity Shares to Lightspeed on May 30, 2017 upon conversion of 303,287 CCPS held by Lightspeed and 1,213,144 Equity Shares to Lightspeed on September 20, 2017 upon conversion of 1,213,144 CCPS held by Lightspeed. The CCPS were issued and allotted to Lightspeed at a price of ₹ 115.41 per CCPS. For further details, see “Capital Structure – Share capital history of our Company” on page 65.

**30. *We may face competition from existing players and new entrants in the industry.***

We expect that competition in the power exchange industry may intensify in the future. Our ability to maintain and enhance our competitiveness will have a direct effect on our business, financial condition, results of operations and prospects.

We believe competition in our industry will be based on the ability to provide services and business capabilities including:

- competitive pricing;



- market liquidity;
- transparency;
- technological advancements;
- trading platform efficiency and reliability; and
- new product offerings.

The Indian power market consisted of 89.7% of long and medium term electricity contracts (contracts for periods of one year or over) and 10.3% of short term electricity contracts (contracts for periods of under one year) for the financial year 2017, according to the CERC. The short term market for electricity contracts includes contracts through licensed traders, direct bilateral contracts, deviation settlement mechanism (“DSM”) and contracts traded over power exchanges, which accounted for 28.1%, 17.9%, 19.5% and 34.5% of the short term market for electricity contracts, respectively, according to the CERC for the financial year 2017. While, the share of electricity contracts traded over power exchanges has grown from 23.8% to 34.5% of the short term market between the financial year 2013 to the financial year 2017, we cannot assure you that the market share of contracts traded over power exchanges and as such our Exchange’s market share will continue to grow, or such industry trend would not reverse.

Further, within the short term market conducted over power exchanges, we face competition from Power Exchange India (“PXIL”), traders and the DEEP Portal launched by the Ministry of Power, Government of India. Competition within the Indian power market may intensify as new power exchanges or other marketplaces for trading electricity products are established. We may be required to adjust pricing in response to actions by our competitors, which may adversely impact our operating results. Additionally, our competitors may also:

- price their products and services more competitively;
- introduce power products and services which our participants seek;
- develop a more efficient and reliable trading platform;
- develop more efficient price discovery methodologies;
- develop and expand their network infrastructure and service offerings more efficiently;
- achieve greater economies of scale;
- utilize better, more user-friendly and reliable technology; or
- take greater advantage of organic and inorganic growth opportunities, including acquisitions, alliances and other opportunities.

We cannot assure you that we will be able to compete effectively in the future. If our electricity contracts, power products, services and more generally our Exchange are not competitive, it may have an adverse effect on our business, financial condition, results of operations and prospects.

**31. *A significant portion of our costs comprise fixed and semi-fixed costs which are not directly dependent on the trading volume on our Exchange. If our revenues decline and we are unable to reduce such costs, our profitability will be adversely affected.***

Our costs are not entirely directly dependent on trading volumes on our Exchange and include fixed and semi-fixed costs such as software support charges, employee benefits costs, depreciation, rent and service charges, repairs and maintenance and business promotion and advertisement expenses. We may not be able to rapidly adjust our operating costs in the event that our trading volumes decrease or demand for our products and services fall short of expectations, which may result in larger decreases in our revenues than corresponding decreases in expenditures. If the volume of power traded on our Exchange declines and, as a result, our revenues decline, we may not be able to reduce our fixed and semi-fixed costs correspondingly in a timely manner, or at all. In such event, our profitability may be adversely affected and may result in an adverse effect on our business, financial condition, results of operations and prospects.

**32. *We have relied on third-party industry reports which have been used for industry related data in this Red Herring Prospectus and such reports have not been independently verified by us.***

We relied on the CRIS report titled “Short-term power market in India” published in May 2017 and updated by an addendum to the report in September 2017, which has been used for industry related data that has been disclosed in

this Red Herring Prospectus. The report uses certain methodologies for market sizing and forecasting. We have not independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While we believe industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. See “Certain Conventions and Presentation of Financial, Industry and Market Data” and “Industry Overview” on pages 13 and 88, respectively.

**33. *We have applied for, but have not yet obtained, a trademark registration for our corporate logo. Any failure to protect our intellectual property may adversely affect our reputation, goodwill, business and results of operations.***

We do not currently own any intellectual property rights.

On October 12, 2007, FTIL was granted a trademark registration certificate with respect to the trademark “IEX Indian Energy Exchange India’s 1<sup>st</sup> Power Exchange” from the Registrar of Trade Marks, Mumbai in relation to seven classes under the Trade Mark Act, 1999 and Trade Mark Rules, 2002. Our Company had entered into a deed of assignment dated October 8, 2015 with FTIL for assignment and transfer of this trademark and the copyright in the original artistic work vesting therein from FTIL in favour of our Company. Under this deed of assignment, our Company is responsible for defending any claims arising in respect of this trademark and copyright from the date of the deed of assignment, and for having the deed of assignment recorded with relevant authorities, including the Registrar of Trademarks. The Registrar of Trademarks has not approved the transfer of this trademark and copyright under this deed of assignment till date. This trademark has not been registered in the name of our Company till date.

Our Company also filed an application dated October 15, 2012 with the Registrar of Trademarks, Mumbai for registration of the trademark “IEX Indian Energy Exchange India’s No. 1 Power Exchange”, which is pending registration.

Our Board has approved our new corporate logo, “IEX Indian Energy Exchange”, as appearing on the cover page of this Red Herring Prospectus on May 30, 2017, for which we have filed an application with the Registrar of Trademarks, on June 14, 2017.

Maintaining the reputation of our brand, corporate name and logo, and the goodwill associated with these is critical to our success. We cannot assure you that we will obtain any trademark registrations that we have applied for, or may apply for in the future, within a reasonable time, or at all. Until such time as our corporate name and logo are registered, we do not enjoy the statutory protections accorded to a registered trademark in India and are subject to the various risks arising from the use of unregistered trademarks, including but not limited to infringement or passing off of our name and logo by a third party. Our failure to protect our intellectual property may adversely affect our reputation, goodwill, business, financial condition and results of operations.

**34. *We have experienced negative cash flows in relation to our operating activities during the three months ended June 30, 2017 and in relation to our investing activities and financing activities in the last five financial years. Any negative cash flows in the future would adversely affect our results of operations and financial condition.***

We had a negative cash flow from operating activities of ₹1,096.35 million for the three months ended June 30, 2017. We had a negative cash flow from investing activities of ₹206.57 million, ₹229.73 million, ₹901.34 million and ₹693.54 million, for the financial year 2017, 2016, 2014 and 2013, respectively. Further, we had a negative cash flow from financing activities of ₹0.06 million, ₹1,096.38 million, ₹696.22 million, ₹1,059.82 million, ₹78.25 million and ₹70.73 million, for the three months ended June 30, 2017 and the financial year 2017, 2016, 2015, 2014 and 2013, respectively. If we experience any negative cash flows in the future, this could adversely affect our results of operations and financial condition. For further details, see “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Cash Flows” on page 160 and pages 296 to 297, respectively.

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

In the ordinary course of business, we have entered into transactions with related parties. While we believe that all such related party transactions that we have entered into are legitimate business transactions conducted on an arms’ length basis, we cannot assure you that we could not have achieved more favorable terms had such arrangements not been entered into with related parties. Further, we cannot assure you that these or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and prospects. Further, the transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to

our Company. For further details regarding our related party transactions, see “Financial Statements –Annexure XXXII: Restated Summary Statement of Other Significant Notes to the Financial Statements - Related party disclosures” from pages 239 to 243.

**36. *We may not be able to implement our business strategies or sustain and manage our growth, which may adversely affect our business, results of operations, financial condition and prospects.***

In recent years, we have experienced significant growth. Our total revenues and profit after tax have grown at CAGR of 14.45% and 14.40%, respectively, between the financial year 2013 and the financial year 2017. Our growth strategy includes increasing the number of participants trading on our Exchange, introducing new products on our Exchange and expanding our existing business into neighboring countries which are connected to the Indian power grid. Our ability to sustain and manage our growth depends significantly upon our ability to grow our trading volumes and manage key issues such as developing and upgrading our trading software, maintaining effective risk management policies and continuing to offer products which are traded by our participants. We cannot assure you that our growth strategies will be successful or that we will be able to continue to increase trading volumes on our Exchange. Our failure to do any of the preceding could adversely affect our business, results of operations, financial condition and prospects.

**37. *We may need funds to invest in our operations, maintain and grow our business, which may not be readily available.***

We depend on the availability of adequate capital to maintain and develop our business. Although we believe that we can meet our current capital requirements from internally generated funds, cash on hand and available overdraft and working capital facilities, if the capital and credit markets experience volatility, access to capital or credit may not be available on terms acceptable to us, or at all. Limited access to capital or credit in the future may have an impact on our ability to engage in strategic initiatives, make acquisitions or strategic investments in other companies or power exchanges or react to changing economic and business conditions. If we are unable to fund our capital or credit requirements, it may have an adverse effect on our business, financial condition, results of operations and prospects.

***External Risk Factors***

***Risks Related to India***

**38. *Recent global political and economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its markets are influenced by economic developments and volatility in markets in other countries. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt in other emerging markets may also affect investor confidence and cause increased volatility in Indian markets and indirectly affect the Indian economy in general.

Any worldwide financial instability may have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. For instance, in June 2016, a majority of voters in the United Kingdom elected to withdraw the United Kingdom from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that may last at least two years after the government of the United Kingdom formally initiates the withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them may occur, have had and may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors may depress economic activity and restrict our access to capital, which may have an adverse effect on our business, financial condition, results of operations and prospects, and reduce the trading price of the Equity Shares.

**39. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

Our performance is dependent on the overall health of the Indian economy, which has experienced periods of reduced economic growth. The following external risks may have an adverse impact on our business, financial condition, results of operations and prospects, should any of them materialize:

- the Indian economy has had sustained periods of high inflation in the recent past; high rates of inflation may increase our employee costs and decrease demand, which may have an adverse effect on our profitability and

competitive advantage, to the extent that we are unable to pass on increased employee costs by increasing transaction costs and fees;

- a downgrade of India's sovereign rating by international credit rating agencies may adversely affect our access to capital and may increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- a decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy as well as the valuation of the Indian Rupee, which may adversely affect our financial condition;
- political instability, resulting from a change in government or in economic and fiscal policies, may adversely affect economic conditions in India;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations of war; if our operations are disrupted by any such agitation, terrorist attacks or conflicts, particularly in Mumbai, where our Exchange is situated, our business, financial condition, results of operations and prospects may be adversely affected;
- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years; the extent and severity of these natural disasters determines their effect on the economy; and
- If such events should otherwise impact the national or any regional economies, our business, financial condition, results of operations and prospects may be adversely affected.

**40. *Changes in tax laws or regulations or their interpretations may significantly affect our financial statements and may adversely affect our business, financial condition, results of operations and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the General Anti Avoidance Rules (“GAAR”) became effective from assessment year commencing April 1, 2018. The tax consequences of the GAAR provisions being applied to an arrangement may result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us; and
- the Government of India implemented a comprehensive national goods and services tax (“GST”) regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure. In this regard, the Constitution (101 Amendment) Act 2016, which received Presidential assent on September 8, 2016, enabled the Central and State Governments to introduce GST and which has been implemented with effect from July 1, 2017. While the Central Government and certain State Governments have announced that all committed incentives will be protected following the implementation of the GST, given that the various rules and regulations regarding the new regime are being evaluated in terms of various implications concerning the GST, we cannot provide you with any assurance as to this or any other aspect of the tax regime following implementation of the GST including anti-profiteering regulations of the new tax regime and availability of input tax credit. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

We have not determined the impact of such proposed legislation on our business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure may result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, financial condition, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

**41. *Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated under the laws of India. Our assets are primarily located in India and all of our Directors and Key Management Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon us or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the “**Civil Code**”). The Civil Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

**42. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under the FDI Policy, the foreign direct investment in the sector in which our Company operates is capped at 49% of the equity share capital of our Company under the automatic route. Further, no non-resident investor/entity, including persons acting in concert, can hold more than 5% of the outstanding Equity Shares of our Company. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI’s or Government’s prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

**43. *Certain companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under the Income Computation and Disclosure Standards notified by the Government of India (“ICDS”). The transition to Ind AS and ICDS in India is very recent and the implementation of Ind AS may be subject to additional notifications and guidelines.***

Our Restated Financial Statements included in this Red Herring Prospectus, are prepared in accordance with Previous Indian GAAP, which have been restated as per the SEBI ICDR Regulations. The Ministry of Corporate Affairs, Government of India, pursuant to a notification dated February 16, 2015, set out the timelines for the implementation of Indian Accounting Standards (“**Ind AS**”) notified under the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, we are required to prepare our financial statements in accordance with Ind AS from April 1, 2017, as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. This Red Herring Prospectus also includes Special Purpose Interim Condensed Standalone Ind AS Financial Statements as at and for the three months ending June 30, 2017. These Special Purpose Interim Condensed Standalone Ind AS Financial Statements are not general purpose financial statements and accordingly, comparatives and all the disclosures as required under Ind AS have not been furnished. Our Company will prepare and issue its first Ind AS financial statements for a complete Financial Year as at and for the year ending March 31, 2018. Only financial statements for a complete Financial Year together with comparative financial information can provide a fair presentation of a company’s state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and the changes in equity.

The Special Purpose Interim Condensed Standalone Ind AS Financial Statements included in this Red Herring Prospectus, include a reconciliation for certain financial information prepared in accordance with Previous Indian

GAAP with financial information prepared under Ind AS, in accordance with applicable accounting standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Previous Indian GAAP, IFRS and U.S. GAAP. Consequently, our Special Purpose Interim Condensed Standalone Ind AS Financial Statements may not be comparable to our historical financial statements. The degree to which the financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. See "Ind AS Financial Information" and "Summary of Significant Differences between Previous Indian GAAP and Ind AS" on pages 301 and 314, respectively. Further, our Special Purpose Interim Condensed Standalone Ind AS financial statements for the three months ended June 30, 2017 are preliminary and may change if (a) there are any new Ind AS standards issued through March 31, 2018 or (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2018 affecting the Ind AS balances included. For further details, see "Special Purpose Interim Condensed Standalone Ind AS Financial Statements" beginning on page 250.

Additionally, the Ministry of Finance, Government of India, has issued a circular dated March 23, 2017, stating that ICDS shall be applicable with effect from April 1, 2016. Therefore, our Restated Financial Statement as of and for the financial year ended March 31, 2017 reflects the effect of ICDS on the computation of our taxable income for such years. ICDS differs in several aspects from accounting standards such as Previous Indian GAAP and Ind AS. ICDS has been introduced recently and therefore it may be subject to different interpretations. There can be no assurance that our interpretation and implementation of ICDS will not differ from the views taken by the relevant authorities and which may lead to an adverse effect on our business, financial conditions, results of operations and prospects.

**44. *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. Any gain realized on the sale of listed equity shares on a stock exchange that have been held for more than 12 months subsequent to listing of the equity shares on a recognized stock exchange will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares on a stock exchange that have been held for more than 12 months subsequent to listing of the equity shares on a recognized stock exchange, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares on a stock exchange that have been held for a period of 12 months subsequent to listing of the equity shares on a recognized stock exchange or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of 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.

**45. *Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and may constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business, financial condition, results of operations and prospects.

***Risks Related to the Offer***

**46. *We will not receive any proceeds from the Offer.***

The Offer is an offer for sale by the Selling Shareholders. Accordingly, we will not receive any of the Offer proceeds, which will be remitted to the Selling Shareholders. See "Objects of the Offer" beginning on page 80.

**47. *The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the trading price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

**48. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of our operating results.***

On listing, the Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the 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 have an adverse effect on the trading price of the Equity Shares and returns on the Equity Shares, independent of our operating results.

**49. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price of the Equity Shares will be determined by us in consultation with the BRLMs through the Book Building Process. This price will be based on numerous quantitative and qualitative factors, as described under “Basis for Offer Price” on page 83 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares may be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

**50. *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares, convertible securities or securities linked to or exchangeable for the Equity Shares by us, including through exercise of employee stock options under ESOP 2010 may dilute your shareholding in us, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares.

**51. *Holder of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer its equity shareholders preemptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to 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 equity share capital voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our 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. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us may be reduced.

**52. *The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under “Basis for Offer Price” beginning on page 82 and may not be indicative of the market price for the Equity Shares after the Offer. In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further details, see “Other Regulatory and Statutory Disclosures - Price information of past issues handled by the

BRLMs” on page 333 to 338. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of the Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

**Prominent Notes:**

1. Initial public offer of up to 6,065,009 Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million through an offer for sale by the Selling Shareholders. The Offer would constitute 20.0% of our post-Offer paid-up Equity Share capital.
2. As of March 31, 2017 and June 30, 2017, our Company’s net worth\* was ₹ 2,749.93 million and ₹ 3,056.24 million, respectively, as per our Company’s Restated Financial Statements. For details, see “Financial Statements” on page 160.  
  
*\* Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve). The Company does not have any revaluation reserve.*
3. As of March 31, 2017 and June 30, 2017, the net asset value per Equity Share\* was ₹ 94.92 and ₹ 104.55, respectively, as per our Company’s Restated Financial Statements. For details, see “Financial Statements” on page 161.  
  
*\* Net asset value per Equity Share has been computed as net worth (excluding Compulsorily Convertible Preference Shares (“CCPS”) at the end of the year divided by total number of Equity Shares outstanding at the end of the year.*
4. Our Company was incorporated as Indian Energy Exchange Limited on March 26, 2007 as a public limited company under the Companies Act, 1956 and there has been no change in our name in the last three years preceding the date of the Draft Red Herring Prospectus. For more details, see “History and Certain Corporate Matters” on page 132.
5. Our Company is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and consequently, does not have a promoter group, in terms of the SEBI ICDR Regulations.
6. As of June 30, 2017 and as of the date of this Red Herring Prospectus, we do not have any subsidiary or group company.
7. There has been no financing arrangement whereby our Directors or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.
8. For any complaints, information or clarifications pertaining to the Offer, investors may contact the Registrar to the Offer, our Company and the BRLMs who have submitted the due diligence certificate to the SEBI. For further details regarding grievances in relation to the Offer, see “General Information” on page 56.



## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

*The information contained in this section is derived from the CRIS report titled 'Short-term power market in India' published in May 2017 and updated by an addendum to the report in September 2017. Neither we, nor any other person connected with this Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

*Investors should note that this is only a summary description of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Red Herring Prospectus, including the information in the sections "Risk Factors" on page 18. An investment in the Equity Shares involves a high degree of risk.*

#### **Overview of the Indian Power Sector**

Even as India is the third-largest electricity producer in the world, the country's need for energy is increasing as a result of economic growth and modernization over the past several years. India's per capita electricity consumption has grown from 631.4 kilowatt-hour ("kWh") in the financial year 2006 to 1075 kWh in the financial year 2016, an increase of 70.2% in 10 years. Between 2006 and 2017, India's peak demand increased at a CAGR of 5.0% to reach 159.5 gigawatts ("GW"); the installed power generation increased from 124 GW to 327 GW at a CAGR of 9.2% during the period. Further, the latest draft National Electricity Plan 2016 projects peak demand of 235 GW at the end of the financial year 2022.

#### ***Electricity Act, 2003 and regulations relating to power market***

The Central Government enacted the Electricity Act 2003 (the "**Electricity Act**") to promote competition and efficiency in the power sector against a backdrop of ongoing economic reforms in other key sector of the economy. The enactment of the Electricity Act in June 2003 led to significant structural changes in the power sector, such as, a) shift from the single-buyer model to the multi-buyer model; b) de-licensing of thermal generation; c) grant of open access in transmission and distribution; d) identification of trading as a distinct activity; and e) reorganization of the erstwhile State Electricity Boards ("**SEBs**").

Following the Electricity Act, several policies evolved in relation to the determination of tariffs, National Electricity Policy, National Electricity Plan, National Tariff Policy and development of hydro power. The Ministry of Power at national level is responsible for perspective planning, policy formulation, processing of projects for investment decision, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal, hydro power generation, transmission and distribution. All states and union territories have set up State Electricity Regulatory Commissions ("**SERCs**") to regulate and determine tariffs for distribution and transmission companies as well as for generating companies which sell power to distribution companies. The Central Electricity Regulatory Commission ("**CERC**") fulfills this responsibility for inter-state generation and transmission and also for central power utilities.

#### **Generation, transmission and distribution**

##### ***Generation***

Electricity is among India's core sectors, with an installed capacity of 327 GW as of March 31, 2017. Thermal power plants constitute around 67% of the installed capacity, followed by renewable, hydro and nuclear at around 18%, 14% and 2%, respectively. During the Twelfth Five-Year Plan ending March 2017, about 92 GW of thermal generation capacity has been added against a target of 72 GW. While capacity addition has peaked, the peak demand has grown at a moderate CAGR of 4.1% during the past five years ending March 2017, on account of sluggish demand from the industrial and commercial segments. In this context, the country has witnessed a gradual decline in peak deficit from 9.0% in the financial year 2013 to 1.6% in the financial year 2017.

##### ***Transmission***

Adequate and reliable transmission capacity is a key enabler for power transactions in India. While generation capacity has been added at a faster pace over the last five years, the growth in transmission has not been commensurate enough to ensure congestion free transmission within the country, resulting in situations where a certain demand in a market could not be met even as supply is available elsewhere. This has led to some unsold capacity in some regions impacting plant load factors for thermal generation plants. The concerns over transmission corridor availability would remain an important consideration for inter-state power sale as going forward the country envisages aggressive ramp up of capacity from renewable energy projects.

The transmission system in India can be categorized as inter-state transmission system and intra-state transmission system. The development of intra-state transmission system is the responsibility of state transmission utilities, while Power Grid Corporation

of India Limited (“**PGCIL**”) is responsible for development of inter-state transmission system. Nearly 59% of the transmission system is under state transmission utilities; about 38.0% is owned by the PGCIL and 3% by private operators as of March 31, 2017.

### ***Distribution***

The power distribution system, that is the last leg of the electricity sector value chain, provides power to individual consumer premises. Until recently, SEBs would own all distributions networks across the country. This has changed in the last two decades with entry of private players in the distribution segment across a few large cities in the country. Private distribution companies are operating in Delhi, Kolkata (West Bengal), Mumbai (Maharashtra), Ahmedabad (Gujarat) and Surat (Gujarat).

### ***Evolution of the power market structure***

Initially, the structure for the bulk power market was characterized by long term contracts between generation plants owned by central and state governments, independent power producers, captive generators with surplus capacity and distribution utilities or SEBs. With the enactment of Electricity Act, to encourage competition in all segments of the electricity industry, open access in inter-state transmission was introduced in May 2004 that facilitated the development of a bilateral market in the country. This facilitated competition in wholesale market.

Open access in distribution system facilitated large users of power — typically having connected load of 1 megawatt (“**MW**”) and above — to buy power from the open market at competitive prices. The aim was to allow the customers to choose among a large number of competing power companies instead of being forced to buy electricity from their existing electric utility monopoly.

In December 2006, CERC issued guidelines for setting up of Power Exchanges. To further streamline bilateral transactions and to facilitate implementation of power trading in India, CERC took several significant initiatives. The open access regulation pertaining to procedure for application, transmission charges, computation of losses, among others were revised to facilitate market development. CERC revised the regulations for open access in inter-state transmission to include collective transactions discovered on a power exchange.

With the above provisions in place, the Indian Energy Exchange (“**IEX**”), the country’s first power exchange, made an application for grant of permission to set up a power exchange in March 2007. IEX commenced operations on June 27, 2008 and, Power Exchange of India (“**PXIL**”) commenced operations on October 22, 2008. During the financial year 2017, total short-term sale of electricity through exchanges is 3.6% of the country’s generation, and IEX constitutes approximately 98.5% of the total volumes, day ahead market (“**DAM**”) and term ahead market (“**TAM**”), traded on both the exchanges.

### ***Overview of Trading Operations***

The entire electrical grid is operated and regulated by the system operators, who are independent government owned statutory bodies created under the Electricity Act, responsible for scheduling, despatch and energy accounting of trade in electricity. The system operator at the national level is the National Load Despatch Centre (NLDC) and at the regional level it is Regional Load Despatch Centres (5 RLDCs, one each for each region in the country). Both these entities are part of Power System Operation Corporation (POSOCO) which is an entity owned by Government of India. Similarly at the State level there are State Load Despatch Centres (SLDCs, total 33 such entities) which are owned by the State Government entities. Flow of electricity on the grid is ensured through transmission lines in the transmission network owned by the PGCIL for inter-state power transmission and the state transmission utilities of respective states for intra-state transmission.

Trading on the electricity exchanges is conducted and delivery is ensured through a process of scheduling, which is akin to a process of generators injecting their respective obligation to supply into the grid and all buyers drawing power to the extent of their entitlement from the grid, based on their respective contracts. As such a pool of electricity produced by generators gets created in the process and buyers draw their entitlement from this pool.

All trades cleared on exchanges, are converted into obligations to supply by sellers and entitlement to draw by the buyers, and these obligations and entitlement get recorded as a schedule in a tabular for the system operators. Any entity deviating from its obligation or entitlement is settled as per the CERC (Deviation Settlement Mechanism and Related Matters) Regulation 2014, by the system operators and exchanges have no role in the matter after trades are converted into obligations and entitlements.

For converting trades into obligation and entitlement of participants, exchanges have to follow ‘Procedure for Scheduling of Collective Transactions’ issued by the grid operator POSOCO which is in accordance to the various provisions mentioned in CERC Open Access Regulations. As per this process, clients should obtain standing clearance for the quantum and duration for which power can be traded, from their respective SLDC. The Exchanges update this information on the trading system thereby restricting volume of trade to the extent allowed by the respective SLDC. After the order matching auction is run, requisition for transmission capacity required is sent to NLDC, who in turn informs the exchanges how much power can actually be transmitted, based on various technical considerations. Based on this input from the NLDC the auction is re-run on the same set of bids imposing the constraint as informed by the NLDC, which gives final results and the selected set of sellers and buyers

which is converted into above referred obligation and entitlement of these entities. As mentioned above, all subsequent activities are then performed by the system operators.

In case of any break down in the grid, the same is handled by the exchanges as a force majeure condition. Based on the real time information provided by the system operators, trades are modified to the extent curtailed by the system operator with a view to ensure grid security. Exchanges may be subject to failure of systems due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware, or software or electronic malfunctions or defects, computer viruses, acts of vandalism or similar events. For further details on risks due to system failure or acts of God see “Risk Factors – Internal Risk Factors – We are subject to certain risks relating to the operation of an electronic trading platform. Any failure to meet or respond to technological changes or changes in participant preferences may cause the volume of trades on our Exchange to decline, which may have an adverse effect on our business, financial condition, results of operations and prospects.

### ***Market mechanism for renewable energy***

The Electricity Act, policies framed under the Electricity Act, and the National Action Plan on Climate Change provide a roadmap for increasing the share of renewable energy in total generation capacity, by stipulating purchase of a percentage of power by distribution utilities from renewable energy sources.

Renewable Purchase Obligations (“RPOs”), put simply, is the minimum percentages of total power that electricity distribution companies and other obligated entities like captive and open access consumers need to purchase from renewable energy sources. RPOs create a market for renewables. RPOs have been the major driving force in India to promote the renewable energy sector. In this context, renewable energy certificates (“RECs”) were introduced to address this mismatch between availability of sources and requirement of the obligated entities to meet their renewable purchase obligations, by purchasing green attributes of renewable energy located elsewhere, in the form of certificates.

### **Short term electricity markets in India**

Short-term power market covers contracts of less than a year for electricity transacted through (i) inter-state trading licensees; (ii) power exchanges; (iii) directly between distribution licensees (cashless) and (iv) the Deviation Settlement Mechanism.

The volume of short-term transactions of electricity, as a percentage of total electricity generation, has been between 9% and 10% in recent years. In the financial year 2017 total short-term sale of electricity (119 BU) was approximately 10.3% of the country’s generation during the period. Of the total short term volume transacted in financial year 2017, share of exchanges is 34.5%, followed by traders at 28.1%. On the other hand, short term volume transacted directly between distribution companies is 17.9% and DSM is around 19.5% in financial year 2017.

The share of traders has declined to 28.1% of total short term power traded in the financial year 2017 from 36.5% in the financial year 2013. During the same period, share of direct bilateral (traded between distribution companies) increased from 14.7% to 17.9%, and that of DSM declined from 25.0% to 19.5% during the same period. Volume of power traded through the exchanges increased to 41.1 billion units in the financial year 2017, having grown at 28.3% CAGR between the financial year 2010 and the financial year 2017. The total volume on power exchanges for the financial year 2017 is 41.1 BUs, and amounts to around 34.5% of total short-term electricity trade in the country.

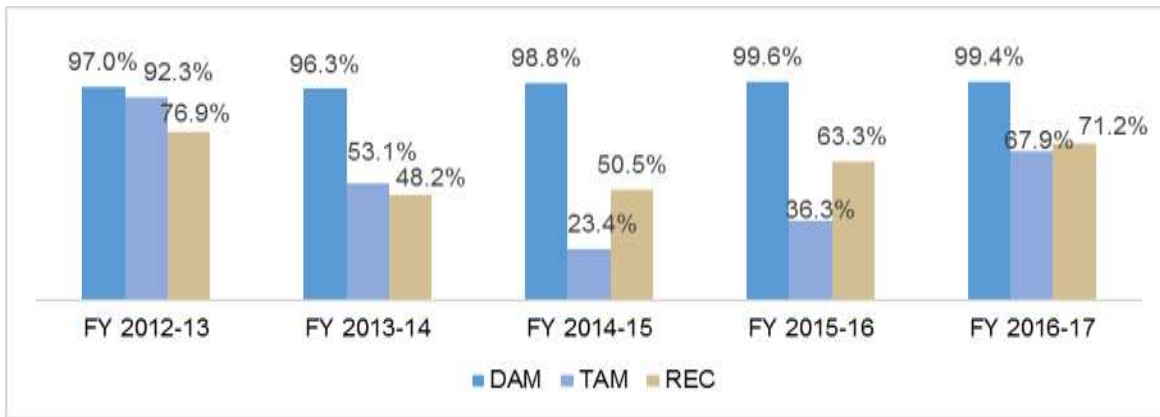
### ***Short term market share of traders and exchanges***

Power exchanges aim to facilitate transparent and efficient use of energy resources and bridge the demand-supply mismatch by bringing larger players onto a common platform for buying and selling in an auction-based system, thereby providing liquidity, transparency and competitive price discovery. Owing to efficient price discovery at the exchanges, the short-term market witnessed a shift from traders to exchanges over the years. Further, implementation of automated and reliable processes helped the exchanges to establish themselves as preferred destination for day-ahead volume in the short-term power market.

### ***Market share of exchanges: IEX and PXIL***

IEX and PXIL are the two power exchanges facilitating short-term trade of power in India. IEX dominates the space, with its share in total volume traded through exchanges at an average of over 93.5% in last five years.

The following chart sets forth market share of IEX (product category wise):



Source: Reports on Short-term Power Market in India, CERC

## Key Drivers for short term market

### *Power procurement cost optimization by Distribution companies*

The short term market has provided the distribution companies with the option to hold a mix of long-term and short-term contracts and optimize the overall power-purchase cost. Subdued demand for power in the past three years, combined with a lag in long-term capacity contracting has pushed generators to sell their surplus power in the short-term market.

### *Adequate Supply for Short Term Market*

At present we have, 327 GW of installed capacity, whereas the peak demand was only 159.5 GW in 2017. Large coal based generation capacity is operating at a PLF of under 60% whereas it has a potential of operating at PLF of over 80%. A major portion of this coal based capacity is remaining underutilized. With this capacity addition, present surplus supply scenario is expected to continue for the next seven to eight years.

### *Power for All, Rural Electrification and Make in India*

The Government of India's 24x7 "Power for All" scheme aims at providing all households and industries access to electricity. Initiatives such as Power for All, along with rural electrification and the Make in India initiative aim to increase per capita consumption in India, which at 1,075 kWh, is among the lowest in the world. There is significant potential for growth of volume considering this low per capita consumption. A part of this demand is expected to come to the short term market.

### *Phasing out of old plants*

Due to environmental, technological and commercial concerns, the Government of India is working to phase out thermal generating capacity which is more than 25 years. At present this capacity is over 40,000 MW. Most of this capacity is with State and Central Government utilities and tied up with Distribution companies on long term basis. Phasing out of these plants could result in shifting of such long term demand from the Distribution companies to short term market.

### *Seasonality factors*

There is variation in demand of state electricity distribution companies in India due to geographical spread and varied climatic conditions. States with hydroelectric potential such as Himachal Pradesh, Jammu and Kashmir, Uttarakhand and Sikkim are power surplus in the summer and monsoon seasons and are deficit in the winter season. Similarly, some other states like Punjab and Haryana have power requirements in the summer and monsoon seasons and have surplus in winters. This diversity provides lot of power trading opportunities.

### *Improvement in Transmission Infrastructure*

Adequate and reliable transmission capacity is a key enabler for power transactions in India. While generation capacity has been added at a faster pace over the last five years, the growth in transmission has not been commensurate enough to ensure congestion free transmission within the country, resulting in situations where a certain demand in a market could not be met even as supply is available elsewhere. Inter-regional transmission capacity has more than doubled in the five years leading up to the financial year 2017 to approximately 75,050 MW for the financial year 2017 from 27,750 MW for the financial year 2012. Augmentation of transmission capacity is expected to reduce transmission congestion, which is currently restricting short term transactions through exchanges. Further, implementation of open access and removal of procedural barriers will make open access transactions more lucrative for consumers, which in turn will benefit the exchanges.

### *Improving Health of Distribution companies: UDAY Scheme*

The Ujwal Distribution Companies Assurance Yojana (“UDAY”) is a scheme initiated by the Government of India with intention of improving the financial health of distribution companies. UDAY allows states opting for it to take over 75% of total debt outstanding in the books of their respective distribution companies as of September 30, 2015, and pay back lenders by selling bonds. Distribution companies are expected to issue bonds for the remaining 25% of their debt. With states issuing UDAY bonds worth approximately ₹ 2.32 trillion as of August 2017, it is expected that distribution companies’ financial health has improved owing to a reduced interest burden after transfer of debt to their respective state governments. This is expected to ease the financial stress on distribution companies and improve their power offtake ability. Improvement in the financial health of distribution companies would enable them to procure cheaper power available at exchanges and reduce their overall power procurement cost.

### *Forecast for short-term power market*

In the immediate term, the realization of estimated short-term market potential will be contingent upon:

- distribution companies moving towards more prudent decision-making with respect to balanced mix of long-term and short-term power procurement and optimizing their power portfolio;
- availability of inter-regional transmission capacities for short-term volume;
- mitigation of barriers/restrictions on open access by many states; and
- increase in procurement of power from exchange by industrial consumers through open access route.

The share of traders, currently at 28.1% of power traded in the short term, is expected to gradually shift to exchanges. This is due to transparency and efficient price discovery mechanism at exchanges, resulting into lower prices at exchanges.

Among the two exchanges currently operating in the country, IEX dominates the space, with an average share of over 93.5% of total volume traded through exchanges in last five years. In DAM and TAM combined, IEX constitutes approximately 98.5% of the total exchange trade during the financial year 2017. Owing to its robust technology platform and continuous initiatives towards development of power market, IEX is expected to maintain its dominant position going ahead.

In view of the above, the electricity volumes to be traded on exchanges is estimated to increase to 8.9% of the total generation from conventional sources by the financial year 2022 from current levels of approximately 3.5% during the financial year 2017.

### *Energy saving certificates*

The Perform Achieve and Trade (“PAT”) scheme was introduced in 2008, under the National Mission for Enhanced Energy Efficiency, to step up and incentivise energy efficiency in large energy-intensive industries. The rules for the PAT scheme specify that ESCerts have to be transacted through power exchanges, thus presenting an opportunity for power exchanges in the immediate term.

### *Green day ahead market*

Green day-ahead market is proposed to be based on collective transactions, and will function on similar lines as existing DAM at exchanges. It would comprise solar and non-solar day-ahead contracts, applicable for merchant capacity. G-DAM contracts will enable obligated entities procure renewable power at competitive prices, when they actually need power, and also green attributes to meet RPOs. In this context, it would offer an alternative market-based mechanism and stimulate renewable energy generation in the country.

### *Forward and futures market*

The current product portfolio on power exchanges focuses on short-term demand of electricity in the country. Generating companies and distribution companies currently lack price visibility over one year and beyond, and are thus exposed to price risks in the absence of a forward price curve. Forward markets provide such visibility and an important hedging options for generators as well as distribution companies.

### *Ancillary services market*

The Indian Electricity Grid Code defines ancillary services in relation to power system (or grid) operation, as services necessary to support the power system (or grid) operation in maintaining power quality, reliability and grid security, for example, active power support for load following, reactive power support and black start. According to the CERC, the market framework would be introduced at a later point when more providers would be enabled to participate in these services. Power exchanges would play an important role in development of these markets, as the participants would be able to bid for such services on the exchanges.

### *Capacity market*

Capacity markets allow for payment of capacity charges to peaking generators, thereby encouraging investments. The need for implementation of capacity markets in India derives importance from lack of peaking capacity and current day-ahead market is energy-only market, where generators are not fully compensated for their capacity charges. This warrants establishment of capacity markets to encourage investment and enable markets to function better.

### *Financial transmission rights*

Exchange-based markets currently thrive on residual transmission capability that is left over after being allocated to long, medium, and bilateral short-term electricity markets. Therefore, in the present context, the ability of power exchanges to deliver efficiency for the sector and economy are constrained. With transmission rights in place, all grid-connected entities and traders are allowed to purchase transmission rights in an auction for a specific point of injection and point of delivery. The auction is held on the exchange, and the highest bidders are allocated capacity between the desired points of injection and withdrawal, based on the price quotes. Power exchanges are expected to play a critical role in further development of electricity markets.

## SUMMARY OF BUSINESS

*Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Red Herring Prospectus, including the information in “Risk Factors” and “Financial Statements” beginning on pages 18 and 160, respectively. An investment in the Equity Shares involves a high degree of risk.*

### Overview

We are the largest exchange for the trading of a range of electricity products in India (our “**Exchange**”), in terms of traded contract volumes in the financial year 2017 according to the Central Electricity Regulatory Commission (the “**CERC**”). Electricity products traded over our electronic trading platform comprise (i) electricity contracts in blocks of 15 minutes in the day-ahead-market (the “**DAM**”), (ii) electricity contracts for fixed terms in the future, such as intra-day contracts, day ahead contingency contracts and contracts up to 11 days ahead, known as the term-ahead-market (the “**TAM**”) and (iii) renewable energy certificates (“**RECs**”). We have commenced the trading of energy saving certificates (“**ESCerts**”) on our Exchange on September 26, 2017.

We are one of two exchanges in India that offer an electronic platform for the trading of electricity products and have a substantial majority market share among the power exchanges in India. The DAM constitutes the substantial majority of the energy contracts that are traded on our Exchange. In the financial years 2016 and 2017, we commanded a 99.6% and 99.4% market share, respectively, of electricity contracts in the DAM, in terms of volume, according to the CERC. According to the CERC, in the financial years 2016 and 2017, 93.7% and 94.8% of the traded contract volumes of electricity contracts in the DAM, TAM and RECs combined, were conducted over our Exchange.

The Indian power market, in terms of electricity generated, consisted of 89.7% of long term and medium terms electricity contracts (contracts for periods of one year or over) and 10.3% of short term electricity market (contracts for periods of under one year) for the financial year 2017, according to the CERC. The short term electricity market includes contracts through licensed traders, direct bilateral contracts, deviation settlement mechanism (“**DSM**”) and contracts traded over power exchanges. The share of electricity contracts traded over power exchanges has grown from 23.8% to 34.5% of the short term market between the financial year 2013 and the financial year 2017, according to the CERC. Further, according to CRIS, the short term electricity market in India is expected to grow to 21.1% of electricity generated in India by the financial year 2022, of which 43.0% is expected to be traded over power exchanges.

Our Exchange is an online platform which is accessible to registered participants throughout India. It promotes efficient price discovery and offers participants on our Exchange the opportunity to trade in a variety of electricity products. Our Exchange increases the accessibility and transparency of the power market in India and enhances the speed and efficiency of trade execution. In addition to trade execution, our Exchange offers settlement services, including electronic trade confirmation, access to clearing services and risk management functionality.

Trading in the DAM and TAM product categories through our Exchange provides participants with a means to meet their power requirements and manage, among other things, availability and price of electricity. Our Exchange primarily brings together sellers of power, such as independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, such as distribution companies and industrial, commercial and institutional power consumers, and provides them with a transparent, neutral and automated platform for trading of electricity. Trading on our Exchange is done by our members on their own behalf and on behalf of their clients, who are together known as participants on our Exchange. Trades with respect to electricity contracts traded in the DAM and TAM are physically settled, meaning that settlement is made through physical delivery of electricity itself. We do not own or trade electricity products for our own account.

We are a professionally managed company. In August 2016, we received three ISO Certifications: ISO 9001:2008 for quality management, ISO 27001:2013 for information security management and ISO 14001:2004 for environment management. We were recognized as the ‘Leader in Power Market Development’ by Council of Power Utilities in 2015 and awarded the ‘Exchange of the Year’ Award by Power Business View in 2014. For further details of our awards see “Our Business— Awards and Recognitions” on page 125.

As of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017. Our participants registered to trade electricity contracts are located across 29 states and five union territories in India, and include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. In the financial year 2017, participants traded and cleared 40,528 million kWh of power on our Exchange. The volumes for the financial year 2017 represent a growth of 77.5% from 22,827 million kWh of power traded on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 19,715 million kWh of power on our Exchange.

As of August 31, 2017 in addition to the participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers. In the financial year 2017, participants traded and cleared 4.62 million RECs on our Exchange. The volumes for the financial year 2017 represent growth of 132.0% from 1.99 million RECs traded and cleared on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 0.91 million RECs on our Exchange.

In the financial year 2017, we generated total revenues of ₹2,374.23 million and our profit after tax was ₹1,135.65 million. For the three months ended June 30, 2017, we generated total revenues of ₹616.58 million and our profit after tax was ₹306.31 million. Our total revenues and profit after tax have grown at CAGR of 14.45% and 14.40%, respectively, between the financial year 2013 and the financial year 2017. See “Summary Financial Information” on page 50.

## **Strengths**

We believe that our historical success and future prospects are directly related to a combination of strengths, including the following:

### ***Efficient price discovery and flexibility on our Exchange***

Our Exchange is an online platform which is accessible by participants throughout India. It promotes efficient price discovery and offers the participants on our Exchange the flexibility to trade in a variety of electricity products. Our Exchange primarily brings together sellers of power, such as independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, such as distribution companies and industrial, commercial and institutional power consumers, and provides them with a transparent, neutral and automated platform for trading of electricity. We believe our Exchange increases the accessibility and transparency of the power market in India and enhances the speed and efficiency of trade execution.

The price discovery in the DAM is through double-sided closed auction, transacted for each 15 minute period of the next day. The participants on our Exchange submit their demand and supply requirements and price points. Price discovery on our Exchange occurs based on these offers and bids submitted by the participants. As a result, prices cleared on our Exchange are competitive. According to the CERC, for each of the financial years between the financial years 2013 and 2017, the annual average cleared price on the power exchanges in India has been lower compared to the annual average price for power transacted through direct bilateral contracts in the short term market.

Distribution companies and power generators can project their demand and supply positions more accurately on a day-ahead basis. Our Exchange offers the option to the distribution companies to true-up their buy or sell positions based on the day-ahead projections. In the DAM, we offer participants the option to trade for any or all 15 minute time block basis or combinations thereof, for the subsequent day. This allows the participants to manage their portfolio with a granularity of up to 15 minutes.

Our Exchange also provides flexibility to the participants for buying and selling on the same day in different time blocks and thereby the ability to manage their requirements more efficiently. Our Exchange has also provided a variety of order types within the DAM to meet the needs of the participants and provide them more flexibility, such as ‘single bids’ which allows the participants to specify multiple sequences of price and quantity pairs in a portfolio manner, ‘block bid’ for all or none orders wherein the participants can specify one price and one quantity for a combination of continuous 15 minute time blocks. The participants can further link these bids and set priority for bid selection to manage their power portfolio more efficiently.

This flexibility is further extended under the TAM contracts. Intraday contracts allow the participants to trade till three hours before intended delivery of electricity to manage any contingencies. In addition, the participants can trade electricity for the next day through day-ahead contingency contracts, on a daily basis for rolling seven days through daily contracts and on weekly basis through weekly contracts, to manage their electricity portfolios for different durations. The participants can bid for a quantum as low as 0.1 MW to buy or sell through our Exchange, allowing flexibility in terms of quantum to be purchased or sold. In addition to trade execution for electricity contracts, our Exchange offers trading in RECs, settlement services, including electronic trade confirmation, access to clearing services and risk management functionality.

### ***First and largest energy exchange in India with strong brand recognition***

We are the largest exchange for the trading of a range of electricity products in India, in terms of traded contract volumes in the financial year 2017, according to the CERC. We are the first energy exchange in India, having commenced operations in June 2008. Stemming from our significant operational track record and by achieving international quality certifications, we believe that we enjoy the early mover advantage and strong brand recognition among participants in the energy trading industry in India.

We have successfully grown our operations since the inception of our business and enjoy a significant share of the short term power trading market in India. According to the CERC, in the financial years 2016 and 2017, 97.9% and 98.5% of the traded contract volumes of electricity contracts in the DAM and TAM combined, respectively, and 63.3% and 71.2% of the cleared volumes of RECs, respectively, were conducted over our Exchange. In the financial year 2017, participants on our Exchange



traded and cleared 40,528 million kWh of power and 4.62 million RECs on our Exchange. For the five months ended August 31, 2017, participants traded and cleared 19,715 million kWh of power and 0.91 million RECs on our Exchange. The volumes for the financial year 2017 represent a growth of 77.5% from 22,827 million kWh of electricity contracts, and growth of 132.0% from 1.99 million RECs traded and cleared on our Exchange in the financial year 2013. We believe that our operational experience and scale of operations as the largest energy exchange in India, coupled with the growth expected in the short term electricity market, would continue to deepen the liquidity of electricity contracts and other electricity products available to trade on our Exchange and, in turn, will enable us to grow both the number of participants and the volume of trades cleared on our Exchange.

### ***Fast growing domestic market with conducive Government policies and regulations***

We believe that our business benefits from conducive domestic market dynamics. According to CRIS, peak demand for power in India is expected to grow at a CAGR of approximately 7.3% between the financial year 2017 and the financial year 2022, which, in turn, is expected to increase the amount of power that can be traded through energy exchanges. Further, according to CRIS, the power generated in India is expected to grow by 29.6% between the financial year 2017 and by the financial year 2022. Energy exchanges have been gaining popularity as a platform for trading power due to the transparency of the trading process and efficient price discovery mechanism offered by such exchanges. The proportion of energy traded over power exchanges grew from 23.8% to 34.5% of the short term market between the financial year 2013 and the financial year 2017, according to the CERC.

At the same time, we believe that our business is well placed to benefit from conducive Government policies and regulations that encourage the trading of energy and increase the volume of electricity products available to be traded over exchanges. For example, pursuant to the Electricity Act, the CERC promulgated the CERC Open Access Regulations in 2004 and 2008, last amended in 2016, which allow eligible parties to access transmission networks and for collective and bilateral power transactions which helped in streamlining trading in electricity. Further, the CERC promulgated the CERC Power Market Regulations in 2010 which regulate market structure, operations and risk management norms of power exchanges. The CERC has issued the CERC Recognition and Issuance of REC Regulations in 2010 in order to establish the market for RECs, and also issued the CERC ESCerts Regulations in 2016 setting up the framework for trading in ESCerts. We have also received the consent of the CERC to commence trading of ESCerts on our Exchange. Such regulations have resulted in additional product categories traded on our Exchange.

In addition, most state electricity regulatory commissions have allowed open access to their state grids, which has facilitated wider participation in energy trading and has increased the liquidity of electricity products in the market. Further, in recent years, the CERC has also increased the penalties imposed on power generation and distribution companies for unscheduled drawl and injection of electricity, which has encouraged such companies to manage their short-term power requirements through the power exchanges. According to CRIS, the Government of India's UDAY scheme for the revival and financial turnaround of Government owned electricity distribution companies in India, the '24x7 Power for All', the 'Make in India' initiatives to encourage manufacturing, initiatives for augmentation in electricity transmission capacity and implementation of open access, are expected to positively affect the demand for electricity and the market for electricity contract trading in India. See "Industry Overview – Key Drivers for short term market" on pages 99 to 102 for further details.

### ***Diverse participant base ensuring liquidity on our Exchange***

We have achieved deep penetration of the market for trading of electricity over exchanges, and as of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017. Our participants registered to trade electricity contracts include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. As of August 31, 2017, in addition to participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers.

Our participants are located in 29 states and five union territories in India and include companies across, among others, the textile, metals, chemicals, automobiles, food processing, cement, ceramics, plastics, housing and commercial real estate, consumer goods and information technology industries in India. The diversity of our participant base leads to increased liquidity of electricity contracts and other electricity products on our Exchange, both in terms of demand and supply.

### ***Highly scalable and proven technology infrastructure***

Our energy trading platform, which we have used since 2012 for our business operations, provides a rapid, accurate and efficient trade execution mechanism and caters to the requirements of pre and post-trade functionalities. We believe our platform is a flexible, reliable and secure system for trading of energy contracts. We use a trading software, developed by 63 Moons Technologies Limited ("63 Moons"), which is critical to maintain the anonymity of bids, the integrity of the price discovery mechanism, implementation of risk management procedures and catering to the requirements of all pre and post trade functionalities on our Exchange. Our trading software is capable of handling complex order types and is also capable of deriving results under the grid condition of power transmission congestion. Our trading software is capable of handling 30 price areas

across the country, out of which we are currently using only 13 price areas. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes). See “Our Business– Description of Our Business – Technology” on pages 123 to 124.

Our platform is accessible online and is designed to be highly scalable, such that we can expand capacity and add new products and functionality efficiently and at relatively low cost without disruption to our markets. At the same time, we also expect the highly scalable and adaptable nature of our platform to allow us to quickly expand into existing and new geographic markets, in particular states with significant consumption of power and those neighboring countries which are electrically connected to power grids in India, such as Bhutan, Bangladesh and Nepal. See “Our Business– Strategy – Expand into new geographic markets” on page 115. We have regularly allocated substantial resources towards upgrading our information technology systems and infrastructure, in order to improve market efficiency and transparency, enhancing user experience and providing flexibility for future business growth and market needs. We believe that our commitment to using and investing in technology to enhance our platform will continue to contribute to the growth and development of our business.

### ***Professionally managed company with a highly qualified and experienced management team***

We are a professionally managed company. We believe that our governance structure promotes shareholder value and the operation of fair and efficient markets. In addition, in accordance with applicable regulations, we do not participate as a principal in any power trading activities and our members are not allowed to own over 5% of our share capital individually and 49% of our share capital in aggregate, which we believe allows us to avoid potential conflicts of interest.

We have a qualified and experienced management team led by our Managing Director and Chief Executive Officer, Satyanarayan Goel, who has over 38 years of experience in the power industry. He is ably supported by an 11 member senior management team, having experience ranging from 14 to 31 years, in their respective areas of operation. We believe that our management team has been able to take advantage of market opportunities, formulate sound business strategies and execute them in an effective manner. Our management team has successfully grown our Company.

### **Strategy**

We intend to continue increasing our revenues and market share through the following key strategies:

#### ***Market development to encourage trading of power over exchanges***

We plan to continue our initiatives to increase trading of electricity contracts on our Exchange, such as engaging with major distribution companies to work on strategies for reducing and optimizing their power procurement costs by trading electricity contracts on our Exchange, conducting capacity building workshops for power distribution companies and encouraging initiatives to reduce power procurement costs.

In order to assist distribution companies to optimize their power purchase costs we have launched an initiative, ‘Smart Procurement’. As a part of this initiative we encourage distribution companies to utilize our Exchange, replacing the high variable cost power procured from generation plants, while retaining their long term contracts by paying associated fixed charges. This initiative meets the objectives of the UDAY scheme announced by Government of India.

Further, we intend to continue our efforts to work in different states in India and assist in developing a more conducive policy and regulatory framework to enable industry participants to trade on our Exchange. We also interact with stakeholders to rationalize open access charges levied on participants, thus enabling participants in such states to access power through our Exchange at more reasonable prices and increasing open access volumes from such states. In addition, we as member of the Advisory Committee of State Electricity Regulatory Commissions of ten states, contribute towards development of the power market at the state level in India. We also intend to continue working with central and state Governments and regulators to encourage the development of relevant infrastructure, regulatory and policy framework to support trading on our Exchange.

#### ***Attract new participants and increase trading activity on our Exchange***

We plan to continue to expand our member and client base by targeting new industry participants and by offering electronic trade execution and processing capabilities that appeal to a broad range of industry participants, together with providing new participants a way to plan their power procurement and optimize their costs. We have grown the total number of participants registered to trade electricity contracts and RECs on our Exchange from over 2,900 as of March 31, 2013 to over 5,800 as of March 31, 2017 and over 5,900 as of August 31, 2017. As part of our efforts to attract new participants, we are undertaking several marketing initiatives, such as:

- publishing and disseminating data and reports; conducting a variety of focused meetings for identified industry sectors, interactions, workshops and meetings on our own or in collaboration with industry associations; these events are usually organized in metropolitan cities, state capitals and industry clusters countrywide, in order to grow our business from existing participants as well as target new participants;

- focus on new participants that have significant demand for power, such as deemed distribution licensees which include special economic zones and railway companies; and
- utilizing established industry linkages through several industrial forums, such as the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry of India, PHD Chamber of Commerce and Industry and the Council of Power Utilities to increase our reach to new participants and industrial clusters and increase the awareness of our product offerings among participants of the power industry.

We expect increasing the number of new participants on our Exchange to not only result in an increase in revenue but also increase the liquidity of electricity products available on our Exchange. Such increase in liquidity is also expected to encourage increased trading activity from our existing participants.

***Expand into new geographic markets***

We plan to offer our products in neighboring countries such as Bhutan, Bangladesh and Nepal, all of which are connected at one or more points with the Indian power grid. We intend to leverage the guidelines issued by the Government in December 2016, which enable cross-border trade of electricity contracts with neighboring countries through Indian power exchanges, initially in the TAM product categories. We expect the CERC to issue regulations for further facilitating the trading of electricity contracts in the TAM product categories in the near future. We also intend to engage the relevant regulators in India and in neighboring countries to develop collaboration opportunities with the local power grid companies so as to allow participants from these countries to trade on our Exchange. Expanding into such new geographic markets would allow us to increase our customer base and also enhance the liquidity of electricity products available on our Exchange. In the longer term, we also intend to explore and pursue strategic investments in and alliances with international power exchanges that will enable us to supplement our internal growth, expand our trading products and related services, advance our technology and take advantage of experience and new developments in international energy markets.

***Develop new products and services***

We intend to continually develop and launch new products designed to meet market demand and the needs of our participants. The CERC issued the CERC ESCerts Regulations in 2016 and we have received the consent of the CERC to commence trading of ESCerts on our Exchange. We have commenced the trading of ESCerts on our Exchange on September 26, 2017. In addition, we are attempting to develop products for trading in renewable energy contracts. Further, we intend to work on developing capacity markets and longer duration contracts, including futures and options, in electricity contracts and other electricity products. As the Indian power industry is heavily regulated and all electricity products that may be traded over our Exchange require approval from the CERC, we intend to continue to engage with the CERC, other relevant Government authorities and industry participants to develop electricity products that respond to our participants needs and also meet the regulatory requirements.

Our membership of the Association of Power Exchanges, ‘APEX’, and our memorandum of understanding with EPEX Spot, provide us with updates on global advancements and knowledge sharing opportunities.

***Focus on technology including increasing connectivity to our trading platform***

We plan to improve our information technology systems and infrastructure and our front- and back-end functions in response to technological developments, customer demand and competitive pressures. We continue to improve our core IT capabilities, platform infrastructure and the user-friendly interface of our trading systems, in order to maintain our systems’ reliability, performance and security, add new order types and services and enhance our participants’ experience. We monitor to safeguard against system disruptions during periods of high trading activity.

We also plan to continue to invest in our technology to increase connectivity to our trading platform by extending access to our platform to clients of our members. We are in the process of offering a computer-to-computer link to our trading platform so as to allow our members to individually develop their own software which would, in turn, allow their own clients to directly access our trading platform. We believe that facilitating and allowing clients to access our trading platform through the accounts of our members would encourage higher trade volumes and a higher frequency of trading from clients.

## **SUMMARY FINANCIAL INFORMATION**

*The following tables set forth summary financial information derived from the Restated Financial Statements of our Company.*

*The Restated Financial Statements have been prepared in accordance with generally accepted accounting principles in India and the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, together with the schedules, notes and annexures thereto and included under “Financial Statements” on page 160. The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 284.*

*[THE REST OF THE PAGE HAS BEEN LEFT BLANK INTENTIONALLY.]*

## Restated Summary Statement of Assets and Liabilities

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Equity and Liabilities</b>						
<b>Shareholders' funds</b>						
Share capital	303.28	303.28	303.28	303.28	303.28	303.28
Reserves and surplus	2,752.96	2,446.65	2,406.07	2,096.21	2,225.56	1,412.57
	<b>3,056.24</b>	<b>2,749.93</b>	<b>2,709.35</b>	<b>2,399.49</b>	<b>2,528.84</b>	<b>1,715.85</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities (net)	21.80	-	1.18	11.82	17.21	14.69
Other long-term liabilities	359.79	359.10	351.12	350.04	291.02	249.60
Long-term provisions	20.18	22.72	16.46	12.73	8.94	6.35
	<b>401.77</b>	<b>381.82</b>	<b>368.76</b>	<b>374.59</b>	<b>317.17</b>	<b>270.64</b>
<b>Current liabilities</b>						
Short-term borrowings	-	-	-	-	28.43	-
Trade / Customer payables						
- Due to micro enterprises and small enterprises	-	-	-	-	-	-
- Due to other than micro enterprises and small enterprises	339.32	1,719.39	589.66	344.80	286.47	350.52
Other current liabilities	700.50	589.85	502.03	886.86	485.69	447.40
Short-term provisions	107.49	76.15	67.75	51.63	42.07	37.75
	<b>1,147.31</b>	<b>2,385.39</b>	<b>1,159.44</b>	<b>1,283.29</b>	<b>842.66</b>	<b>835.67</b>
<b>Total</b>	<b>4,605.32</b>	<b>5,517.14</b>	<b>4,237.55</b>	<b>4,057.37</b>	<b>3,688.67</b>	<b>2,822.16</b>
<b>Assets</b>						
<b>Non-current assets</b>						
Fixed assets						
Property, plant and equipment	64.14	63.38	73.05	86.27	31.77	35.74
Intangible assets	1,176.06	22.95	40.73	54.02	69.85	86.22
Capital work-in-progress	2.78	3.33	-	-	-	-
Intangible assets under development	2.86	6.27	4.02	-	0.79	-
	<b>1,245.84</b>	<b>95.93</b>	<b>117.80</b>	<b>140.29</b>	<b>102.41</b>	<b>121.96</b>
Non-current investments	41.97	91.97	91.97	-	-	-
Deferred tax assets (net)	-	12.84	-	-	-	-
Long-term loans and advances	24.09	28.80	31.45	34.53	29.30	19.49
Other non-current assets	51.74	266.94	270.51	404.31	619.22	357.90
	<b>117.80</b>	<b>400.55</b>	<b>393.93</b>	<b>438.84</b>	<b>648.52</b>	<b>377.39</b>
<b>Current assets</b>						
Current investments	2,478.43	3,701.05	2,715.17	2,543.91	2,472.92	1,888.64
Trade receivables	3.20	2.09	7.71	3.60	2.68	3.30
Cash and bank balances	530.90	1,274.92	914.75	834.99	421.99	387.18
Short-term loans and advances	137.81	15.73	19.04	15.56	24.45	32.04
Other current assets	91.34	26.87	69.15	80.18	15.70	11.65
	<b>3,241.68</b>	<b>5,020.66</b>	<b>3,725.82</b>	<b>3,478.24</b>	<b>2,937.74</b>	<b>2,322.81</b>
<b>Total</b>	<b>4,605.32</b>	<b>5,517.14</b>	<b>4,237.55</b>	<b>4,057.37</b>	<b>3,688.67</b>	<b>2,822.16</b>

## Restated Summary Statement of Profit and Loss

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Revenue</b>						
Revenue from operations	554.73	2,039.13	1,750.28	1,447.79	1,525.70	1,212.08
Other income	61.85	335.10	251.12	315.99	214.20	171.57
<b>Total revenue</b>	<b>616.58</b>	<b>2,374.23</b>	<b>2,001.40</b>	<b>1,763.78</b>	<b>1,739.90</b>	<b>1,383.65</b>
<b>Expenses</b>						
Employee benefits	47.57	155.72	141.05	117.10	82.57	71.68
Technology expenses	35.06	234.24	202.02	194.06	196.70	173.29
Finance costs	0.06	1.31	2.68	2.38	0.22	0.23
Depreciation and amortisation	14.83	34.63	33.94	29.46	26.53	56.96
Other operating expenses	50.51	216.28	155.44	95.72	105.22	83.42
<b>Total expenses</b>	<b>148.03</b>	<b>642.18</b>	<b>535.13</b>	<b>438.72</b>	<b>411.24</b>	<b>385.58</b>
<b>Profit before exceptional items and tax</b>	<b>468.55</b>	<b>1,732.05</b>	<b>1,466.27</b>	<b>1,325.06</b>	<b>1,328.66</b>	<b>998.07</b>
Exceptional items	-	-	-	-	-	69.37
<b>Profit before tax</b>	<b>468.55</b>	<b>1,732.05</b>	<b>1,466.27</b>	<b>1,325.06</b>	<b>1,328.66</b>	<b>928.70</b>
<b>Tax expense / (benefit)</b>						
Current tax	127.60	610.42	473.51	429.99	406.69	280.57
Deferred tax charge / (credit)	34.64	(14.02)	(10.64)	(5.11)	2.52	(14.83)
<b>Profit for the period/year</b>	<b>306.31</b>	<b>1,135.65</b>	<b>1,003.40</b>	<b>900.18</b>	<b>919.45</b>	<b>662.96</b>
<b>Earnings per equity share (Rs.)</b>						
(Par value of Rs. 10 per share)						
Basic (Rs.)	<b>10.66</b>	<b>37.78</b>	<b>34.01</b>	<b>29.47</b>	<b>33.67</b>	<b>24.45</b>
Diluted (Rs.)	<b>10.16</b>	<b>37.66</b>	<b>33.30</b>	<b>29.43</b>	<b>30.61</b>	<b>22.16</b>

## Restated Summary Statement of Cash Flows

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>A.</b>	<b>Cash flows from operating activities</b>						
	Restated profit before tax	468.55	1,732.05	1,466.27	1,325.06	1,328.66	928.70
	Adjustments for:						
	Depreciation and amortisation	14.83	34.63	33.94	29.46	26.53	56.96
	Fixed assets written off including exceptional items	-	-	-	1.40	0.40	69.37
	Loss on sale of fixed assets	-	-	-	0.22	-	0.53
	Finance costs	0.06	1.31	2.68	2.38	0.22	0.23
	Interest income from bank deposits	(11.47)	(73.63)	(94.98)	(87.48)	(72.28)	(35.72)
	Interest income from non-current investments	(0.74)	(8.07)	(5.33)	-	-	-
	Interest income from current investments	(1.35)	-	-	-	-	-
	Interest income from others	-	-	-	(0.38)	(0.65)	(0.46)
	Provision for contingencies	1.00	-	-	-	-	-
	Profit on sale of current investments	(46.70)	(224.33)	(0.11)	(147.04)	(35.12)	(11.14)
	Dividend income from current investments	(0.29)	(27.34)	(148.78)	(79.23)	(106.10)	(122.79)
	Bad debts written off	-	0.01	1.12	0.02	0.42	-
	Provision for diminution in value of current investments	-	-	-	-	6.51	0.34
	<b>Operating profit before working capital changes</b>	<b>423.89</b>	<b>1,434.63</b>	<b>1,254.81</b>	<b>1,044.41</b>	<b>1,148.59</b>	<b>886.02</b>
	Adjustments for:						
	(Increase)/decrease in trade and other receivables / assets	(161.02)	(8.07)	(7.62)	8.00	3.43	(2.87)
	Increase/(decrease) in liabilities and provisions	(1,272.02)	1,242.97	100.51	287.79	35.73	156.21
	<b>Cash generated from operating activities before taxes</b>	<b>(1,009.15)</b>	<b>2,669.53</b>	<b>1,347.70</b>	<b>1,340.20</b>	<b>1,187.75</b>	<b>1,039.36</b>
	Income tax paid	87.20	610.01	461.50	420.54	424.55	278.15
	<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(1,096.35)</b>	<b>2,059.52</b>	<b>886.20</b>	<b>919.66</b>	<b>763.20</b>	<b>761.21</b>
<b>B.</b>	<b>Cash flows from investing activities</b>						
	Purchase of fixed assets	(1,163.17)	(13.31)	(15.54)	(66.26)	(8.13)	(23.55)
	Proceeds from sale of fixed assets	-	-	0.01	0.36	-	0.81
	Redemption/(Purchase of) investments (net)	1,319.33	(761.55)	(263.12)	76.05	(555.67)	(627.48)
	Redemption of/(Investments in) bank deposits (net)	133.00	414.70	(229.00)	106.60	(471.20)	(199.70)
	Interest income from bank deposits	7.24	122.95	128.58	42.51	26.91	33.13
	Interest income from non-current investments	-	3.30	0.56	-	-	-
	Interest others	-	-	-	0.38	0.65	0.46
	Dividend income from current investments	0.29	27.34	148.78	79.23	106.10	122.79
	<b>Net cash generated from / (used in) investing activities (B)</b>	<b>296.69</b>	<b>(206.57)</b>	<b>(229.73)</b>	<b>238.87</b>	<b>(901.34)</b>	<b>(693.54)</b>
<b>C.</b>	<b>Cash flows from financing</b>						

	<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
	<b>activities</b>						
	Finance costs	(0.06)	(1.31)	(2.68)	(2.38)	(0.22)	(0.23)
	Proceeds from / (Repayment of) Short-term borrowings	-	-	-	(28.43)	28.43	-
	Dividend paid	-	(909.85)	(576.24)	(654.04)	(90.99)	(60.66)
	Corporate distribution tax on dividend	-	(185.22)	(117.30)	(149.48)	(15.47)	(9.84)
	Deposit in unpaid dividend account	-	-	-	(225.49)	-	-
	<b>Net cash used in financing activities (C)</b>	<b>(0.06)</b>	<b>(1,096.38)</b>	<b>(696.22)</b>	<b>(1,059.82)</b>	<b>(78.25)</b>	<b>(70.73)</b>
	<b>Net increase / (decrease) in cash and cash equivalents during the period/ year (A+B+C)</b>	<b>(799.72)</b>	<b>756.57</b>	<b>(39.75)</b>	<b>98.71</b>	<b>(216.39)</b>	<b>(3.06)</b>
	<b>Cash and cash equivalents at the beginning of the period/year</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>	<b>220.24</b>
	<b>Cash and cash equivalents at the end of the period/year</b>	<b>16.60</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>
	<b>Notes:</b>						
	<b>1. Cash and cash equivalents at the end of the period/year include</b>						
	Balance with banks on current accounts	0.95	71.98	43.58	50.45	0.48	108.46
	Balance with banks on settlement accounts	15.65	744.34	16.17	49.05	0.31	108.72
	<b>Cash and cash equivalents at the end of the period/year</b>	<b>16.60</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>



## THE OFFER

<b>Offer of Equity Shares</b> (of face value of ₹ 10 each) <sup>(1)</sup>	Up to 6,065,009 Equity Shares (of face value of ₹ 10 each) aggregating up to ₹ [●] million
<i>Of which</i>	
A) QIB portion <sup>(2)(3)</sup>	Not more than 3,032,503 Equity Shares (of face value of ₹ 10 each)
<i>Of which</i>	
<ul style="list-style-type: none"> <li>• Anchor Investor Portion</li> </ul>	Up to 1,819,501 Equity Shares (of face value of ₹ 10 each)
<ul style="list-style-type: none"> <li>• Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)</li> </ul>	1,213,002 Equity Shares (of face value of ₹ 10 each)
<i>Of which</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))	60,651 Equity Shares (of face value of ₹ 10 each)
Balance of QIB Portion for all QIBs including Mutual Funds	1,152,351 Equity Shares (of face value of ₹ 10 each)
B) Non-Institutional Portion <sup>(3)</sup>	Not less than 909,752 Equity Shares (of face value of ₹ 10 each)
C) Retail Portion <sup>(3)(4)</sup>	Not less than 2,122,754 Equity Shares (of face value of ₹ 10 each)
<b>Equity Shares pre and post Offer</b>	
Equity Shares (of face value of ₹ 10 each) outstanding prior to the Offer	30,328,624 Equity Shares (of face value of ₹ 10 each)
Equity Shares (of face value of ₹ 10 each) outstanding after the Offer	30,328,624 Equity Shares (of face value of ₹ 10 each)

- (1) Our Board of Directors pursuant to its resolution dated November 25, 2016 reconstituted the IPO Committee and authorised the IPO Committee to take all decisions and undertake and approve all activities in relation to the Offer. Further, the IPO Committee, pursuant to its resolution dated January 6, 2017, approved the Offer. The Selling Shareholders, severally and not jointly, specifically confirm that the portion of the Equity Shares offered by each of the Selling Shareholders is eligible for inclusion in the Offer in accordance with the SEBI ICDR Regulations. The Offer has been authorised by the Selling Shareholders by way of the respective Selling Shareholders' Consent Letters, as listed in "Annexure A – List of Selling Shareholders" on page 411.
- (2) Our Company in consultation with the BRLMs may, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In case of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the QIB Portion. For further details, including restrictions on Allotment in the Offer see "Offer Procedure" on page 349.
- (3) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
- (4) Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹ 200,000. Retail Individual Bidders should note that while filling the "SCSB/Payment Details" block in the Bid cum Application Form, Retail Individual Bidders must mention the Bid Amount.

Allocation to investors in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis.

The CERC Power Market Regulations lay down certain restrictions on the shareholding of the Members of the Exchange. For further details, see "Terms of the Offer - Compliance with the CERC Power Market Regulations: Restrictions on Shareholding" on pages 346 to 347.

## GENERAL INFORMATION

Our Company was incorporated as Indian Energy Exchange Limited on March 26, 2007 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Maharashtra. For further details, see “History and Certain Corporate Matters” on page 133.

For details of the business of our Company, see “Our Business” on page 111.

### Registered Office and Corporate Office of our Company

Unit No. 3, 4, 5 and 6, Fourth Floor  
TDI Centre, Plot No. 7  
District Centre, Jasola  
New Delhi 110 025  
Tel: (91 11) 4300 4000;  
Fax: (91 11) 4300 4015;  
E-mail: [compliance@iexindia.com](mailto:compliance@iexindia.com)  
Website: <http://www.iexindia.com>  
Corporate Identity Number: U74999DL2007PLC277039  
Registration Number: 277039

### Address of the RoC

Our Company is registered with the RoC situated at:

4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 019  
Tel: (91 11) 2623 5707  
Fax: (91 11) 2623 5702

### Board of Directors

The Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Dinesh Kumar Mehrotra	Chairman and Independent Director	00142711	6A, Harmony, Dr. E. Moses Road, Worli Naka, Mumbai 400 018
Satyanarayan Goel	Managing Director and Chief Executive Officer	02294069	B-54, Vinayak Apartment, C-58/1, Sector- 62, Noida 201 307
Kayyalathu Thomas Chacko	Independent Director	02446168	Kayyalathu House, Vattakunnu (P.O.) (Via) Meenadom, Kottayam 686 516
Vallabh Roopchand Bhanshali	Independent Director	00184775	12 Laxmi Vilas, 87, Napean Sea Road, Mumbai 400 006
Renuka Ramnath	Non-executive Director	00147182	D-4701/2, Floor 47, Ashok Tower, 63/74, Dr. S.S. Rao Marg, Parel, Mumbai 400 012
Mahendra Singhi	Non-executive Director	00243835	B-36, Malcha Marg, New Delhi 110 021
Bejul Somaia	Non-executive Director	00059201	11 Southern Avenue, Maharani Bagh, New Delhi 110 065
Ajeet Kumar Agarwal	Non-executive Director	02231613	C-601, Plot GH-7, Shiksha Niketan Apartment, Sector 5, Vasundhara, Ghaziabad 201 012
Gopal Srinivasan	Non-executive Director	00177699	No. 14, Boat Club Road, Raja Annamalaipuram, Chennai 600 028

For further details of our Directors, see “Our Management” from pages 138 to 145.

### Company Secretary, Compliance Officer and Chief Financial Officer

Vineet Harlalka is the Company Secretary, Compliance Officer and Chief Financial Officer of our Company. His contact details are as follows:

## **Vineet Harlalka**

Indian Energy Exchange Limited  
Unit No. 3, 4, 5 and 6, Fourth Floor  
TDI Centre, Plot No. 7  
District Centre, Jasola  
New Delhi 110 025  
Tel: (91 11) 4300 4000  
Fax: (91 11) 4300 4015  
Email: [compliance@iexindia.com](mailto:compliance@iexindia.com)

## **Investor Grievances**

**Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related issues, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.**

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary (BRLMs, in case of Anchor Investors) where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

## **Book Running Lead Managers**

### **Axis Capital Limited**

Axis House, 1<sup>st</sup> Floor, C-2  
Wadia International Centre  
P. B. Marg, Worli  
Mumbai 400 025  
Tel: (91 22) 4325 2183  
Fax : (91 22) 4325 3000  
E-mail: [iex.ipo@axiscap.in](mailto:iex.ipo@axiscap.in)  
Investor grievance e-mail:  
[complaints@axiscap.in](mailto:complaints@axiscap.in)  
Website: [www.axiscapital.co.in](http://www.axiscapital.co.in)  
Contact Person: Kanika Goyal  
SEBI Registration No.: INM000012029

### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, 27 BKC, Plot No. 27  
“G” Block, Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Tel: (91 22) 4336 0000  
Fax: (91 22) 6713 2447  
E-mail: [iex.ipo@kotak.com](mailto:iex.ipo@kotak.com)  
Investor grievance e-mail:  
[kmccredressal@kotak.com](mailto:kmccredressal@kotak.com)  
Website: [www.investmentbank.kotak.com](http://www.investmentbank.kotak.com)  
Contact Person: Ganesh Rane  
SEBI Registration No.: INM000008704

### **IIFL Holdings Limited**

10<sup>th</sup> Floor, IIFL Centre  
Kamala City, Senapati Bapat Marg  
Lower Parel (West)  
Mumbai 400 013  
Tel: (91 22) 4646 4600  
Fax: (91 22) 2493 1073  
E-mail: [iex.ipo@iiflcap.com](mailto:iex.ipo@iiflcap.com)  
Investor grievance e-mail: [ig.ib@iiflcap.com](mailto:ig.ib@iiflcap.com)  
Website: [www.iiflcap.com](http://www.iiflcap.com)  
Contact Person: Gaurav Singhvi/ Sachin Kapoor  
SEBI Registration No.: INM000010940

## **Syndicate Members**

### **Kotak Securities Limited**

12 – BKC, Plot No. C-12  
G Block, Bandra Kurla Complex  
Bandra (E)  
Mumbai 400 051

### **India Infoline Limited**

IIFL Centre, Kamala City  
Senapati Bapat Marg  
Lower Parel (West)  
Mumbai 400 013

Tel: (91 22) 6218 5470  
Fax: (91 22) 6661 7041  
E-mail: umesh.gupta@kotak.com  
Website: www.kotak.com  
Contact Person: Umesh Gupta  
SEBI Registration No.: INB010808153 (BSE)/  
INB230808130 (NSE)

Tel: (91 22) 42499000  
Fax: (91 22) 24954313  
E-mail: cs@indiainfoline.com  
Website: www.indiainfoline.com  
Contact Person: Prasad Umarale  
SEBI Registration No.: INB011097533 (BSE)/  
INB231097537 (NSE)

### **Indian Legal Counsel to our Company**

#### **Cyril Amarchand Mangaldas**

4<sup>th</sup> floor, Prius Platinum  
D-3, District Centre, Saket  
New Delhi 110 017  
Tel: (91 11) 6622 9000  
Fax: (91 11) 6622 9009

### **Indian Legal Counsel to the BRLMs**

#### **Shardul Amarchand Mangaldas & Co**

Amarchand Towers  
216 Okhla Industrial Estate - III  
New Delhi 110 020  
Tel: (91 11) 4159 0700  
Fax: (91 11) 2692 4900

### **International Legal Counsel to the BRLMs**

#### **Sidley Austin LLP**

Level 31, Six Battery Road  
Singapore 049909  
Tel: (65) 6230 3900  
Fax: (65) 6230 3939

### **Indian Legal Counsel to certain Selling Shareholders**

**Indian Legal Counsel to Lightspeed Venture Partners VIII  
Mauritius, Madison India Opportunities III, AFHoldings,  
Multiples Private Equity Fund, Multiples Private Equity  
Fund I Limited, Aditya Birla Private Equity Trust A/c  
Aditya Birla Private Equity - Fund I, Aditya Birla Private  
Equity Trust A/c Aditya Birla Private Equity - Sunrise  
Fund**

#### **Nishith Desai Associates**

C-5, Defence Colony  
New Delhi 110 024  
Tel: (91 11) 4906 5000  
Fax : (91 11) 4906 5001  
Website: www.nishithdesai.com

## **Indian Legal Counsel to The Tata Power Company Limited**

### **Cyril Amarchand Mangaldas**

5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
Tel: (91 22) 2496 4455  
Fax: (91 22) 2496 3666

### **Statutory Auditors to our Company**

#### **B S R & Associates LLP**

Building No. 10, 8<sup>th</sup> Floor, Tower B  
DLF Cybercity, Phase-II  
Gurgaon 122 002  
Haryana, India  
Tel: (91 124) 719 1000  
Fax: (91 124) 235 8613  
E-mail: mgupta2@bsraffiliates.com  
ICAI Firm Registration No.: 116231W/W-100024  
Peer Review No.: 009059

### **Registrar to the Offer**

#### **Karvy Computershare Private Limited**

Karvy Selenium Tower B  
Plot 31 and 32, Gachibowli  
Financial District, Nanakramguda  
Hyderabad 500 032  
Tel: (91 40) 6716 2222  
Fax: (91 40) 2343 1551  
E-mail: einward.ris@karvy.com  
Investor grievance e-mail: iex.ipo@karvy.com  
Website: www.karisma.karvy.com  
Contact Person: M. Murali Krishna  
SEBI Registration No. INR000000221

### **Banker to the Offer and/or Escrow Collection Bank, Refund Bank, Public Offer Account Bank**

#### **Axis Bank Limited**

Ground Floor & Basement, Plot No. 51  
Pocket 1, Jasola  
New Delhi 110 025  
Tel: (91 11) 4100 6570/ (91 11) 4100 6571  
Fax: (91 11) 4110 6572  
E-mail: jasola.branchhead@axisbank.com/ jasola.operationshead@axisbank.com  
Website: www.axisbank.com  
Contact person: Rajat Sareen/ Archana Nangia  
SEBI Registration No.: INBI00000017

### **Bankers to our Company**

#### **HDFC Bank Limited**

B-3/6, 1<sup>st</sup> Floor  
Asaf Ali Road  
New Delhi 110 002  
Tel: (91 11) 4680 6244/ (91 11) 4680 6204  
Fax: (91 11) 2324 3814/ (91 11) 2324 1930  
E-mail: Sameer.bahl@hdfcbank.com/

#### **State Bank of India**

Capital Market Branch  
Videocon Heritage Building  
Charanjit Rai Marg, Fort  
Mumbai 400 001  
Tel: (91 22) 2209 4926/ (91 22) 2209 4930  
Fax: (91 22) 2209 4921

amit.nagar@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Sameer Bahl and Amit Nagar

E-mail: sbi.11777@sbi.co.in  
Website: www.sbi.co.in  
Contact Person: R. Subramaniam

### **IndusInd Bank Limited**

61, Sonawalla Building  
Mumbai Samachar Marg, Fort  
Mumbai 400 001  
Tel: (91 22) 6636 6579  
Fax: (91 22) 2264 4834/ (91 22) 4921 9136  
E-mail: dharmendra.jakhodia@indusind.com  
Website: www.indusind.com  
Contact Person: Dharmendra Jakhodia

### **ICICI Bank Limited**

Capital Market Division  
122, 1<sup>st</sup> Floor, Mistry Bhavan  
Dinshaw Vachha Road  
Next to K C College, Churchgate  
Mumbai 400 020  
Tel: (91 22) 6681 8900  
Fax: (91 22) 6681 8866  
E-mail: jyotsna.mulla@icicibank.com  
Website: www.icicibank.com  
Contact Person: Jyotsna Mulla

### **Yes Bank Limited**

48, Nyaya Marg  
Chanakyapuri  
New Delhi 110 021  
Tel: (91 11) 6656 9097  
Fax: (91 11) 4168 0144  
E-mail: shivendra.singh3@yesbank.in  
Website: www.yesbank.in  
Contact Person: Shivendra Singh

### **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> and updated from time to time. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

### **Registered Brokers**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at:

[http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3), and  
[http://www.nseindia.com/products/content/equities/ipo/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipo/ipo_mem_terminal.htm), respectively, as updated from time to time.

### **Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), respectively, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and on the website of NSE at [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), as updated from time to time.

## Experts

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

Our Company has received written consent from the Statutory Auditors namely, B S R & Associates LLP, holding a valid peer review certificate from ICAI, to include their name as an expert under Section 26 read with Section 2(38) of the Companies Act, 2013 in this Red Herring Prospectus in relation to their (i) examination report dated September 5, 2017 on the Restated Financial Statements of our Company; (ii) audit report dated September 5, 2017 on the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three months ended June 30, 2017; and (iii) the certificate on statement of tax benefits dated June 15, 2017 included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Our Company has received written consent from Ravi Rajan & Co., Chartered Accountants, to include their name as an expert under Section 26 read with Section 2(38) of the Companies Act, 2013 in this Red Herring Prospectus in relation to their certificate dated September 26, 2017 on operational key performance indicators of our Company for the Financial Years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and for the three months period ended June 30, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

## Monitoring Agency

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

## Appraising Entity

The Offer being an offer for sale, the objects of the Offer have not been appraised.

## Inter-se Allocation of Responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

S. No.	Activity	Responsibility	Co-ordinator
1.	Pre-offer due diligence of our Company's operations/ management/ business plans/ legal. Drafting and designing of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same and drafting and approval of all statutory advertisements	Axis, Kotak, IIFL	Axis
2.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	Axis, Kotak, IIFL	Axis
3.	Appointment of Banker(s) to the Offer and printer	Axis, Kotak, IIFL	Axis
4.	Appointment of advertising agency including co-ordination for agreements to appoint the ad agency and filing of media compliance report to SEBI.	Axis, Kotak, IIFL	IIFL
5.	Appointment of Registrar to the Offer including co-ordination for agreements to appoint the Registrar to the Offer	Axis, Kotak, IIFL	Kotak
6.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (1) above including corporate advertisement, brochure	Axis, Kotak, IIFL	IIFL
7.	International institutional marketing including co-ordination for research briefing, preparation and finalisation of the road-show presentation and frequently asked questions.	Axis, Kotak, IIFL	Axis
	Selection and allocation of International institutional investors for meetings and finalization of roadshow schedules to be done in consultation and with approval of the management.	Axis, Kotak, IIFL	Axis
9.	Domestic institutional marketing including banks/ mutual funds.	Axis, Kotak, IIFL	Kotak
0.	Selection and allocation of Domestic institutional investors to be done in consultation and with approval of the management.	Axis, Kotak, IIFL	Kotak

S. No.	Activity	Responsibility	Co-ordinator
11.	Non-Institutional marketing of the Offer and retail marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>Formulating marketing strategies;</li> <li>preparation of publicity budget, finalizing media and public relations strategy.</li> <li>Finalizing centres for holding conferences for brokers</li> <li>Finalizing collection centres; and</li> <li>Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material.</li> </ul>	Axis, Kotak, IIFL	IIFL
12.	Coordination with Stock Exchanges for book building process, filing of letters including software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to the designated stock exchange	Axis, Kotak, IIFL	IIFL
13.	Pricing and managing the book	Axis, Kotak, IIFL	Axis
14.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and co-ordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance(No. 2) Act, 2004 Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI	Axis, Kotak, IIFL	IIFL

### Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

### Trustees

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

### Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus within the Price Band, which will be decided by our Company in consultation with the BRLMs, and advertised in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language of New Delhi where our Registered Office is located) at least five Working Days prior to the Bid/Offer Opening Date. The Offer Price shall be determined by our Company in consultation with the BRLMs after the Bid/ Offer Closing Date.

**All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Investors Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders (subject to the Bid Amount being up to ₹ 200,000) can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid / Offer**



**Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.**

For further details on the method and procedure for Bidding, see “Offer Procedure” on page 349.

Participation in this Offer shall be subject to certain restrictions on the shareholding of the Members of the Exchange in terms of the CERC Power Market Regulations. For further details, see “Terms of the Offer - Compliance with the CERC Power Market Regulations: Restrictions on Shareholding” and “Restrictions on Foreign Ownership of Indian Securities” on pages 346 to 347, and 387, respectively.

**The Book Building Process under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

Notwithstanding the foregoing, the Offer is also subject to obtaining the (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approval from the Stock Exchange, which our Company shall apply for after Allotment.

For further details, see “Terms of the Offer”, “Offer Structure” and “Offer Procedure” on pages 342, 347 and 349, respectively.

### **Illustration of Book Building Process and Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, see “Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building Process and Price Discovery Process” on page 377.

### **Underwriting Agreement**

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders propose to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

The following table sets forth details relating to the intention of the Underwriters to underwrite the number of Equity Shares indicated below:

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

<b>Name, address, telephone number, fax number and e-mail address of the Underwriters</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (₹in millions)</b>
[●]	[●]	[●]

The above-mentioned underwriting obligations are indicative and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

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

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

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

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Red Herring Prospectus is set forth below:

*(In ₹, except share data)*

		Aggregate value at face value	Aggregate value at Offer Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL<sup>(1)</sup></b>		
	36,250,000 Equity Shares (of face value of ₹ 10 each)	362,500,000	
	3,500,000 CCPS (of face value of ₹ 10 each)	35,000,000	
	500,000 Preference Shares (of face value of ₹ 10 each)	5,000,000	
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER</b>		
	30,328,624 Equity Shares (of face value of ₹ 10 each)	303,286,240	
<b>C</b>	<b>PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS</b>		
	Offer for sale of up to 6,065,009 Equity Shares (of face value of ₹ 10 each) <sup>(2)</sup>	60,650,090	[●]
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER</b>		
	30,328,624 Equity Shares (of face value of ₹ 10 each)	303,286,240	[●]
<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer		319,693,984 <sup>(3)</sup>
	After the Offer		319,693,984 <sup>(4)</sup>

- For details in relation to change in the authorised share capital of our Company, see "History and Certain Corporate Matters - Amendments to our MoA" on pages 132 to 133.
- The Selling Shareholders, severally and not jointly, specifically confirm that the portion of the Equity Shares offered by each of the Selling Shareholders is eligible for inclusion in the Offer in accordance with the SEBI ICDR Regulations. The offer for sale has been authorised by the Selling Shareholders by way of the respective Selling Shareholders' Consent Letters, as listed in "Annexure A – List of Selling Shareholders" on page 411.
- Securities premium accumulated pursuant to issuance of CCPS.
- This amount does not include any offer expenses that may be adjusted from the securities premium account.

### Notes to the Capital Structure

#### 1. Share capital history of our Company

- (a) The history of the equity share capital of our Company is provided in the following table:

Date of allotment of the Equity Shares	Reasons for allotment	No. of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of Consideration (cash, other than cash)	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share capital (₹)
March 26, 2007	Subscription to the MoA <sup>(1)</sup>	50,000	10	10	Cash	50,000	500,000
January 4, 2008	Allotment <sup>(2)</sup>	24,000,000	10	10	Cash	24,050,000	240,500,000
January 21, 2008	Allotment <sup>(3)</sup>	950,000	10	10	Cash	25,000,000	250,000,000
March 31, 2009	Preferential Allotment <sup>(4)</sup>	1,689,190	10	10	Cash	26,689,190	266,891,900
July 8, 2010	Allotment pursuant to ESOP 2010 <sup>(5)</sup>	533,784	10	10	Cash	27,222,974	272,229,740
September 30, 2010	Allotment pursuant to ESOP 2010 <sup>(6)</sup>	72,788	10	10	Cash	27,295,762	272,957,620

Date of allotment of the Equity Shares	Reasons for allotment	No. of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of Consideration (cash, other than cash)	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share capital (₹)
August 28, 2015	Allotment pursuant to conversion of CCPS <sup>(7)</sup>	893,896	10	Not Applicable	Conversion of CCPS*	28,189,658	281,896,580
December 24, 2015	Allotment pursuant to conversion of CCPS <sup>(8)</sup>	114,929	10	Not Applicable	Conversion of CCPS*	28,304,587	283,045,870
February 8, 2016	Allotment pursuant to conversion of CCPS <sup>(9)</sup>	507,606	10	Not Applicable	Conversion of CCPS*	28,812,193	288,121,930
May 30, 2017	Allotment pursuant to conversion of CCPS <sup>(10)</sup>	303,287	10	Not Applicable	Conversion of CCPS*	29,115,480	291,154,800
September 20, 2017	Allotment pursuant to conversion of CCPS <sup>(11)</sup>	1,213,144	10	Not Applicable	Conversion of CCPS*	30,328,624	303,286,240

\* The CCPS were allotted for cash. For details, see “- Share capital history of our Company - the history of the CCPS capital of our Company” on page 66.

- FTIL was allotted 49,994 Equity Shares pursuant to its subscription to the Memorandum of Association and Dewang Sunderraj Neralla, C. Subramaniam, V. Hariharan, Shreekanth Y. Javalgekar, P.Ramanathan and Hariraj Shankar Chouhan were allotted 1 Equity Share each, as nominees of FTIL, pursuant to their subscription to the Memorandum of Association.
- Allotment pursuant to the resolution passed by our Board at its meeting held on January 4, 2008 to (i) FTIL: 10,950,000 Equity Shares; (ii) PFS: 6,500,000 Equity Shares; (iii) Rural Electrification Corporation Limited: 1,250,000 Equity Shares; (iv) Reliance Energy Limited: 1,250,000 Equity Shares; (v) Adani Enterprises Limited: 300,000 Equity Shares; (vi) IDFC Limited: 1,250,000 Equity Shares; (vii) Lanco Infratech Limited: 1,250,000 Equity Shares; and (viii) The Tata Power Company Limited: 1,250,000 Equity Shares.
- Allotment of 950,000 Equity Shares to Adani Enterprises Limited pursuant to the resolution passed by our Board at its meeting held on January 21, 2008.
- Preferential allotment of 439,190 Equity Shares to PFS and 1,250,000 Equity Shares to Jindal Power Limited pursuant to the resolution passed by Board at its meeting held on March 31, 2009.
- Allotment of 533,784 Equity Shares to IEX ESOP Trust pursuant to the resolution passed by our Board at its meeting held on July 8, 2010.
- Allotment of 72,788 Equity Shares to IEX ESOP Trust pursuant to the resolution passed by our Board at its meeting held on September 30, 2010.
- Upon conversion of 893,896 CCPS held by BVP, 893,896 Equity Shares were allotted to BVP pursuant to a resolution passed by our Board at its meeting held on August 28, 2015.
- Upon conversion of 114,929 CCPS held by BVP, 114,929 Equity Shares were allotted to BVP pursuant to a resolution passed by our Board at its meeting held on December 24, 2015.
- Upon conversion of 507,606 CCPS held by BVP, 507,606 Equity Shares were allotted to BVP pursuant to a resolution passed by our Board at its meeting held on February 8, 2016.
- Upon conversion of 303,287 CCPS held by Lightspeed, 303,287 Equity Shares were allotted to Lightspeed pursuant to a resolution passed by our Board at its meeting held on May 30, 2017.
- Upon conversion of 1,213,144 CCPS held by Lightspeed, 1,213,144 Equity Shares were allotted to Lightspeed pursuant to a resolution passed by our Board at its meeting held on September 20, 2017.

(b) *The history of the CCPS capital of our Company is provided in the following table:*

Date of allotment of the CCPS	Reasons for allotment/ Cancellations	No. of Preference Shares	Face value (₹)	Issue Price (₹)	Nature of Consideration (cash, other than cash)	Cumulative No. of Preference Shares	Cumulative paid-up Preference Share capital (₹)
September 30, 2010	Pursuant to the Investment Agreement <sup>(1)</sup>	3,032,862	10	115.41	Cash	3,032,862	30,328,620
August 28, 2015	Conversion of CCPS to Equity Shares pursuant to the Investment Agreement <sup>(2)</sup>	(893,896)	10	Not applicable	Not applicable	2,138,966	21,389,660
December 24, 2015	Conversion of CCPS to Equity Shares pursuant to the Investment Agreement <sup>(3)</sup>	(114,929)	10	Not applicable	Not applicable	2,024,037	20,240,370
February 8, 2016	Conversion of CCPS to Equity Shares pursuant to the Investment Agreement <sup>(4)</sup>	(507,606)	10	Not applicable	Not applicable	1,516,431	15,164,310
May 30, 2017	Conversion of CCPS to Equity Shares pursuant to the Investment Agreement <sup>(5)</sup>	(303,287)	10	Not applicable	Not applicable	1,213,144	12,131,440
September 20, 2017	Conversion of CCPS to Equity Shares pursuant to the Investment Agreement <sup>(6)</sup>	(1,213,144)	10	Not applicable	Not applicable	0	0

- 1. Preferential allotment of 1,516,431 CCPS to BVP and 1,516,431 CCPS to Lightspeed pursuant to a resolution passed by our Board at its meeting held on September 30, 2010. For further details, see "History and Certain Corporate Matters – Summary of Key Agreements" on pages 135 to 137.*
- 2. 893,896 CCPS held by BVP were converted to 893,896 Equity Shares pursuant to a resolution passed by our Board at its meeting held on August 28, 2015.*
- 3. 114,929 CCPS held by BVP were converted to 114,929 Equity Shares pursuant to a resolution passed by our Board at its meeting held on December 24, 2015.*
- 4. 507,606 CCPS held by BVP were converted to 507,606 Equity Shares pursuant to a resolution passed by our Board at its meeting held on February 8, 2016.*
- 5. 303,287 CCPS held by Lightspeed were converted to 303,287 Equity Shares pursuant to a resolution passed by our Board at its meeting held on May 30, 2017.*
- 6. 1,213,144 CCPS held by Lightspeed were converted to 1,213,144 Equity Shares pursuant to a resolution passed by our Board at its meeting held on September 20, 2017.*

## 2. **Issue of Equity Shares for consideration other than cash**

We have not issued any Equity Shares for consideration other than cash.

## 3. **Details of Lock-in**

Details of share capital locked in for three years

Our Company is a professionally managed company and does not have an identifiable promoter either in terms of the SEBI ICDR Regulations or the Companies Act. Accordingly, in terms of Regulation 34(a) of the SEBI ICDR Regulations, there is no requirement of minimum promoter's contribution in this Offer and none of the Equity Shares will be locked in for a period of three years.

*Details of share capital locked in for a year*

Except the (i) Equity Shares subscribed to and Allotted pursuant to the Offer; (ii) Equity Shares held by VCFs, category I and II AIFs or an FVCI, specifically Equity Shares aggregating up to 18.6% of the post-Offer paid-up Equity Share capital of our Company and which are held by (i) Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity -

Fund I which is a VCF; (ii) Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Sunrise Fund which is a VCF; (iii) TVS Shriram Growth Fund IB LLP which is a VCF; (iv) IL&FS Trust Company Limited (representative trustee of Business Excellence Trust II- India Business Excellence Fund –II) which is a VCF; and (v) Multiples Private Equity Fund which is a category II AIF and which are required to be locked-in for a period of one year from the date of purchase by such VCF, AIF or FVCI; and (iii) Equity Shares allotted to employees prior to the Offer under an employee stock option scheme, in this case the ESOP 2010 in respect of which our Company has made full disclosures in this Red Herring Prospectus in accordance with the SEBI ICDR Regulations, provided, such exemption would be available only to such employees who continue to remain in the employment of our Company as on the date of Allotment, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment.

Further, except the unsubscribed portion of the Equity Shares being offered by the Selling Shareholders who are VCFs, category I and II AIFs or an FVCI and which shall be locked-in for a period of one year from the date of purchase by such VCF, AIF or FVCI, any unsubscribed portion of the Equity Shares being offered in the Offer by the Selling Shareholders, would also be locked-in for a period of one year from the date of Allotment, in terms of the SEBI ICDR Regulations.

*Lock in of Equity Shares to be Allotted, if any, to Anchor Investors*

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

*Other Requirements in respect of lock-in*

The Equity Shares held by our Shareholders prior to the Offer, and which are locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

4. **Shareholding Pattern of our Company**

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

Category	Category of shareholder	Nos. of shareholders (III)	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying depository receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form			
								(IX)					(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)			(XIII)		(XIV)
								Class eg: X	Class eg: y	Total					Total as a % of (A+B+ C)	No. (a)		As a % of total Shares held (b)	No. (a)	
(A)	Promoter & Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(B)	Public	63	30,138,742	-	-	30,138,742	99.37	30,138,742	-	30,138,742	99.37	-	-	-	-	-	-	30,138,742		
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by Employee Trusts	1	189,882	-	-	189,882	0.63	189,882	-	189,882	0.63	-	-	-	-	-	-	-		
	<b>Total</b>	<b>64</b>	<b>30,328,624</b>	<b>-</b>	<b>-</b>	<b>30,328,624</b>	<b>100.0</b>	<b>30,328,624</b>	<b>-</b>	<b>30,328,624</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,328,624</b>		

5. The list of top 10 Shareholders in our Company on a fully diluted basis and the number of Equity Shares held by them are set forth below:

- The top 10 Shareholders of our Company on a fully diluted basis as on the date of filing of this Red Herring Prospectus are as follows:

S. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	DCB Power Ventures Limited	4,549,294	15.0
2.	TVS Shriram Growth Fund 1B LLP	3,032,862	10.0
3.	Multiples Private Equity Fund	2,429,878	8.0
4.	Agri Power and Engineering Solutions Private Limited	1,655,557	5.5
5.	Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I	1,516,853	5.0
6.	Lightspeed Venture Partners VIII Mauritius	1,516,431	5.0
7.	Westbridge Crossover Fund, LLC	1,440,609	4.8
8.	Multiples Private Equity Fund I Limited	1,440,607	4.8
9.	AFHoldings	1,402,856	4.6
10.	Golden Oak (Mauritius) Limited	1,364,787	4.5
<b>Total</b>		<b>20,349,734</b>	<b>67.2</b>

- The top 10 Shareholders of our Company on a fully diluted basis 10 days prior to the date of filing of this Red Herring Prospectus are as follows:

S. No.	Name of the Shareholder	No. of Equity Shares and/ or CCPS	Percentage (%)
1.	DCB Power Ventures Limited	4,549,294	15.0
2.	TVS Shriram Growth Fund 1B LLP	3,032,862	10.0
3.	Multiples Private Equity Fund	2,429,878	8.0
4.	Agri Power and Engineering Solutions Private Limited	1,655,557	5.5
5.	Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I	1,516,853	5.0
6.	Lightspeed Venture Partners VIII Mauritius*	1,516,431	5.0
7.	Westbridge Crossover Fund, LLC	1,440,609	4.8
8.	Multiples Private Equity Fund I Limited	1,440,607	4.8
9.	AFHoldings	1,402,856	4.6
10.	Golden Oak (Mauritius) Limited	1,364,787	4.5
<b>Total</b>		<b>20,349,734</b>	<b>67.2</b>

\* Lightspeed held 303,287 Equity Shares and 1,213,144 CCPS 10 days prior to filing of this Red Herring Prospectus and such CCPS upon conversion would have resulted into 1,213,144 Equity Shares. As on the date of this Red Herring Prospectus, Lightspeed has converted the 1,213,144 CCPS into 1,213,144 Equity Shares and holds 1,516,431 Equity Shares. For details in relation to Lightspeed's purchase of Equity Shares and subscription to CCPS, see "Capital Structure – Share capital history of our Company – History of the CCPS capital of our Company" and "History and Certain Corporate Matters – Summary of Key Agreements on page 66 and pages 135 to 137, respectively.

- The top 10 Shareholders of our Company on a fully diluted basis two years prior to the date of filing of this Red Herring Prospectus are as follows:

S. No.	Name of the Shareholder	No. of Equity Shares and/ or CCPS	Percentage (%)
1.	63 Moons Technologies Limited	7,775,515	25.6
2.	Lightspeed Venture Partners VIII Mauritius*	2,880,006	9.5
3.	Multiples Private Equity Fund	2,429,878	8.0
4.	Multiples Private Equity Fund I Limited	1,819,717	6.0
5.	PTC India Financial Services Limited	1,516,431	5.0
	Pathfinder Mauritius Limited	1,516,431	5.0
6.	AFHoldings	1,402,856	4.6
7.	Golden Oak (Mauritius) Limited	1,364,787	4.5
8.	Rural Electrification Corporation Limited	1,250,000	4.1
	Reliance Infrastructure Limited	1,250,000	4.1

S. No.	Name of the Shareholder	No. of Equity Shares and/ or CCPS	Percentage (%)
	Jindal Power Limited	1,250,000	4.1
	Adani Enterprises Limited	1,250,000	4.1
	The Tata Power Company Limited	1,250,000	4.1
	Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I	1,250,000	4.1
9.	IL and FS Trust Company Limited	923,896	3.0
10.	Bessemer Venture Partners Trust**	622,535	2.1
<b>Total</b>		<b>29,752,052</b>	<b>97.9</b>

\* Lightspeed held 1,363,575 Equity Shares and 1,516,431 CCPS two years prior to the date of filing of this Red Herring Prospectus and such CCPS upon conversion would have resulted into 1,516,431 Equity Shares. As on the date of this Red Herring Prospectus, Lightspeed has converted all 1,516,431 CCPS into 1,516,431 Equity Shares. For details in relation to Lightspeed's purchase of Equity Shares and subscription to CCPS, see "Capital Structure – Share capital history of our Company – History of the CCPS capital of our Company" and "History and Certain Corporate Matters – Summary of Key Agreements on page 66 and pages 135 to 137, respectively.

\*\* BVP held 622,535 CCPS two years prior to the date of filing of this Red Herring Prospectus and such CCPS upon conversion would have resulted into 622,535 Equity Shares. BVP converted such number of CCPS into 622,535 Equity Shares in tranches on December 24, 2015 and February 8, 2016. As on the date of this Red Herring Prospectus, BVP does not hold any Equity Shares or CCPS. For details, see Capital Structure- Share Capital History of Our Company – History of the CCPS capital of our Company" and "History and Certain Corporate Matters – Summary of Key Agreements on page 66 and pages 135 to 137, respectively.

## 6. **Employee Stock Option Scheme 2010 ("ESOP 2010")**

- (i) Our Company instituted the ESOP 2010 pursuant to the resolution passed by our Board at its meeting held on September 26, 2009 and approved by our Shareholders' pursuant to a resolution passed at their meeting held on March 26, 2010. In terms of the ESOP 2010, Equity Shares not exceeding 2.00% of the fully diluted share capital of our Company may be issued and allotted at any point in time to the eligible employees of our Company, determined in terms of the ESOP 2010. The ESOP 2010 provides for grant of options to eligible employees of our Company, which include permanent officers or employees (including executive and non-executive Directors) of our Company and any of its future subsidiaries. Furthermore, in terms of the Shareholders' resolution dated September 27, 2013, our Shareholders authorised our Board/ compensation committee (now our Nomination and Remuneration Committee) to vary the terms of ESOP 2010 including the vesting period for selective/specific eligible employees in respect of the options which had not been granted or granted but which had not been vested as on the date of such resolution, subject to a minimum vesting period of one year from the date of grant of options under the ESOP 2010. The ESOP 2010 was further amended by the resolution passed by our Board at its meeting held on April 18, 2017 and the amended ESOP 2010 was approved by our Shareholders at their meeting held on May 16, 2017. The major amendments made to ESOP 2010 include, among others:
- it shall be the duty of the trustees of the IEX ESOP Trust to act in the interest of the employees who are beneficiaries of the IEX ESOP Trust and subject to provisions of applicable laws, it shall not act in any manner or include any provision in the trust deed that would be detrimental to the interests of the beneficiaries;
  - the IEX ESOP Trust shall not become a mechanism for trading in shares and hence shall not sell the Equity Shares in secondary market except as permitted under the SEBI SBEB Regulations;
  - in case of termination of the services of any eligible employee due to resignation, all options (i.e. vested and unvested) granted to the eligible employee shall lapse on the last day of his employment with our Company; and
  - in case the eligible employee retires from our Company, all options (i.e. vested and unvested) granted to the eligible employee shall vest and may be exercised by such eligible employee within three months prior to the date of retirement, but in no case after the date of retirement.

The objective of the ESOP 2010 is to create a sense of ownership among the employees and foster commitment towards our Company, to attract and retain capable employees in our Company and motivate them to contribute their best, instil a sense of belonging to our Company by giving them co-ownership and to reward them for their contribution in the growth of our Company as a performance linked bonus.

As on the date of this Red Herring Prospectus, our Company has issued an aggregate of 606,572 Equity Shares to the IEX ESOP Trust pursuant to the ESOP 2010, which constitutes 2% of the paid-up share capital of our Company on a fully diluted basis.



As on the date of this Red Herring Prospectus, our Company has granted, cumulatively, 649,900 options (out of this 54,100 options have been re-granted from the lapsed options) under the ESOP 2010, which includes all vested, exercised, lapsed and/ or forfeited options. Further, out of 606,572 Equity Shares issued to the IEX ESOP Trust, 416,690 Equity Shares have been transferred to such employees of our Company who have exercised 416,690 options granted to them in accordance with the ESOP 2010. As on the date of this Red Herring Prospectus, 96,600 options are outstanding. Out of issued options, 1,36,610 options have lapsed and are available for re-issuance by the IEX ESOP Trust. In addition, there are 10,772 options available with IEX ESOP Trust for further grant. Accordingly, a total of 147,382 options were available with the ESOP Trust for re-grant and out of 147,382 options, the IEX ESOP Trust has re-granted 54,100 options.

The ESOP 2010, as amended by the resolution of our Board and Shareholders passed at their meetings held on April 18, 2017 and May 16, 2017, respectively, is compliant with the SEBI SBEB Regulations and the Companies Act, 2013. The following table sets forth the particulars of the options granted under the ESOP 2010 as of the date of filing of this Red Herring Prospectus:

Particulars	Details*															
Options granted	<p>As on August 31, 2017, our Company has granted 513,290 options (649,900 options granted till August 31, 2017 less 136,610 options lapsed). Set forth below are the options granted during the last three Financial Years and until August 31, 2017:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Financial Year/ Period</th> <th style="text-align: center;">Total number of options granted</th> <th style="text-align: center;">Cumulative number of options granted</th> </tr> </thead> <tbody> <tr> <td>Financial Year 2015</td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">585,800*</td> </tr> <tr> <td>Financial Year 2016</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">585,800</td> </tr> <tr> <td>Financial Year 2017</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">585,800</td> </tr> <tr> <td>Financial Year 2018 (up to August 31, 2017)</td> <td style="text-align: center;">64,100</td> <td style="text-align: center;">649,900#</td> </tr> </tbody> </table> <p>* It includes 575,800 options granted (including lapsed options) prior to Financial Year 2015. # Out of this 54,100 options have been re-granted from the lapsed options.</p>	Financial Year/ Period	Total number of options granted	Cumulative number of options granted	Financial Year 2015	10,000	585,800*	Financial Year 2016	Nil	585,800	Financial Year 2017	Nil	585,800	Financial Year 2018 (up to August 31, 2017)	64,100	649,900#
Financial Year/ Period	Total number of options granted	Cumulative number of options granted														
Financial Year 2015	10,000	585,800*														
Financial Year 2016	Nil	585,800														
Financial Year 2017	Nil	585,800														
Financial Year 2018 (up to August 31, 2017)	64,100	649,900#														
Pricing formula	<p>Since our Company is an unlisted entity, accordingly, for options granted on June 24, 2014, April 17, 2017, June 19, 2017 and August 16, 2017 the pricing was determined on the basis of Valuation Reports obtained from an Independent Valuer /SEBI Registered Category I Merchant Banker, as applicable.</p> <p>The weighted average exercise price of the options granted under ESOP 2010 is:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Financial Years</th> <th style="text-align: center;">Weighted average exercise price per option granted (in ₹)</th> </tr> </thead> <tbody> <tr> <td>Financial Year 2015</td> <td style="text-align: center;">535</td> </tr> <tr> <td>Financial Year 2016</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Financial Year 2017</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Financial Year 2018 (up to August 31, 2017)</td> <td style="text-align: center;">750</td> </tr> </tbody> </table>	Financial Years	Weighted average exercise price per option granted (in ₹)	Financial Year 2015	535	Financial Year 2016	Nil	Financial Year 2017	Nil	Financial Year 2018 (up to August 31, 2017)	750					
Financial Years	Weighted average exercise price per option granted (in ₹)															
Financial Year 2015	535															
Financial Year 2016	Nil															
Financial Year 2017	Nil															
Financial Year 2018 (up to August 31, 2017)	750															
Vesting period	<p>As per the ESOP, 2010, vesting period in respect of the options granted to the employees or group or class of employees is as follows:</p> <ol style="list-style-type: none"> <li>a) 33% of the total number of options granted - 12 months after the date of grant of options.</li> <li>b) 33% of the total number of options granted - 24 months after the date of grant of options.</li> <li>c) 34% of the total number of options granted - 36 months after the date of grant of options.</li> </ol> <p>The Nomination and Remuneration Committee has the authority, in its absolute discretion, to change the vesting schedule of options granted subject to compliance with the SEBI SBEB Regulations, The Nomination and Remuneration Committee also has the authority to accelerate or postpone the vesting of granted options for any employee or any group or class of employees, subject to compliance with the SEBI SBEB Regulations. The Nomination and Remuneration Committee is required to inform the</p>															

Particulars	Details*			
	<p>eligible employee, at the time of grant of options, and any acceleration or postponement, once effected, the time and manner of vesting of option.</p> <p>In view of the above powers, the Nomination and Remuneration Committee has approved the variation in the vesting period for the following employees:</p>			
	Name of employees	Date of grant	Vesting terms	Exercise period
	Satyanarayan Goel	January 21, 2014	25%, 24 months from the date of grant	12 months from the date of vesting
			25% 36 months from the date of grant	12 months from the date of vesting
			25% 48 months from the date of grant	12 months from the date of vesting
			25% 60 months from the date of grant	12 months from the date of vesting
	Sanjay Mehrotra	June 24, 2014	100% on completion of one year from date of grant and after successful completion of IPO and listing of our Company's Equity Share on stock exchanges	12 months from the date of vesting
	In respect of options granted on August 16, 2017 including to Indranil Chaterjee, Rohit Bajaj and Shruti Bhatia.	August 16, 2017	33%, 17 months from the date of grant	12 months from the date of vesting
			33%, 29 months from the date of grant	12 months from the date of vesting
			34%, 41 months from the date of grant	12 months from the date of vesting
Options vested and not exercised	As at the end of financial year/ period		Options vested and not exercised during the year / period	Cumulative number of options vested and not exercised*
	Financial Year 2015		4,390	136,270
	Financial Year 2016		340	136,610
	Financial Year 2017		11,250	147,860
	Financial Year 2018 (up to August 31, 2017)		Nil	136,610
	* It includes options lapsed whether vested or not. Out of the lapsed options, 54,100 lapsed options have been re-granted in Financial Year 2018.			
Options exercised	Financial year / period ended		Options exercised during the year / period	Cumulative Number of Options Exercised
	Financial Year 2015		29,060	394,190*
	Financial Year 2016		11,250	405,440
	Financial Year 2017		Nil	405,440
	Financial Year 2018 (up to August 31, 2017)		11,250	416,690

Particulars	Details*										
	* It includes 365,130 options exercised prior to Financial Year 2015. Further, 29,060 options exercised in Financial Year 2015 have been transferred to option holders in Financial Year 2016.										
The total number of Equity Shares arising as a result of exercise of options (net of cancelled options)	As on August 31, 2017, 416,690 Equity Shares were issued by the IEX ESOP Trust to the respective employees pursuant to exercise of options under ESOP 2010.										
Options forfeited / lapsed/ cancelled	<table border="1" data-bbox="555 443 1487 633"> <thead> <tr> <th data-bbox="555 443 1026 477">Financial Year / Period Ended</th> <th data-bbox="1026 443 1487 477">Cumulative number of options lapsed</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 477 1026 510">Financial Year 2015</td> <td data-bbox="1026 477 1487 510">1,36,270*</td> </tr> <tr> <td data-bbox="555 510 1026 544">Financial Year 2016</td> <td data-bbox="1026 510 1487 544">1,36,610</td> </tr> <tr> <td data-bbox="555 544 1026 577">Financial Year 2017</td> <td data-bbox="1026 544 1487 577">1,36,610</td> </tr> <tr> <td data-bbox="555 577 1026 633">Financial Year 2018 (up to August 31, 2017)</td> <td data-bbox="1026 577 1487 633">1,36,610</td> </tr> </tbody> </table> <p data-bbox="555 667 1487 712">* It includes 131,880 options lapsed prior to Financial Year 2015. Note: Out of the lapsed options, 54,100 lapsed options have been re-granted in Financial Year 2018.</p>	Financial Year / Period Ended	Cumulative number of options lapsed	Financial Year 2015	1,36,270*	Financial Year 2016	1,36,610	Financial Year 2017	1,36,610	Financial Year 2018 (up to August 31, 2017)	1,36,610
Financial Year / Period Ended	Cumulative number of options lapsed										
Financial Year 2015	1,36,270*										
Financial Year 2016	1,36,610										
Financial Year 2017	1,36,610										
Financial Year 2018 (up to August 31, 2017)	1,36,610										
Variation of terms of options	<p data-bbox="555 752 1487 786">The major amendments made to ESOP 2010 include, among others:</p> <ul style="list-style-type: none"> <li data-bbox="555 808 1487 954">(a) it shall be the duty of the trustees of the IEX ESOP Trust to act in the interest of the employees who are beneficiaries of the IEX ESOP Trust and subject to provisions of applicable laws, it shall not act in any manner or include any provision in the trust deed that would be detrimental to the interests of the beneficiaries;</li> <li data-bbox="555 987 1487 1066">(b) the IEX ESOP Trust shall not become a mechanism for trading in shares and hence shall not sell the Equity Shares in secondary market except as permitted under the SEBI SBEB Regulations;</li> <li data-bbox="555 1099 1487 1189">(c) in case of termination of the services of any eligible employee due to resignation, all options (i.e. vested and unvested) granted to the eligible employee shall lapse on the last day of his employment with our Company; and</li> <li data-bbox="555 1223 1487 1335">(d) in case the eligible employee retires from our Company, all options (i.e. vested and unvested) granted to the eligible employee shall vest and may be exercised by such eligible employee within three months prior to the date of retirement, but in no case after the date of retirement.</li> </ul> <p data-bbox="555 1368 1487 1850">In terms of the ESOP 2010, Equity Shares not exceeding 2.0% of the fully diluted share capital of our Company may be issued and allotted at any point in time to the eligible employees of our Company, determined in terms of the ESOP 2010. Further, pursuant to the resolution passed by our Shareholders at their meeting held on September 28, 2010, the Shareholders of our Company enhanced the limit to 2.223% of the fully diluted share capital of our Company. The ESOP 2010 provides for grant of options to eligible employees of our Company, which include permanent officers or employees (including executive and non-executive Directors) of our Company and any of its future subsidiaries. Furthermore, in terms of the resolution passed by our Shareholders at their meeting held on September 27, 2013, the Shareholders of our Company authorised our Board of Directors/ compensation committee (now the Nomination and Remuneration Committee) to vary the terms of ESOP 2010 including the vesting period for selective/ specific eligible employees in respect of the options which had not been granted or granted but which had not been vested as on the date of such resolution, subject to a minimum vesting period of one year from the date of grant of options under the ESOP 2010.</p> <p data-bbox="555 1883 1487 1939">Further, no change in terms of option granted has been made which may be to the detriment of any interest of the employee.</p>										
Money realized by exercise of options	As on August 31, 2017: ₹ 13,613,390										

Particulars	Details*																																	
	As at the end of financial year/ period	Money Realized during the year / period (₹)	Cumulative amount of money realized (₹)																															
	Financial Year 2015	1,540,180	10,238,390																															
	Financial Year 2016	1,687,500	11,925,890																															
	Financial Year 2017	Nil	11,925,890																															
	Financial Year 2018 (Up to August 31, 2017)	1,687,500	13,613,390																															
Total number of options in force	<table border="1"> <thead> <tr> <th>As at the end of financial year/ period</th> <th>Cumulative number of options in force*</th> </tr> </thead> <tbody> <tr> <td>Financial Year 2015</td> <td>55,340</td> </tr> <tr> <td>Financial Year 2016</td> <td>43,750</td> </tr> <tr> <td>Financial Year 2017</td> <td>43,750</td> </tr> <tr> <td>Financial Year 2018 (Up to August 31, 2017)</td> <td>96,600</td> </tr> </tbody> </table>			As at the end of financial year/ period	Cumulative number of options in force*	Financial Year 2015	55,340	Financial Year 2016	43,750	Financial Year 2017	43,750	Financial Year 2018 (Up to August 31, 2017)	96,600																					
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	*Total option granted (-) options exercised (-) options lapsed.																																	
Employee-wise detail of options granted to:																																		
(i) Senior managerial personnel	<table border="1"> <thead> <tr> <th>Name</th> <th>Number of options</th> </tr> </thead> <tbody> <tr> <td>Sanjay Mehrotra</td> <td>10,000</td> </tr> <tr> <td>Pareshnath Paul</td> <td>10,000</td> </tr> <tr> <td>Indranil Chatterjee</td> <td>3,000</td> </tr> <tr> <td>Rohit Bajaj</td> <td>10,000</td> </tr> <tr> <td>Shruti Bhatia</td> <td>6,000</td> </tr> <tr> <td>Jainam Vora</td> <td>5,000</td> </tr> <tr> <td>Vaibhav Aggarwal</td> <td>5,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>49,000</b></td> </tr> </tbody> </table>			Name	Number of options	Sanjay Mehrotra	10,000	Pareshnath Paul	10,000	Indranil Chatterjee	3,000	Rohit Bajaj	10,000	Shruti Bhatia	6,000	Jainam Vora	5,000	Vaibhav Aggarwal	5,000	<b>Total</b>	<b>49,000</b>													
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<b>Total</b>	<b>49,000</b>																																	
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	<table border="1"> <thead> <tr> <th>Financial Year/ period ended</th> <th>Name</th> <th>Options granted</th> <th>Total number of options granted during the year</th> <th>Percentage of total options granted during the year (%)</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>2016*</td> <td>Not Applicable</td> <td>Not Applicable</td> <td>Not Applicable</td> <td>Not Applicable</td> </tr> <tr> <td>2017*</td> <td>Not Applicable</td> <td>Not Applicable</td> <td>Not Applicable</td> <td>Not Applicable</td> </tr> <tr> <td>2017-18 (up to August 31, 2017)</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>				Financial Year/ period ended	Name	Options granted	Total number of options granted during the year	Percentage of total options granted during the year (%)	2015	Nil	Nil	Nil	Nil	2016*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2017*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2017-18 (up to August 31, 2017)	Nil	Nil	Nil	Nil	<b>Total</b>		Nil	Nil	Nil
Financial Year/ period ended	Name	Options granted	Total number of options granted during the year	Percentage of total options granted during the year (%)																														
2015	Nil	Nil	Nil	Nil																														
2016*	Not Applicable	Not Applicable	Not Applicable	Not Applicable																														
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<b>Total</b>		Nil	Nil	Nil																														
	* No options granted during the Financial Year.																																	
(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of	<table border="1"> <thead> <tr> <th>Financial Year /period ended</th> <th>Name</th> <th>Date of grant</th> <th>Number of options granted</th> <th>Number of Equity Shares outstanding on the date of grant</th> <th>Percentage of grant to number of Equity Shares outstanding at the time of grant (%)</th> <th>Percentage of aggregate number of grants during the year to the number of Equity</th> </tr> </thead> <tbody> </tbody> </table>						Financial Year /period ended	Name	Date of grant	Number of options granted	Number of Equity Shares outstanding on the date of grant	Percentage of grant to number of Equity Shares outstanding at the time of grant (%)	Percentage of aggregate number of grants during the year to the number of Equity																					
Financial Year /period ended	Name	Date of grant	Number of options granted	Number of Equity Shares outstanding on the date of grant	Percentage of grant to number of Equity Shares outstanding at the time of grant (%)	Percentage of aggregate number of grants during the year to the number of Equity																												

Particulars	Details*						
our Company at the time of grant							<b>Shares outstanding as on the date of last grant (%)</b>
	2015*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	2016*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	2017*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	2018 (up to August 31, 2017)*	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
* No options granted having more than 1% of issued capital.							
Fully diluted Earnings per Equity Share – (face value ₹10 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earnings per Share’	The reported diluted earnings per equity share calculated in accordance with relevant accounting standards is as follows:						
	<b>Year/ Quarter</b>			<b>Reported diluted EPS as per Restated Financial Statements (₹)</b>			
	Financial Year 2015			29.43			
	Financial Year 2016			33.30			
	Financial Year 2017			37.66			
	Quarter ended June 30, 2017			10.16			
Lock-in	Nil						
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share)	The impact on earnings per share if the ‘fair value’ of the options (on the date of the grant) were considered instead of the ‘intrinsic value’ for ESOP 2010 is as under:						
	<b>Particulars</b>	<b>For the year / quarter ended</b>					
		<b>June 30, 2017</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>		
	(Loss)/Profit (as reported) (in ₹ millions)	306.31	1080.90	941.59	797.28		
	Add/ (less): stock based employee compensation (intrinsic value)	-	-	-	-		
	Add/(less): stock based compensation expenses determined under fair value method for the grants issued (in ₹ millions)	(0.12)	(0.14)	(0.46)	(0.64)		
	Basic earnings per share (as adjusted – in ₹)	10.66	37.77	33.99	29.45		
	Diluted earnings per share (as adjusted – in ₹)	10.16	37.66	33.29	29.41		
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted average exercise price and fair value for the options are as follows:						
	<b>Financial Year/ Period</b>	<b>Weighted average exercise price as on the date of grant (₹)</b>		<b>Weighted average fair value of options as on the date of grant (₹)</b>			
	Financial Year 2015	535		58.86			
	Financial Year 2016*	Not Applicable		Not Applicable			
	Financial Year 2017*	Not Applicable		Not Applicable			

Particulars	Details*						
	Financial Year 2018 (up to August 31, 2017)	750	68.15				
	* No options were granted during the Financial Year.						
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	The employee stock options granted in terms of ESOP 2010 is accounted under the Intrinsic Value Method till Financial Year 2017.						
	For estimating the fair value of options, our Company has adopted the Black Scholes method with the following assumptions:						
	Particulars	Financial Year 2015	Financial Year 2016*	Financial Year 2017*	April 17, 2017	June 19, 2017	August 16, 2017
	Risk free interest rate	8.83%	Not Applicable	Not Applicable	7.35%	6.33%	6.32%
	Option life (comprising the vesting period and the exercise period)	1.50 Years	Not Applicable	Not Applicable	3.5 Years	3.5 Years	3.88 Years
	Exercise period from the date of vesting	On completion of 1 year and successful completion of the IPO and the listing of our Company's Equity Shares on stock exchange	Not Applicable	Not Applicable	1 Year	1 Year	1 Year
	Expected annual volatility of shares	0%	Not Applicable	Not Applicable	0%	25.54%	25.54%
	Expected dividend yield	0.75%	Not Applicable	Not Applicable	5.41%	3.67%	3.67%
	* No options were granted.						
Impact on profit and Earnings per Equity Share – (face value ₹10 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years	Impact on profits and earnings per share (“EPS”) are as follow:						
	Financial Year/ period ended	Effect on profits (In ₹ millions)		Effect on EPS			
	Financial Year 2015	0.64		0.02			
	Financial Year 2016	0.46		0.02			
	Financial Year 2017	0.14		0.01			
Quarter ended June 30, 2017	0.12		Nil				
Intention of the holders of Equity Shares allotted on exercise of options granted to sell their shares within	No employee has shown intent to sell the Equity Shares within a period of three months.						

Particulars	Details*
three months after the date of listing of Equity Shares pursuant to the Offer	
Intention to sell Equity Shares arising out of the ESOP 2010 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP 2010 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), which <i>inter alia</i> shall include name, designation and quantum of the Equity Shares issued under the ESOP 2010 and the quantum they intend to sell within 3 months.	Nil

\* As confirmed by Ravi Rajan & Co., Chartered Accountants, pursuant to their certificate dated September 19, 2017.

7. Except as stated in the section “Our Management” on pages 144, and 154 to 155 none of our Directors or Key Management Personnel and Senior Management Personnel holds any Equity Shares in our Company.
8. As on the date of this Red Herring Prospectus, the BRLMs and their respective associates do not hold any Equity Shares in our Company.
9. As on the date of this Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.
10. As of the date of this Red Herring Prospectus, no Equity Shares have been issued by our Company at a price that may be lower than the Offer Price during the last one year except as disclosed below:

Date of allotment of the Equity Shares	Name of the allottee	Number of the Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Reasons for allotment
May 30, 2017	Lightspeed	303,287	10	Not applicable	Conversion of CCPS*
September 20, 2017	Lightspeed	1,213,144	10	Not applicable	Conversion of CCPS**

\*303,287 CCPS held by Lightspeed were converted to 303,287 Equity Shares pursuant to a resolution passed by our Board at its meeting held on May 30, 2017. Further, the CCPS were allotted on September 30, 2010 for cash at an issue price of ₹ 115.41 per CCPS. For details, see “- the history of the CCPS capital of our Company” on page 66.

\*\*1,213,144 CCPS held by Lightspeed were converted to 1,213,144 Equity Shares pursuant to a resolution passed by our Board at its meeting held on September 20, 2017. Further, the CCPS were allotted on September 30, 2010 for cash at an issue price of ₹ 115.41 per CCPS. For details, see “- the history of the CCPS capital of our Company” on page 66.

11. Except as disclosed below, none of our Directors or their immediate relatives have purchased or sold any Equity Shares during the period six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus:

Name of the transferor	Name of the transferee	Date of transfer	Number of Equity Shares*	Issue price per Equity Share (₹)	Aggregate consideration (₹)	Percentage (%) of the pre-Offer capital
IEX ESOP Trust	Satyanarayan Goel	April 4, 2017	11,250	150	1,687,500	0.04

\* Transferred from IEX ESOP Trust on exercise of employee stock options granted under ESOP 2010.

12. As of the date of this Red Herring Prospectus, we have 64 Equity Shareholders.
13. Neither our Company nor any of our Directors have entered into any buy-back and/or standby arrangements for purchase of Equity Shares offered pursuant to the Offer from any person. Further, the BRLMs have not made any buy-back and/or standby arrangements for purchase of Equity Shares offered pursuant to the Offer from any person.
14. Except for the 96,600 options outstanding under ESOP 2010 on exercise of which 96,600 Equity Shares will be transferred to the holders of such options from the IEX ESOP Trust, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Red Herring Prospectus.
15. Our Company has not issued any Equity Shares out of revaluation reserves or unrealised profits.
16. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearest multiple of minimum Allotment lot while finalising the Basis of Allotment.
17. There have been no financing arrangements whereby our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity, during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus till the date of this Red Herring Prospectus.
18. No person connected with the Offer, including, but not limited to, the members of the Syndicate, our Company, and the Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
19. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly, into Equity Shares) on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.
20. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares Allotted in the Offer have been listed on the Stock Exchanges.
21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
22. The Equity Shares issued pursuant to this Offer shall be fully paid-up at the time of Allotment failing which no Allotment shall be made.
23. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All



Bidders, other than Anchor Investors, are mandatorily required to participate in this Offer through the ASBA process, providing details of their respective bank accounts which will be blocked by SCSBs to the extent of the respective Bid Amounts, to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through ASBA Process. For details, see “Offer Procedure” on page 349.

25. As on date of this Red Herring Prospectus, the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding.
26. Under-subscription, if any, under any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

## OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the sale of up to 6,065,009 Equity Shares by the Selling Shareholders. The listing of the Equity Shares will enhance our Company's brand and provide liquidity to the existing Shareholders. Our Company expects that the proposed listing will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds of the Offer.

### Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses include, among others, listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsels, Registrar to the Offer, Public Offer Account Bank including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All fees and expenses in relation to the Offer will be shared in the proportion as agreed between the Company and the Selling Shareholders in writing, in accordance with applicable laws, except the listing fees, which shall be borne by our Company. Additionally, in the event our Company incurs any portion of the Offer expenses, on behalf of the Selling Shareholders, the Selling Shareholders shall reimburse our Company, in proportion to the respective Equity Shares offered by each Selling Shareholder in the Offer. All such amounts shall be deducted from the Offer proceeds received and credited in the Public Offer Account, before the same is disbursed to the Selling Shareholders. The following table sets forth details of the break-up for the Offer expenses:

Activity	Estimated Offer expense <sup>(1)</sup> (₹ million)	As a % of total estimated Offer expense <sup>(1)</sup>	As a % of total Offer size <sup>(1)</sup>
Fees payable to the BRLMs, brokerage and selling commission	[●]	[●]	[●]
Selling commission and processing fees for SCSBs <sup>(2)(3)</sup>	[●]	[●]	[●]
Selling commission and processing/ uploading charges for the Syndicate Members (including Sub-Syndicate members), Registered Brokers, RTAs and CDPs <sup>(4)(5)</sup>	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Advertising and marketing expenses			
Others:	[●]	[●]	[●]
i. Listing fees;			
ii. SEBI and the Stock Exchanges' processing fees;			
iii. Book building fees;			
iv. Fees payable to legal counsels;			
v. Fees payable to Statutory Auditors and independent chartered accountants; and			
vi. Miscellaneous.			
<b>Total Offer Expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

(1) Amounts will be finalised at the time of filing the Prospectus and on determination of Offer Price and other details.

(2) SCSBs will be entitled to a processing fee of ₹10 (plus applicable taxes) per valid ASBA Form, for processing the ASBA Forms procured by the members of the Syndicate, the Registered Brokers, RTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs for blocking.

(3) Selling commission payable to the SCSBs on the Bids directly procured by them from Retail Individual Bidders and Non-Institutional Bidders, under the Retail Portion and the Non-Institutional Portion, respectively, would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional bidding charges shall be payable to the SCSBs on the ASBA Forms directly procured by them.

- (4) Registered Brokers will be entitled to a commission of ₹ 10 (plus applicable taxes) per valid ASBA Form which are directly procured by the Registered Brokers from Retail Individual Bidders and Non-Institutional Bidders, under the Retail Portion and the Non-Institutional Portion, respectively and submitted to the SCSBs for processing.
- (5) Selling commission payable to members of the Syndicate, RTAs and CDPs on Bids directly procured by them from Retail Individual Bidders and Non-Institutional Bidders, under the Retail Portion and the Non-Institutional Portion, respectively, would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Further, the members of Syndicate, RTAs and CDPs will be entitled to bidding charges of ₹ 10 (plus applicable taxes) per valid ASBA Form for applications which are directly procured by them and submitted to SCSBs for processing. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTA /CDP.

### **Monitoring of Utilisation of Funds**

Since the Offer is entirely through an offer for sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to “Risk Factors”, “Our Business”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 18, 111, 160 and 284, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- a) Efficient price discovery and flexibility on our Exchange;
- b) First and largest energy exchange in India with strong brand recognition;
- c) Fast growing domestic market with conducive Government policies and regulations;
- d) Diverse participant base ensuring liquidity on our Exchange;
- e) Highly scalable and proven technology infrastructure; and
- f) Professionally managed company with a highly qualified and experienced management team.

For further details, see “Our Business – Strengths” from pages to 112 to 114.

### Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

#### A. Basic and Diluted Earnings per Share (“EPS”) at face value of ₹ 10 each:

Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	37.78	37.66	3
March 31, 2016	34.01	33.30	2
March 31, 2015	29.47	29.43	1
<b>Weighted Average</b>	<b>35.14</b>	<b>34.84</b>	

For the three months period ended June 30, 2017, the basic EPS was ₹ 10.66 and diluted EPS was ₹ 10.16 (not annualised).

Notes:

1. Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.
2. The ratios have been computed as below:
  - a) Basic EPS (in ₹) = Net profit attributable to equity shareholders / Weighted average number of equity shares outstanding during the year.
  - b) Diluted EPS (in ₹) = Net profit attributable to equity shareholders / Weighted average number of equity shares and dilutive equity shares outstanding during the year.
3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

#### B. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Financial Year 2017 on Restated Financials Statements	[●]	[●]

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on diluted EPS for Financial Year 2017 on Restated Financials Statements	[●]	[●]

### Industry Peer Group P/E ratio

There are no listed entities in India whose business portfolio is comparable with that of our business.

### C. Return on Net Worth (“RoNW”)

As per the Restated Financial Statements:

Financial Year ended / Period ended	RoNW (%)	Weight
March 31, 2017	41.30	3
March 31, 2016	37.03	2
March 31, 2015	37.52	1
<b>Weighted Average</b>	<b>39.25</b>	

For the three months period ended June 30, 2017, the RoNW was 10.02% (not annualised).

*Note:*

*RoNW is computed as net profit after tax divided by net worth at the end of the year.*

*Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve). Our Company does not have any revaluation reserve.*

### D. Minimum Return on Increased Net Worth required for maintaining pre-issue EPS (basic and diluted) as at March 31, 2017 is:

There will be no change in the Net Worth post-Offer, as the Offer is by way of offer for sale by the Selling Shareholders.

### E. Net Asset Value per Equity Share (Face value of ₹ 10 each)

- As per the Restated Financial Statements, the net asset value per Equity Share as on March 31, 2017 is ₹ 94.92.
- As per the Restated Financial Statements, the net asset value per Equity Share as on June 30, 2017 is ₹ 104.55.

As the Offer consists only of an offer for sale by the Selling Shareholders, there will be no change in the NAV post-Offer.

Offer Price: ₹ [●]

*Notes:*

- Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- Net Asset Value per Equity Share has been computed as net worth (excluding Compulsorily Convertible Preference Shares) at the end of the year divided by total number of Equity Shares outstanding at the end of the year.
- Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve). Our Company does not have any revaluation reserve.

### F. Comparison with Listed Industry Peers

Our Company does not have any listed industry peers in India.

### G. The Offer price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “Risk Factors”, “Our Business”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages

18, 111,160 and 284, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” on page 18 and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO INDIAN ENERGY EXCHANGE LIMITED AND ITS SHAREHOLDERS

To,  
The Board of Directors  
Indian Energy Exchange Limited  
4th Floor, Plot No. 7  
TDI Centre, Jasola District Centre  
New Delhi 110 025, India

Date: 15 June 2017

Dear Sirs,

**Subject: Statement of possible special tax benefits (“the Statement”) available to Indian Energy Exchange Limited (“the Company”) and its Shareholders prepared in accordance with the requirement in Schedule VIII – Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“the Regulations”)**

We hereby report that the enclosed Annexure prepared by the Company, initialled by us and the Company for identification purpose, states the possible special tax benefits available to the Company and to its shareholders under the Income-tax Act, 1961 (“the Act”) and Income tax Rules, 1962 including amendments made by Finance Act 2017 (together “the Tax Laws”), presently in force in India as on the signing date. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover the possible special tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising an offer for sale of equity shares by certain shareholders (the “Proposed Offer”) 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

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

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

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

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 law 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 any other person in respect of this Statement.

We hereby give consent to include this Statement in the draft red herring prospectus, red herring prospectus, the prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Associates LLP**,  
*Chartered Accountants*  
ICAI firm registration number: 116231W/W-100024

**Manish Gupta,**

*Partner*

Membership No.: 095037

Place: Gurgaon

Date : 15 June 2017



## ANNEXURE

### **ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

Outlined below are the possible special tax benefits available to the Company and its shareholders under the direct tax laws in force in India (*i.e.* applicable for the Financial Year 2017-18 relevant to the assessment year 2018-19). These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the possible 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 fulfill.

#### **UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)**

##### **A. *Special tax benefits available to the Company***

There are no special tax benefits available to the Company under the Act.

##### **B. *Special tax benefits available to Shareholders***

There are no special tax benefits available to the Shareholders under the Act.

#### **NOTES:**

1. The above is as per the current tax law as amended by the Finance Act, 2017.
2. This Statement does not discuss any tax consequences in any country outside India of an investment in the shares. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information contained in this section is derived from the CRIS report titled 'Short-term power market in India' published in May 2017 and updated by an addendum to the report in September 2017. Neither we, nor any other person connected with this Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

*Investors should note that this is only a summary description of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Red Herring Prospectus, including the information in the sections "Risk Factors" on page 18. An investment in the Equity Shares involves a high degree of risk.*

#### **Overview of the Indian Power Sector**

Even as India is the third-largest electricity producer in the world, the country's need for energy is increasing as a result of economic growth and modernization over the past several years. India's per capita electricity consumption has grown from 631.4 kilowatt-hour ("kWh") in the financial year 2006 to 1075 kWh in the financial year 2016, an increase of 70.2% in 10 years. Between 2006 and 2017, India's peak demand increased at a CAGR of 5.0% to reach 159.5 gigawatts ("GW"); the installed power generation increased from 124 GW to 327 GW at a CAGR of 9.2% during the period. Further, the latest draft National Electricity Plan 2016 projects peak demand of 235 GW at the end of the financial year 2022.

#### ***Electricity Act, 2003 and regulations relating to power market***

The Central Government enacted the Electricity Act 2003 (the "**Electricity Act**") to promote competition and efficiency in the power sector against a backdrop of ongoing economic reforms in other key sector of the economy. The Electricity Act replaced the three existing legislations governing the power sector, namely Electricity Act, 1910; Electricity (Supply) Act, 1948; and the Electricity Regulatory Commissions Act, 1998 (ERC, 1998). Prior to Electricity Act, 2003, the electricity supply industry recognized generation, transmission and supply as principal activities under 'electricity supply.' The enactment of the Electricity Act in June 2003 led to significant structural changes in the power sector, such as, a) shift from the single-buyer model to the multi-buyer model; b) de-licensing of thermal generation; c) grant of open access in transmission and distribution; d) identification of trading as a distinct activity; and e) reorganization of the erstwhile State Electricity Boards ("**SEBs**"). The Electricity Act is directed at institutional and regulatory initiatives to promote inter-state and intra-state power trading within India. Section 66 of the Electricity Act mandates the CERC to promote development of markets in electricity (including trading) in accordance with the National Electricity Policy.

Following the Electricity Act, several policies evolved in relation to the determination of tariffs, National Electricity Policy, National Electricity Plan, National Tariff Policy and development of hydro power. The Ministry of Power at national level is responsible for perspective planning, policy formulation, processing of projects for investment decision, monitoring of the implementation of power projects, training and manpower development and the administration and enactment of legislation in regard to thermal, hydro power generation, transmission and distribution. Electricity is a concurrent subject in India, so Ministry of Power, is mainly responsible for creating overall policy framework for the power sector in the country and state level policies and issues come under the purview of respective state government. All states and union territories have set up State Electricity Regulatory Commissions ("**SERCs**") to regulate and determine tariffs for distribution and transmission companies as well as for generating companies which sell power to distribution companies. The Central Electricity Regulatory Commission ("**CERC**") fulfills this responsibility for inter-state generation and transmission and also for central power utilities. The Appellate Tribunal for Electricity was established to hear appeals against the orders of adjudicating authorities such as SERCs, JERC and CERC.

#### **Generation, transmission and distribution**

##### ***Generation***

Electricity is among India's core sectors, with an installed capacity of 327 GW as of March 31, 2017. Thermal power plants constitute around 67% of the installed capacity, followed by renewable, hydro and nuclear at around 18%, 14% and 2%, respectively. During the Twelfth Five-Year Plan ending March 2017, about 92 GW of thermal generation capacity has been added against a target of 72 GW. While capacity addition has peaked, the peak demand has grown at a moderate CAGR of 4.1% during the past five years ending March 2017, on account of sluggish demand from the industrial and commercial segments. In this context, the country has witnessed a gradual decline in peak deficit from 9.0% in the financial year 2013 to 1.6% in the financial year 2017.

With the introduction of the Electricity Act in 2003, private players moved to the forefront in generation. The private sector contributes to approximately 44% of the total installed capacity of 327 GW as of March 31, 2017. While power generation attracted major investments from the private sector, transmission and distribution was dominated by central and state government utilities for a long time.

### ***Transmission***

Adequate and reliable transmission capacity is a key enabler for power transactions in India. While generation capacity has been added at a faster pace over the last five years, the growth in transmission has not been commensurate enough to ensure congestion free transmission within the country, resulting in situations where a certain demand in a market could not be met even as supply is available elsewhere. This has led to some unsold capacity in some regions impacting plant load factors for thermal generation plants. The concerns over transmission corridor availability would remain an important consideration for inter-state power sale as going forward the country envisages aggressive ramp up of capacity from renewable energy projects.

The transmission system capacity of 765 kV, 400 kV, 220 kV and HVDC stood at 367,851 circuit kilometres and 740,765 mega volt amps (“MVA”) of transformation capacity of substations, as on March 31, 2017. The transmission network in the country has been demarcated into five transmission regions, namely, Northern, Eastern, Western, Southern and North Eastern. The total transmission capacity of the inter-regional links stood at 75,050 MW. The inter-regional transmission capacity has more than doubled in last five years (financial year 2012 to financial year 2017). The incremental transmission capacity during the current 12th Five-Year Plan substantially improved connectivity between regional corridors.

Rapid economic growth and increased electrification warranted the transmission sector to move towards an integrated system as generation capacities are distributed unevenly in different regions. While thermal capacity is concentrated in the coal-rich eastern region, hydro capacity is concentrated in the hilly regions of north and north-east, while renewable sources like wind or solar are concentrated in west and south regions. The integration of regional grids that began with asynchronous inter-regional links facilitating limited exchange of regulated power was subsequently graduated to high-capacity synchronous links between the regions. Initially, the inter-regional links were planned for exchange of operational surpluses amongst the regions. Later, larger integration among inter-regional links was implemented to connect to the generation projects that had beneficiaries across the regional boundaries. In 2009, the National Load Despatch Centre began supervising regional load despatch centers, scheduling and despatching electricity, and monitoring operations of the national grid and cross border transactions with neighboring countries.

Integration of regional grids, and thus establishment of a national grid, was conceptualized in the early nineties. However, till 2013, the Northern, Eastern, Western and North Eastern regions were synchronously interconnected and operated as a single grid, whereas the Southern region was asynchronously connected to the Western and Eastern Grid through HVDC links. The complete integration was achieved in 2013 through the commissioning of the Raichur-Solapur 765 kV transmission line by PGCIL. With commissioning of this interconnection, the Indian power system became one of the largest operating synchronous grids in the world.

While inter-state transmission network is the backbone of the system, the intra-state transmission plays a significant role and the government is now focusing on strengthening this network. Going into the 13<sup>th</sup> Five Year Plan that ends in the financial year 2022, investments in inter-state transmission systems are expected to witness a slowdown in growth (after seeing a 118.0% growth in the 12<sup>th</sup> Five Year Plan period) and the intra-state transmission systems are likely to see investments jump as states ramp up investments in building transmission capacities. In addition to this, India has recognized the need for development of robust and flexible grid infrastructure to mitigate the variability of solar and wind generation through the creation of \$3.5 billion green energy corridor program so that renewable power can be transmitted where it is needed.

The transmission system in India can be categorized as inter-state transmission system and intra-state transmission system. The development of intra-state transmission system is the responsibility of state transmission utilities, while Power Grid Corporation of India Limited (“PGCIL”) is responsible for development of inter-state transmission system. Nearly 59% of the transmission system is under state transmission utilities; about 38.0% is owned by the PGCIL and 3% by private operators as of March 31, 2017.

Before the introduction of Tariff-Based Competitive Bidding (“TBCB”) in transmission, PGCIL was the sole entity responsible for creating and augmenting inter-state transmission infrastructure as per integrated transmission planning in country. The introduction of TBCB opened the sector to private participation. Both private players and public utilities (PGCIL, STUs) could participate in the bidding individually, or through joint ventures, for certain earmarked transmission projects. The National Tariff Policy, 2006 pushed to make the power sector not only financially viable but also investment-worthy by providing guidelines to the CERC and SERCs to ensure adequate return on investments for the stakeholders. With this framework in place, the sector witnessed private participation for the first time in 2010 with the award of the western regional system strengthening to Reliance Infra and the east-north interconnection line to Sterlite Energy.

Under competitive bidding guidelines, it was stated that all power transmission projects should be awarded through competitive bidding, with the objective of promoting competitive procurement of transmission services, with an exception for projects that typically involve complex technology or need to be completed in a highly compressed schedule. Since then, the growth in

transmission network in terms of both line length and transformer capacity has been pronounced at higher voltage levels and with high participation from private players in TBCB of transmission projects.

### ***Distribution***

The power distribution system, that is the last leg of the electricity sector value chain, provides power to individual consumer premises. Until recently, SEBs would own all distributions networks across the country. This has changed in the last two decades with entry of private players in the distribution segment across a few large cities in the country. Private distribution companies are operating in Delhi, Kolkata (West Bengal), Mumbai (Maharashtra), Ahmedabad (Gujarat) and Surat (Gujarat).

However, a major portion of the distribution network in these states still remain with SEBs or state distribution companies. Two different models of public-private participation have been adopted in the segment. The first is through equity sharing model with majority stake and management control by the private owner and the company being handed over the distribution license through a transparent bidding process, as in Delhi where Tata Power Delhi Distribution Ltd and BSES Rajdhani Power Ltd and BSES Yamuna Power Ltd and Odisha have been granted distribution licensee in their respective areas. The second is input-based distribution franchisee models in Maharashtra, Madhya Pradesh, Bihar, Rajasthan, Jharkhand and Uttar Pradesh. Thus, while the franchisee distributes electricity on behalf of the distribution utility, the overall responsibility of distribution still remains with the utility. The distribution franchisee model for first the city was Bhiwandi in Maharashtra, where the franchisee, Torrent Power, managed to cut losses in the city's distribution business from 58% to 18% in five years. However, the model has witnessed limited success in other parts of the country.

In India, last mile connectivity is provided by the distribution companies. Every state has one or more distribution companies in charge of distribution. The distribution segment in India is predominantly state-owned, catering to about 90% of energy demand in the country. The balance is catered to by private-owned distribution utilities which meet demand in urban cities in a few states such as Maharashtra, West Bengal, Gujarat, and Odisha as well as in Delhi (NCT).

### ***Evolution of the power market structure***

Initially, the structure for the bulk power market was characterized by long term contracts between generation plants owned by central and state governments, independent power producers, captive generators with surplus capacity and distribution utilities or SEBs. Power purchase agreements were signed by these players for long-term of 25 years. However, long-term contracts had their own limitations, and could not address some of the key requirements of an efficient power market. Hourly consumption over a long term without forecasting errors was difficult to predict, leading to shortages of power in one region while surplus power was available in the another region. Also, long term contracts were cost plus in nature, therefore did not lead to competition in the sector.

With the enactment of Electricity Act, to encourage competition in all segments of the electricity industry, open access in inter-state transmission was introduced in May 2004 that facilitated the development of a bilateral market in the country. This facilitated competition in wholesale market.

Open access in distribution system facilitated large users of power — typically having connected load of 1 megawatt (“MW”) and above — to buy power from the open market at competitive prices. The aim was to allow the customers to choose among a large number of competing power companies instead of being forced to buy electricity from their existing electric utility monopoly. It helps large consumers, particularly industries like aluminum, paper, glass, automobile, textile, cement and steel industrial units, by ensuring supply of electricity at competitive rates. Open Access provisions also provided opportunities to generators for sale of power in the market including to large consumers.

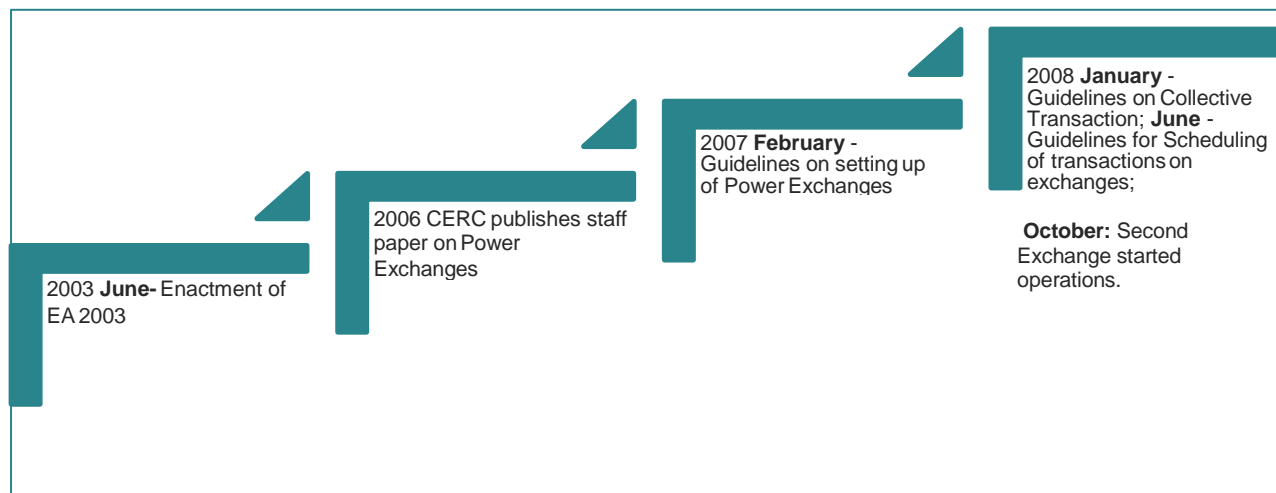
Further, the Electricity Act recognized electricity trading as a distinct activity. CERC was made responsible for granting an inter-state trading license, which would be valid for 25 years. This gave freedom to new players to engage in electricity trading through bilateral contracts. Today, over 40 traders are active in the sector.

Electricity trading through bilateral contracts was promoted based on voluntary agreement of market participants, and voluntary agreement among the market participants did not necessarily guarantee the most efficient market. Transaction costs associated with bilateral contracts restricted smaller players from participating in the market, thus limiting competition and transparency in price discovery.

In view of this, CERC, in July 2006, published a discussion paper, “Development of a Common Platform for Electricity Trading,” to allow a big leap forward in developing the electricity market in the country. The paper discussed learnings from different foreign markets such as Nord Pool, PJM, and UK power market and their suitability to Indian context. Post public hearing in December 2006, CERC issued guidelines for setting up of Power Exchanges. To further streamline bilateral transactions and to facilitate implementation of power trading in India, CERC took several significant initiatives. The open access regulation pertaining to procedure for application, transmission charges, computation of losses, among others were revised to facilitate market development. CERC revised the regulations for open access in inter-state transmission to include collective transactions discovered on a power exchange.

With the above provisions in place, the Indian Energy Exchange (“**IEX**”), the country’s first power exchange, made an application for grant of permission to set up a power exchange in March 2007. In-principle approval was accorded by the CERC on August 31, 2007 and final approval was accorded on June 9, 2008. IEX commenced operations on June 27, 2008 after the rules and bye-laws were approved by the CERC and permission was granted to commence operations. The second power exchange, Power Exchange of India (“**PXIL**”), was granted in-principle approval on May 27, 2008. PXIL went through a process of regulatory approval similar to IEX and commenced operations on October 22, 2008. Currently, trading of power is facilitated by inter-state and intra-state trading licensees and the two power exchanges.

The following chart sets forth the evolution of power exchanges in India:



Source: IEX

During the financial year 2017, total short-term sale of electricity through exchanges is 3.6% of the country’s generation, and IEX constitutes approximately 98.5% of the total volumes, day ahead market (“**DAM**”) and term ahead market (“**TAM**”), traded on both the exchanges.

In the last decade, the market has witnessed a steep increase in power purchase costs under long-term power purchase agreements because of cost overruns incurred by new generation plants. The average market clearing price discovered at IEX have slid to around ₹ 2.4/kwh during financial year 2017, below the breakeven needed for typical plants. However, the irony of the situation is that the generation capacities are being backed down and distribution companies are resorting to load shedding rather than procuring of cheaper power available at exchanges.

Going forward, expected improvement in financial health of distribution companies supported by implementation of UDAY, would enable distribution companies to procure cheaper power available at exchanges and reduce their overall power-procurement cost. Further, the significant amount of renewable based capacity in the medium term is going to benefit the short term markets in multiple ways. On one hand, it increases the distribution companies’ dependency on short term markets to mitigate exposure to variability of its supply curve. On the other hand, addition in significant renewable based capacity, coupled with slowdown in long term contracting by distribution companies would render a lot of capacity untied. The electricity produced from such untied generation capacity is likely to be traded in the short term market. This progressive shift towards prudent decision-making by distribution companies, with respect to procurement of long-term and short-term power in the right mix by distribution companies may help exchanges to play a larger role in Indian power market.

### **Overview of Trading Operations**

The entire electrical grid is operated and regulated by the system operators, who are independent government owned statutory bodies created under the Electricity Act, responsible for scheduling, despatch and energy accounting of trade in electricity. The system operator at the national level is the National Load Despatch Centre (NLDC) and at the regional level it is Regional Load Despatch Centres (5 RLDCs, one each for each region in the country). Both these entities are part of Power System Operation Corporation (POSOCO) which is an entity owned by Government of India. Similarly at the State level there are State Load Despatch Centres (SLDCs, total 33 such entities) which are owned by the State Government entities. Flow of electricity on the grid is ensured through transmission lines in the transmission network owned by the PGCIL for inter-state power transmission and the state transmission utilities of respective states for intra-state transmission.

Trading on the electricity exchanges is conducted and delivery is ensured through a process of scheduling, which is akin to a process of generators injecting their respective obligation to supply into the grid and all buyers drawing power to the extent of their entitlement from the grid, based on their respective contracts. As such a pool of electricity produced by generators gets created in the process and buyers draw their entitlement from this pool.

All trades cleared on exchanges, are converted into obligations to supply by sellers and entitlement to draw by the buyers, and

these obligations and entitlement get recorded as a schedule in a tabular for the system operators. Any entity deviating from its obligation or entitlement is settled as per the CERC (Deviation Settlement Mechanism and Related Matters) Regulation 2014, by the system operators and exchanges have no role in the matter after trades are converted into obligations and entitlements.

For converting trades into obligation and entitlement of participants, exchanges have to follow ‘Procedure for Scheduling of Collective Transactions’ issued by the grid operator POSOCO which is in accordance to the various provisions mentioned in CERC Open Access Regulations. As per this process, clients should obtain standing clearance for the quantum and duration for which power can be traded, from their respective SLDC. The Exchanges update this information on the trading system thereby restricting volume of trade to the extent allowed by the respective SLDC. After the order matching auction is run, requisition for transmission capacity required is sent to NLDC, who in turn informs the exchanges how much power can actually be transmitted, based on various technical considerations. Based on this input from the NLDC the auction is re-run on the same set of bids imposing the constraint as informed by the NLDC, which gives final results and the selected set of sellers and buyers which is converted into above referred obligation and entitlement of these entities. As mentioned above, all subsequent activities are then performed by the system operators.

In case of any break down in the grid, the same is handled by the exchanges as a force majeure condition. Based on the real time information provided by the system operators, trades are modified to the extent curtailed by the system operator with a view to ensure grid security. Exchanges may be subject to failure of systems due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware, or software or electronic malfunctions or defects, computer viruses, acts of vandalism or similar events. For further details on risks due to system failure or acts of God see “Risk Factors – Internal Risk Factors – We are subject to certain risks relating to the operation of an electronic trading platform. Any failure to meet or respond to technological changes or changes in participant preferences may cause the volume of trades on our Exchange to decline, which may have an adverse effect on our business, financial condition, results of operations and prospects.

### **Market mechanism for renewable energy**

The Electricity Act, policies framed under the Electricity Act, and the National Action Plan on Climate Change provide a roadmap for increasing the share of renewable energy in total generation capacity, by stipulating purchase of a percentage of power by distribution utilities from renewable energy sources.

Renewable Purchase Obligations (“RPOs”), put simply, is the minimum percentages of total power that electricity distribution companies and other obligated entities like captive and open access consumers need to purchase from renewable energy sources. RPOs create a market for renewables. RPOs have been the major driving force in India to promote the renewable energy sector. The ministry of power in its letter to all states, dated July 22, 2016, set an ambitious RPO target of 17.0% by 2019, 6.75% of which should come from solar and remaining 10.25% should come from non-solar renewable sources such as wind, biomass, bagasse, among others. The State Regulatory Commissions, however, are free to set year-wise RPO targets in their respective states, keeping in mind the state specific issues. Most of the states have such targets in place for solar and non-solar sources separately. However, few states have been able to meet the obligations.

Historically, distribution licensees have not been interested in purchasing electricity generated from renewable energy sources, as the cost of generation was very high and potential for renewable energy based generation were not spread uniformly across the country. In this context, renewable energy certificates (“RECs”) were introduced to address this mismatch between availability of sources and requirement of the obligated entities to meet their renewable purchase obligations, by purchasing green attributes of renewable energy located elsewhere, in the form of certificates.

The mechanism was introduced in 2010 and nearly 5,376 MW (1,208 projects) of renewable energy capacity has been accredited, of which 4,335 MW (1,049 projects) of capacity has been registered as of year ending April 2017. Wind, bio-fuel, biomass and solar photovoltaic constitute 47%, 19%, 13% and 14% of the total accredited capacity, respectively.

While the certificates have been quite successful in many countries, the market has not realized its full potential in India, because of non-compliance by obligatory entities. The market cleared prices for solar and non-solar certificates have been at their respective floor levels of ₹ 3,500 per REC and ₹ 1,500 per REC on both the exchanges.

CERC has proposed the following forbearance price and floor price for REC to be applicable with effect from April 1, 2017. With the prices being lower, many captive and open access-based customers will find it easier to buy RECs than to buy green power. Therefore, the low prices may lead to an increase in REC demand and trade volumes on IEX.

Item	Non-solar REC (₹/REC)			Solar REC (₹/REC)		
	Current	Revised	Change	Current	Revised	Change
Forbearance price	3300	2900	(400)	5800	2500	(3300)
Floor price	1500	1000	(500)	3500	1000	(2500)

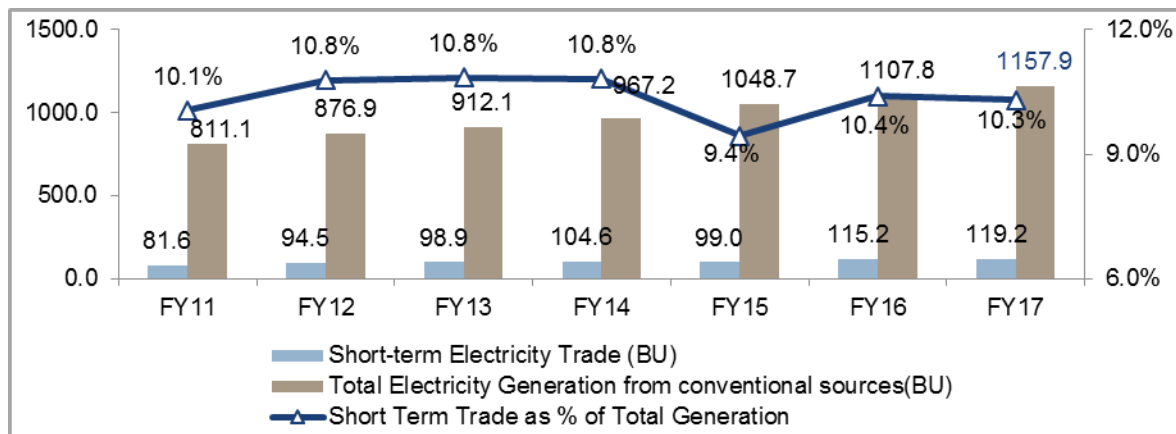
1 REC= 1000 kWh

### Short term electricity markets in India

Short-term power market covers contracts of less than a year for electricity transacted through (i) inter-state trading licenses; (ii) power exchanges; (iii) directly between distribution licensees (cashless) and (iv) the Deviation Settlement Mechanism.

The volume of short-term transactions of electricity, as a percentage of total electricity generation, has been between 9% and 10% in recent years. In the financial year 2017 total short-term sale of electricity (119 BU) was approximately 10.3% of the country’s generation during the period.

The following chart sets forth short-term volume as a proportion of total generation (in billion units):



Source: Reports on Short-term Power Market in India, CERC; CEA

The short term electricity trade has grown at a healthy pace, with the exception of the financial year 2015, owing to favorable factors such as reduction in long term purchases, stricter Deviation Settlement Mechanism norms and implementation of open access regulations by key states.

#### Modes of short-term power sale and contracting

Short-term power market covers contracts of less than a year for electricity transacted through (i) inter-state trading licenses; (ii) power exchanges; (iii) directly between distribution licensees (cashless) and (iv) also inadvertent exchange of power under Deviation Settlement Mechanism.

While trading licensees facilitate bilateral power trading contracts between generators, traders and customers, power exchanges operate under multi-buyer and sellers framework on day-ahead market/ term-ahead contracts (up to 11 days). Power exchanges are further authorized for transaction of RECs and energy saving certificates. The Deviation Settlement Mechanism provide for deviations in scheduled drawl and injection of power, and treated as trade of electricity under short term category as per CERC Market Monitoring Reports.

The following chart sets forth modes of short-term power trading:

Parameter	Directly between Traders (Direct bilateral)	DSM	Through power exchanges	
Term/ period	Up to 1 year	Up to 1 Year	Instantaneous	Day ahead, Intra-day, term ahead up to 11 days
Contracting parties	Buyer & seller	Buyer, seller and trader	No contracts	Buyer, seller, exchange, trader
Transaction charges*	No charges for discoms, charges for consumers	Trading margin, in addition OA charges for consumers	No transaction charges, penalties in place	Exchange fees for all consumers, in addition, applicable OA charges for OA consumers
Likelihood of transmission constraints	Average	Average	Not applicable	Relatively high
<b>Volume transacted in 2016-17</b>	<b>1.8% overall</b> <b>17.9% of total ST</b>	<b>2.9% overall</b> <b>28.1% of total ST</b>	<b>2.0% overall</b> <b>19.5% of total ST</b>	<b>3.6% overall</b> <b>34.5% of total ST</b>
Major risks for buyers	Evacuation risk	Evacuation risk	Volatility of DSM charges/ penalties	Evacuation risk
Major risks for sellers	<ul style="list-style-type: none"> <li>• Payment risk</li> <li>• Evacuation risk</li> </ul>	<ul style="list-style-type: none"> <li>• Payment risk</li> <li>• Evacuation risk</li> </ul>	Volatility of DSM charges	Evacuation risk
Counterparty risk borne by	Seller	Seller	DSM pool	Exchange
* Other than energy charges, capacity charges and transmission charges				

Source: CRIS Analysis

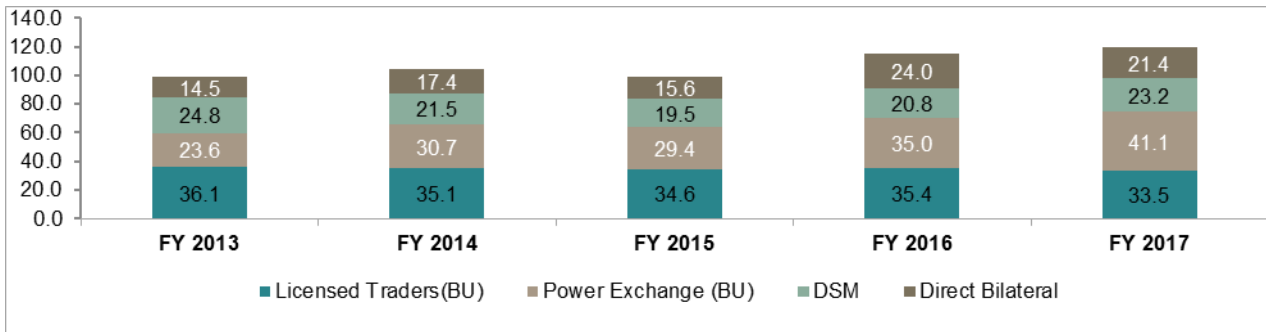
During the financial year 2017, total short-term volumes formed around 10.3% of the total generation in the country. Of the total short term volume transacted in financial year 2017, share of exchanges is at 34.5%, followed by traders at 28.1%. On the other hand, short term volume transacted directly between distribution companies is 17.9% and DSM is around 19.5% in financial year 2017.

### Short-term volume trend

The overall size of the short-term power market in India is around 119 billion units (“BU”) in the financial year 2017. Volume of electricity transacted through traders decreased from 36.1 BU in the financial year 2013 to 33.5 BU in the financial year 2017, whereas volume transacted through power exchanges increased from 23.6 BU to 41.1 BU over same period. Electricity traded directly between distribution companies increased from 14.5 BU in the financial year 2013 to 21.4 BU in the financial year 2017, and volume of electricity transacted through DSM witnessed a decline from 24.8 BU in the financial year 2013 to 23.2 BU during the same period.

The following chart sets forth market share among different short-term modes (in billion units)\*:



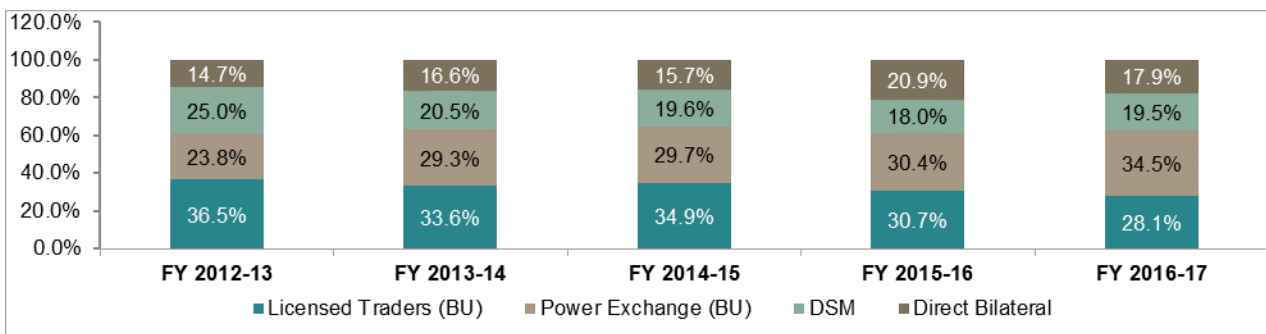


Source: Reports on Short-term Power Market in India, CERC

\* Volumes on DAM and TAM only considered for power exchanges; RECs not included

The share of traders has declined to 28.1% of total short term power traded in the financial year 2017 from 36.5% in the financial year 2013. During the same period, share of direct bilateral (traded between distribution companies) increased from 14.7% to 17.9%, and that of DSM declined from 25.0% to 19.5% during the same period.

The chart below illustrates the market share among different short-term modes as a percentage of the short term power market\*:

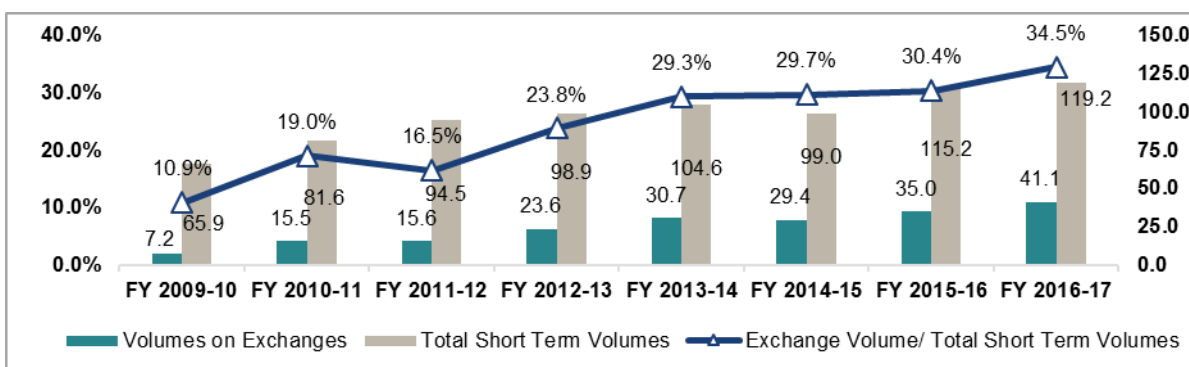


Source: Reports on Short-term Power Market in India, CERC

\* Volumes on DAM and TAM only considered for power exchanges; RECs not included

Volume of power traded through the exchanges increased to 41.1 billion units in the financial year 2017, having grown at 28.3% CAGR between the financial year 2010 and the financial year 2017. The total volume on power exchanges for the financial year 2017 is 41.1 BUs, and amounts to around 34.5% of total short-term electricity trade in the country.

The following chart sets forth the share of exchanges in short-term market (in billion units):



Source: Reports on Short-term Power Market in India, CERC

Volume transacted directly between distribution companies, 21.4 BU in the financial year 2017, is unlikely to become a preferred trading mechanism as such transactions would be subject to complimentary demand-supply situations between distribution companies. The Deviation Settlement Mechanism, on the other hand, would continue to act as a mechanism to settle deviation of draws and injections by the distribution companies and generators, with the main focus being maintenance of grid discipline and grid security. Therefore, among all the trading modes of short-term power market, traders and exchanges emerge as the most organized and dominant transaction mediums.

### Short term market share of traders and exchanges

Power exchanges aim to facilitate transparent and efficient use of energy resources and bridge the demand-supply mismatch by bringing larger players onto a common platform for buying and selling in an auction-based system, thereby providing liquidity, transparency and competitive price discovery. Owing to efficient price discovery at the exchanges, the short-term market witnessed a shift from traders to exchanges over the years. Further, implementation of automated and reliable processes helped the exchanges to establish themselves as preferred destination for day-ahead volume in the short-term power market. As can be observed from the figure below, market share of traders has declined from 36.5% in the financial year 2013 to 28.1% in the financial year 2017, while share of exchanges increased from 23.8% to 34.5%, signaling a shift from traders to the exchanges.

### Comparison of exchange vis-à-vis traders

In a market-driven economy, conflicting market forces determine the correct price of a commodity at any given point of time. An electronic power exchange serves this purpose by allowing buyers and sellers across the length and breadth of the country converge on a common platform and enable price discovery.

The following table sets forth a comparative analysis of offerings of licensed traders vis-à-vis exchanges:

Exchange	Traders
<b>Non-discriminatory, accessible to all buyers/ sellers across geographies, transparent price discovery</b>	Traders have flexibility to provide customised options to buyers
<b>Exchange offers standard contracts</b>	Traders' contracts are subject to variations and there is no general one standard
<b>Price discovered at the exchanges is transparent</b>	Sellers have been able to realise better price through traders owing to term contracts
<b>Counter-party guarantee for all trades, payments security undertaken by power exchange</b>	Some counterparty risk passed on to sellers
<b>Reliable platform for open access consumers and distribution companies</b>	

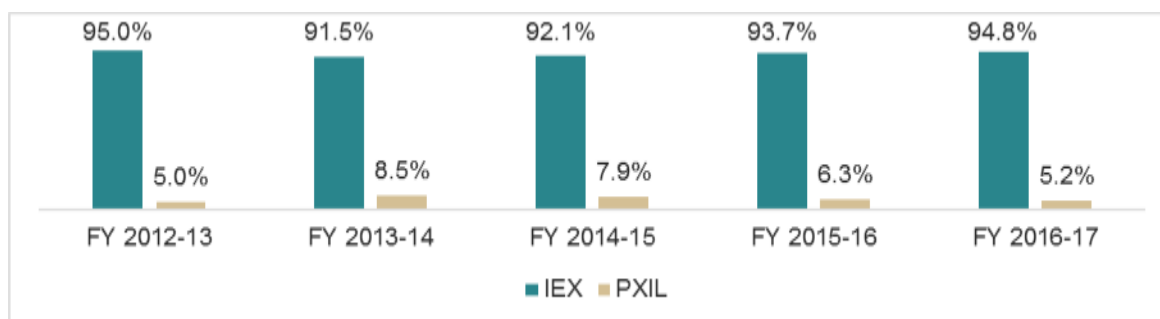
Source: CRIS Analysis

With limitations on exchange to venture into term-ahead contracts beyond 11 days, term market is likely to be dominated by traders and day-ahead market by exchanges in the immediate term. In the future, with possible clarity on regulatory direction regarding term ahead contract duration, more trade is expected through exchanges rather than through bilateral contracts, as currently done. Further to this, relief in transmission congestion and increased availability of transmission corridor is expected to precipitate a shift from term-ahead to day-ahead market where high liquidity ensures competitive price discovery.

### Market share of exchanges: IEX and PXIL

IEX and PXIL are the two power exchanges facilitating short-term trade of power in India. IEX dominates the space, with its share in total volume traded through exchanges at an average of over 93.5% in last five years.

The following chart sets forth market share of IEX and PXIL by DAM, TAM and REC:



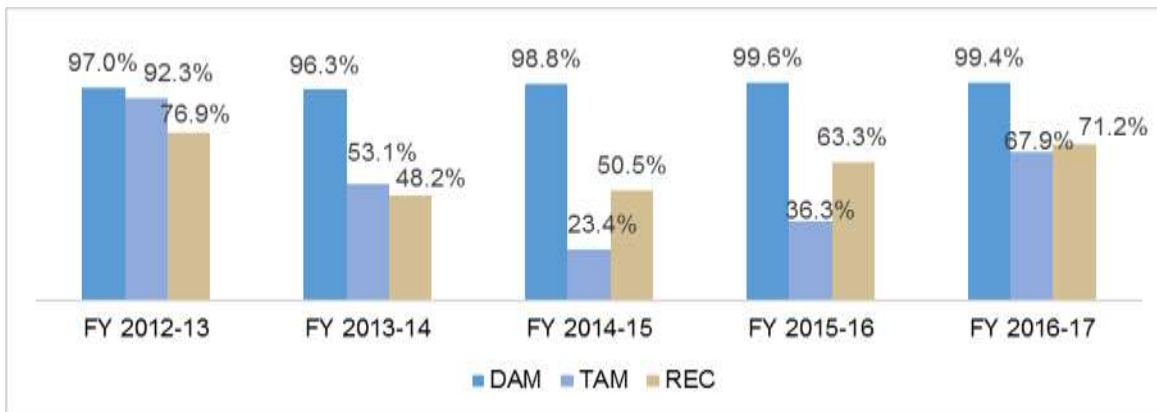
Source: Reports on Short-term Power Market in India, CERC

IEX has been able to maintain its dominant position, owing to the factors mentioned below:

- adoption of robust technology platform that facilitates seamless and transparent trading;

- market development initiatives by IEX; and
- domain knowledge expertise.

The following charts sets forth market share of IEX (product category wise):

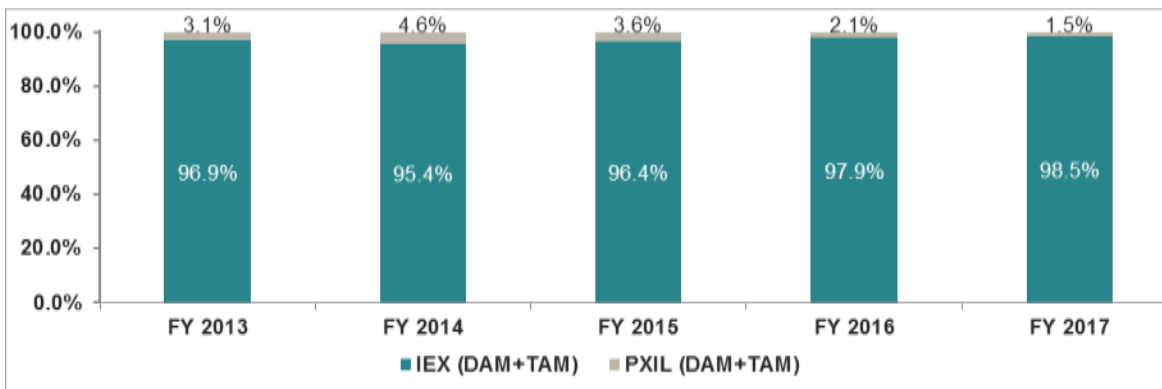


Source: Reports on Short-term Power Market in India, CERC

As can be observed from the figure above, IEX dominates the day-ahead market with about 99.4% of market share. Share of IEX in the term-ahead market is around 67.9% in the financial year 2017. IEX has a market share of 71.2% in REC segment in the financial year 2017. IEX has been playing a key role in developing the REC market which is still at a nascent stage.

The split between DAM, TAM and RECs is heavily skewed towards DAM that comprised around 84.1% of total consolidated volume traded at both the exchanges in the financial year 2017.

The following chart sets forth market share of exchanges (as a percentage of consolidated trade in DAM and TAM):

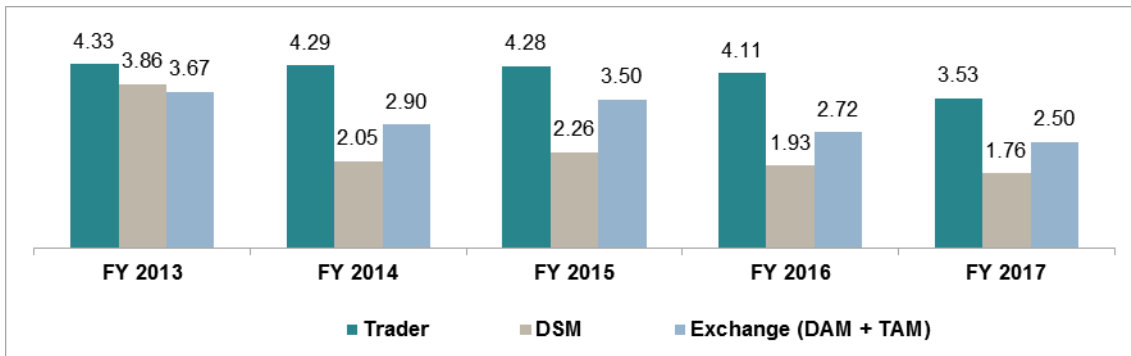


Source: Reports on Short-term Power Market in India, CERC

### Prices of short-term power

The average price discovered on the exchanges has consistently remained lower than that of bilateral transactions.

The following chart sets forth the weighted average price of traded power (₹/kWh) for the periods indicated:

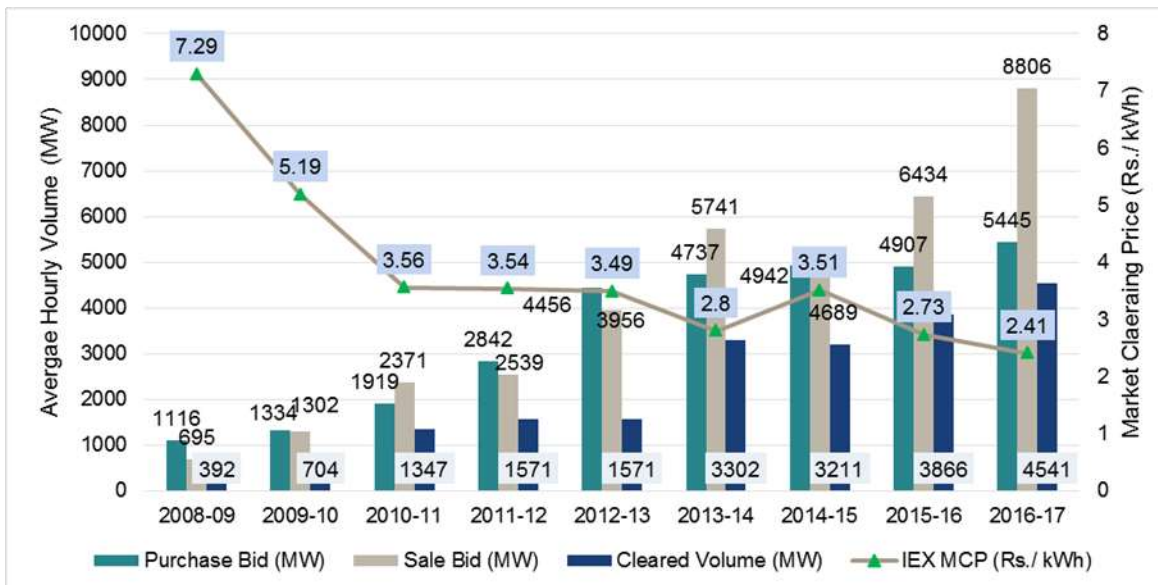


Source: Reports on Short-term Power Market in India, CERC

The weighted average price discovered on exchanges is ₹ 2.50 per KWh, compared with an average ₹ 3.53 per kWh charged by the traders during the financial year 2017. The average market clearing price discovered at exchanges has remained lower as compared to the price charged by the licensed traders, due to the presence of adequate liquidity and efficient price discovery mechanism on the IEX.

Further, as can be observed from the figure below, in recent years, the overall sell bid quantum at IEX has been higher than purchase bid quantum, resulting in lower market clearing price at IEX.

The following chart sets forth the average Hourly Purchase Bid (MW) and Sale bid (MW) and Market clearing price(MCP) at IEX (₹/ kWh):

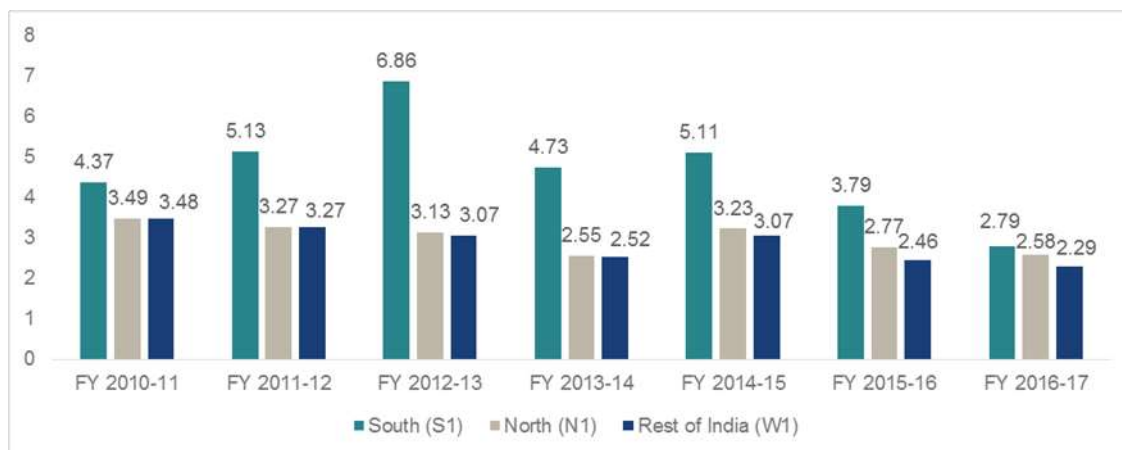


Source: CRIS

Market Clearing Price (MCP) is the market clearing price of uncongested market discovered by the intersection of curve of aggregated sale bids and buy bids in the DAM.

Due to transmission congestion, there have been frequent instances of market splitting resulting in stranded generation capacity and unmet demand leading to high price in deficit areas and low prices in surplus area. With commissioning of transmission corridors, the need for market splitting has been greatly reduced and prices of different bid areas have converged.

The following chart sets out the area clearing prices (₹/ kWh) at IEX:



Source: CRIS

### Key Drivers for short term market

#### *Power procurement cost optimization by Distribution companies*

The short term market has provided the distribution companies with the option to hold a mix of long-term and short-term contracts and optimize the overall power-purchase cost. Subdued demand for power in the past three years, combined with a lag in long-term capacity contracting has pushed generators to sell their surplus power in the short-term market. In this context, the average market clearing price (MCP) discovered at the exchanges during the financial year 2016 was ₹2.7 per kWh and was ₹ 2.4 per kWh during the financial year 2017. At the same time, the average power-procurement cost under long-term contracts (Case I bidding) remains significantly higher (greater than ₹ 3.6/kWh) in the recently concluded case I bidding. There is a case for Distribution companies to optimize their power portfolio.

There are many coal based power station which have high variable cost of generation, higher than Exchange clearing price. In such cases, Distribution companies have the option to explore exchanges to procure a part of its power requirement by replacing high variable cost power under long-term contracts, and reduce the distribution companies' overall power-procurement cost.

#### *Cost optimization by large consumers*

The lower price discovered at the exchanges could also benefit large industrial and other consumers (Connected Load greater than = 1 MW), provided they are allowed non-discriminatory open access by the distribution companies. The exchanges have played a significant role in facilitating and operationalising the open access trade. Consumers opting for Open Access are required to pay network usage charges and losses and also open access charges such as cross subsidy and additional surcharge. With the lower price discovered on the Exchange even after paying above charges, in many States, the Open access consumers can optimize their power procurement cost by purchasing power under open access.

With power tariffs in exchanges remaining low, industrial consumers across many states are increasingly buying electricity from the power exchanges. Open-access electricity trade (DAM and TAM) accounted for around 60.0% of total procurement on the IEX in the financial year 2016.

#### *Adequate Supply for Short Term Market*

At present we have, 327 GW of installed capacity, whereas the peak demand was only 159.5 GW in 2017. Large coal based generation capacity is operating at a PLF of under 60% whereas it has a potential of operating at PLF of over 80%. A major portion of this coal based capacity is remaining underutilized. More than 35 GW of generation capacity in the private sector do not have long term contracts. These capacities are selling power in the short term market. In addition to the above installed capacity, in the 13<sup>th</sup> plan, a capacity addition of 50 GW of conventional capacity and more than 100 GW of renewable capacity is planned. With this capacity addition, present surplus supply scenario is expected to continue for the next seven to eight years.

#### *Power for All, Rural Electrification and Make in India*

The Government of India's 24x7 "Power for All" scheme aims at providing all households and industries access to electricity. Initiatives such as Power for All, along with rural electrification and the Make in India initiative aim to increase per capita consumption in India, which at 1,075 kWh, is among the lowest in the world. There is significant potential for growth of volume considering this low per capita consumption. A part of this demand is expected to come to the short term market.

### *Phasing out of old plants*

Due to environmental, technological and commercial concerns, the Government of India is working to phase out thermal generating capacity which is more than 25 years. At present this capacity is over 40,000 MW. Most of this capacity is with State and Central Government utilities and tied up with Distribution companies on long term basis. Phasing out of these plants could result in shifting of such long term demand from the Distribution companies to short term market.

### *Seasonality factors*

There is variation in demand of state electricity distribution companies in India due to geographical spread and varied climatic conditions. States with hydroelectric potential such as Himachal Pradesh, Jammu and Kashmir, Uttarakhand and Sikkim are power surplus in the summer and monsoon seasons and are deficit in the winter season. Similarly, some other states like Punjab and Haryana have power requirements in the summer and monsoon seasons and have surplus in winters. This diversity provides lot of power trading opportunities.

States such as Punjab, Haryana, Gujarat and Maharashtra have entered into long term power purchase agreements in order to meet their peak requirement. For managing seasonal variations, distribution companies can utilize the short term market instead of tying long term purchase power agreements which require payment of fixed charges, even when there is no procurement of power during off-peak season.

### *Improvement in Transmission Infrastructure*

Adequate and reliable transmission capacity is a key enabler for power transactions in India. While generation capacity has been added at a faster pace over the last five years, the growth in transmission has not been commensurate enough to ensure congestion free transmission within the country, resulting in situations where a certain demand in a market could not be met even as supply is available elsewhere. Inter-regional transmission capacity has more than doubled in the five years leading up to the financial year 2017 to approximately 75,050 MW for the financial year 2017 from 27,750 MW for the financial year 2012. Augmentation of transmission capacity is expected to reduce transmission congestion, which is currently restricting short term transactions through exchanges. Further, implementation of open access and removal of procedural barriers will make open access transactions more lucrative for consumers, which in turn will benefit the exchanges.

### *Improving Health of Distribution companies: UDAY Scheme*

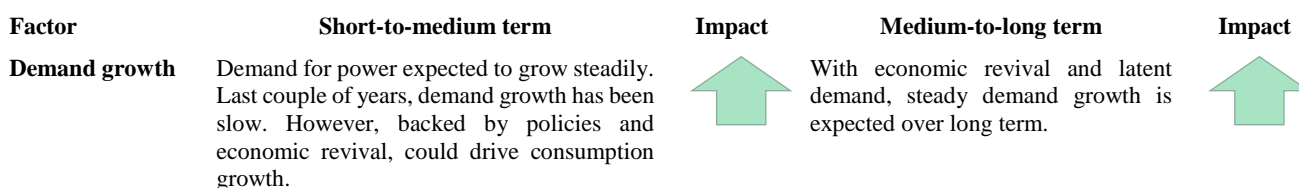
The Ujwal Distribution Companies Assurance Yojana (“UDAY”) is a scheme initiated by the Government of India with intention of improving the financial health of distribution companies. UDAY allows states opting for it to take over 75% of total debt outstanding in the books of their respective distribution companies as of September 30, 2015, and pay back lenders by selling bonds. Distribution companies are expected to issue bonds for the remaining 25% of their debt. With states issuing UDAY bonds worth approximately ₹ 2.32 trillion as of August 2017, it is expected that distribution companies’ financial health has improved owing to a reduced interest burden after transfer of debt to their respective state governments.

UDAY envisages Distribution companies to reduce their AT&C (Aggregate Technical & Commercial) losses to less than 15% by the financial year 2019. If the financial losses of the Distribution companies are not reduced, the future losses of the Distribution companies are to be taken over by the respective States in a graded manner, which will be a financial burden on the States. The Scheme is expected to push the Distribution companies and States to ensure loss reduction. Moreover, under UDAY, States and the Centre are expected to take steps to reduce cost of power for distribution companies.

















This is expected to ease the financial stress on distribution companies and improve their power offtake ability. Improvement in the financial health of distribution companies would enable them to procure cheaper power available at exchanges and reduce their overall power procurement cost.



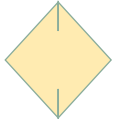





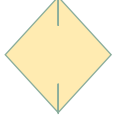







The overall growth in short term electricity trade at exchanges will be dependent on the demand and supply growth rates, long-term contracting by distribution companies, production and availability of domestic coal, availability of transmission corridors, and implementation of OA regulations by the states. The key drivers have been discussed in detail in this section.

The following chart sets forth key drivers of the short-term market:





Factor	Short-to-medium term	Impact	Medium-to-long term	Impact
<b>Seasonality Factors</b>	Seasonality in demand profile across various states in India offers opportunity for short term trading.		Seasonal demand variation across states would continue to offer trading opportunities for short term market in India.	
<b>Supply growth</b>	Record thermal capacity has been added in the past three years. A large portion of the capacity is driven by the private sector. Muted demand growth and record capacity addition over the last few years has created surplus supply situation. More than 35 GW of generation capacity in the private sector do not have long term contracts. Such surplus capacities are likely to be traded in the exchanges, resulting in volume growth in the exchanges. Present surplus supply scenario is expected to continue over immediate term.		After 2017-18, capacity addition might slow down, with no new project announcements in conventional energy. However, significant renewable energy capacity is expected to be added.	
<b>Phasing of old thermal power plants</b>	Thermal power plants over 25 years old is expected to be phased out. At present this capacity is over 40 GW. Most of this capacity is with State and Central Government utilities and tied up with Discoms on long term basis. Phasing out of these plants could result in shifting of such long term demand from the Discoms to short term market.		The process of phasing out of old thermal power plants is likely to be continuous process, resulting in gradual shift of long term volumes to the short term market.	
<b>Long-term contracting</b>	Long-term contracting is unlikely to resume, because of concerns over demand growth in the immediate term.		Owing to peaking requirements and limited margins in long-term contracts, volume is expected to rise in short term markets.	
<b>Power procurement cost optimization by Discoms</b>	The average power-procurement cost under long-term contracts (Case I bidding) remains significantly higher (Above Rs. 3.6/kWh in the recently concluded case I bidding), as compared to price discovered at exchanges. This provides the discoms to explore power exchanges to procure part of their power requirement from exchanges.		The oversupply situation is expected to continue in the power market over the long term, which is likely to be reflected in the price discovered at power exchanges. Exchange price is expected to remain lower than long term prices, resulting in shifting of volume from long term to short term power market.	
<b>Power procurement cost optimization by large consumers</b>	Open access consumers can optimize their power procurement cost by purchasing power from exchanges. With power tariffs in exchanges remaining low, large industrial consumers across many states are expected to increasingly procure electricity from the power exchanges.		The oversupply situation is expected to continue in the power market over the long term, which is likely to be reflected in the price discovered at power exchanges. Exchange price is expected to remain competitive, resulting in shifting of volume to short term power market.	
<b>Coal production</b>	Domestic coal production is set to increase in the near future and thus improve capacity utilisation of power plants contracted by states. Decreased price should improve open access		Improved capacity utilisation will likely create surplus generation for some states, which is expected to be traded in the short-term market.	
<b>Renewable energy</b>	Renewable energy capacity addition target has been set at 175 GW by 2021-22. With infirm power, dependence on the exchanges to increase. However, with more RE capacity in proportion to conventional, these capacities should increase the proportion of must-run stations.		Renewable energy capacity addition will be tied up, which is likely to free up thermal capacities contracted under state's merit orders. In the long term, with increasing share of RE, the supply curve will be exposed to more variability. Hence, consumers would rely more on short-term sources.	

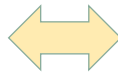
Factor	Short-to-medium term	Impact	Medium-to-long term	Impact
<b>Transmission</b>	Expected connectivity augmentation between western-northern region and western/eastern-southern region to provide a fillip to the short-term market.		Adequate transmission capacity is expected to add certainty for short term transactions and discoms can rely more on short term market.	
<b>Implementation of General Network Access (GNA)</b>	Implementation of GNA will ensure higher availability of transmission corridors for short term power trading. However, it is unlikely to be implemented in the short to medium term.		Once GNA is implemented, transmission constraints will be removed largely and trading through exchanges is expected to get fillip from such developments.	
<b>State OA</b>	State-level procedural issues and high cross-subsidy surcharge expected to remain, and restrict exchange volume.		With improvement in distribution financials, OA restrictions to be limited. Also, regulatory mechanism to push for OA reforms.	
<b>Open access registry</b>	Initiatives such as this would provide a transparent mechanism for consumers to seek open access.		Increase in competitive pressures might cause consumers to switch between options to secure power needs.	
<b>Share between trade modes</b>	Exchange to play dominant role in day-ahead, traders in term ahead. Tighter DSM regime can push discoms to move to day-ahead and intra-day markets.		Flexibility and transparency provided by exchanges could pose challenge to traders. Thus, shift from traders to exchange is expected.	
<b>DEEP Platform</b>	Initiatives like DEEP to restrain some growth from which exchanges could have benefited.		DEEP may continue to draw some volume, which might otherwise would have come to the exchanges. However, the impact might be limited to certain extent, as exchanges offer flexibility and transparency, resulting into efficient price discovery for the stakeholders.	
<b>Improving financial health of Discoms</b>	With the implementation of UDAY the financial turn-around is expected for discoms, which will increase power procurement appetite for the discoms.		Implantation of UDAY would ensure loss reduction, improvement of operational efficiencies, resulting in financial turn-around of discoms. This will improve power procurement capability of discoms.	
<b>Overall View</b>	Exchange volume expected to maintain its share in short term and total power. But in absolute terms, volume expected to witness slower growth as compared to 30.2% CAGR between 2009-10 and 2015-16		Reforms such as PFA 24x7, UDAY and impending amendments in EA, 2003 regarding separation of content and carriage hold potential for steady growth in volume. Also reduction in transmission constraints and market developments to aid exchange volumes	



Positive



Negative



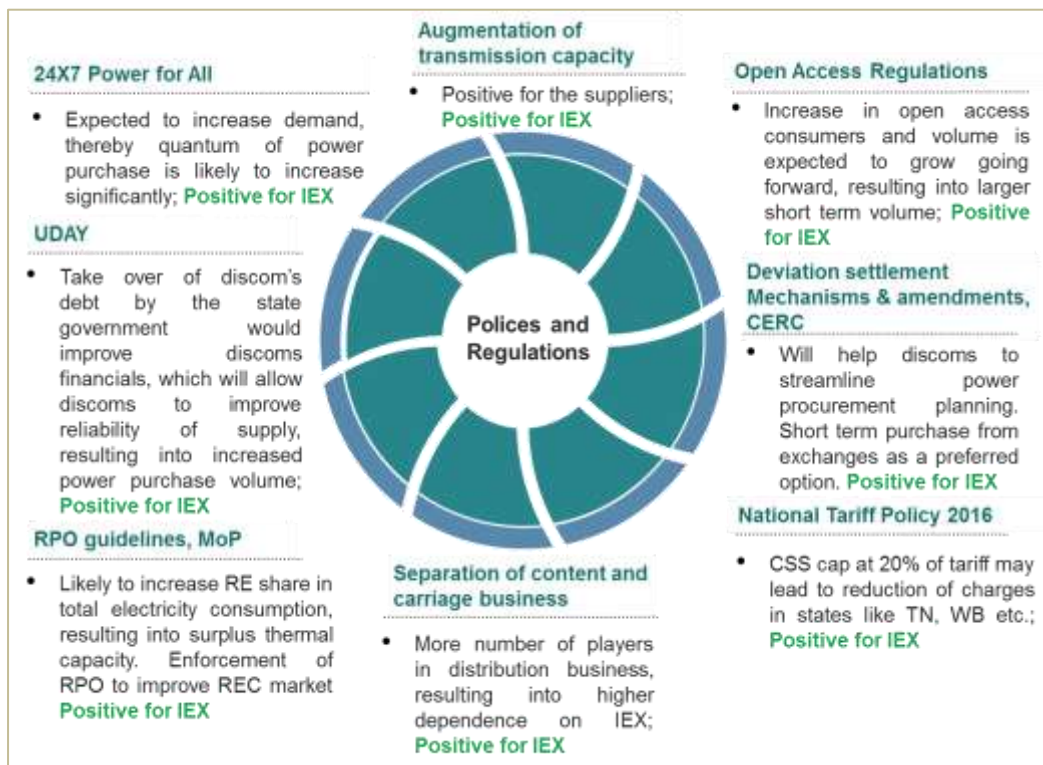
Neutral

Source: CRIS Analysis

### Impact of recent market developments on IEX

Regulations significantly impact the potential of exchange-traded volume, as the power sector is state driven, and subject to high degree of regulatory oversight. The following chart sets forth the impact of recent market developments on IEX:





Source: CRIS Analysis

### Short-term power: Market Potential

During financial year 2017, approximately 3.5% of the total electricity generated has been traded through exchanges. Regulations for open access, inter-state trading, and the power market have facilitated power trading in an organized manner. Going ahead, with record thermal capacity addition in the last five years, coupled with slowdown in long term contracting by distribution companies would render a lot of capacity untied. The electricity produced from such untied generation capacity is likely to be traded on exchanges.

The short-term power market will be largely driven by an evolving structure of open access provisions by different states, investments in the transmission sector, prudence on the part of distribution companies in optimizing power procurement cost, and price differential between electricity procured from distribution companies vis-a-vis exchange.

Availability of transmission corridor and high open access charges levied by distribution companies have been a concerning area for the short transaction of power. In this regard, the proposed connectivity augmentation between eastern-northern region, western-northern region and western-southern region are expected to reduce transmission congestion to a large extent and can provide much needed fillip to short-term power market. Also, the expected improvement in operational and financial performances of distribution companies due to implementation of UDAY, it is expected that distribution companies will allow unrestricted open access to large customers in the long term. Moreover, open access is expected to be a key enablers to promote Government of India initiatives such as 'Make in India', as it would allow industries to source power at a cheaper rate from short term market. Overall, the exchanges are expected to maintain their share in short term market, and grow at a healthy pace in the coming years.

Potential electricity volume to be sold through the short-term power market, and subsequently through IEX, have been estimated through a bottom-up approach over the financial year 2017 to the financial year 2022.

### Demand assessment

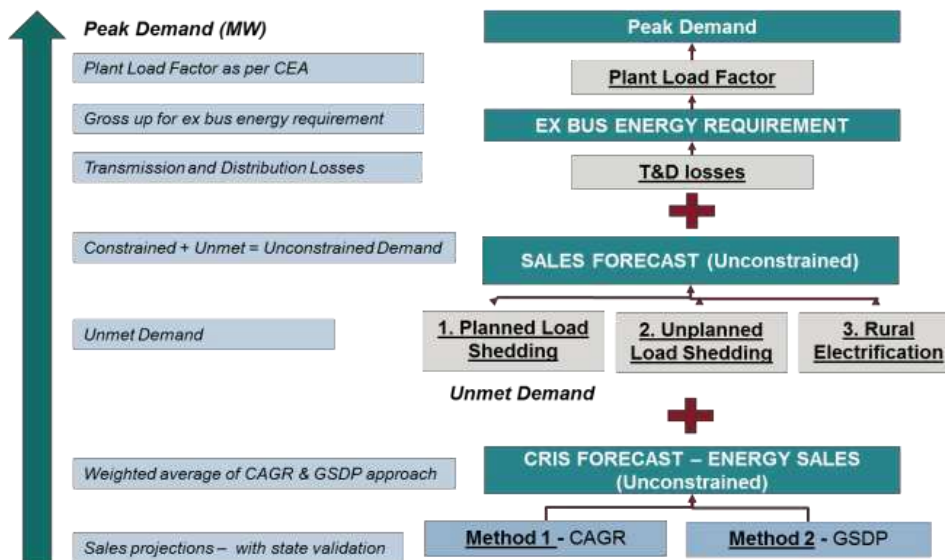
In the immediate term, India's energy requirement is expected to increase, owing to heightened industrial activity as part of the Make in India initiatives of the Government of India, growing penetration in transmission and distribution networks, rising per capita consumption, and much-needed government push in the form of policies such as '24X7 Power for All'. Further, efforts towards mitigating transmission and distribution losses and enhanced investments in transmission can increase the reliability of power supply, which will have wide-spread benefits. Improved reliability of supply will lead to progressively less reliance on back-up systems, be it large-scale captive power in the industry sector or batteries and inverters or small diesel generators in buildings.

Also, unmet demand – an estimated amount linked to the incidence of load-shedding in current electricity supply – is considerable. Fulfilling this demand, however, depends on multiple factors, including coverage of distribution systems, plans to extend the grid and availability of financing to realize these plans.

## Methodology

Peak energy requirement for each state has been estimated using two methodologies: (i) based on historical CAGR and (ii) correlation of peak demand with gross state domestic product forecast. A weighted average of energy requirement computed through both methodologies was considered (weights being dependent on the degree of correlation) as peak energy requirement for each state on-year.

The following chart sets forth methodology for state-wise peak demand assessment:



Source: CRIS Analysis

Further, adjustments for various factors, such as planned/unplanned load-shedding (addition), transmission and distribution losses (reduction) and load factors of plants, are carried out to arrive at peak demand forecast for each state. Trends on historical planned load shedding numbers, as approved by the SERCs has been considered and based on that quantum of planned load shedding has been included in the demand potential. Based on industry research and interactions with various stakeholders in the sector, unplanned load-shedding quantum has been factored in. The transmission and distribution losses have been obtained from guidance on transmission and distribution loss reduction trajectory provided under UDAY.

## Forecast for short-term power market

The estimated threshold price for short-term market acts as the highest economical tariff level for offtake of power from long-term sources/ through power purchase agreements. The aggregate of unmet peak, intermediate and base demands beyond this point in the merit order presents the potential volumes that can be procured from the short term market.

In the immediate term, the realization of estimated short-term market potential will be contingent upon:

- distribution companies moving towards more prudent decision-making with respect to balanced mix of long-term and short-term power procurement and optimizing their power portfolio;
- availability of inter-regional transmission capacities for short-term volume;
- mitigation of barriers/restrictions on open access by many states; and
- increase in procurement of power from exchange by industrial consumers through open access route.

With the augmentation of the present transmission and distribution systems, the demand of the states is expected to increase, to procure from the short-term markets. However, such augmentation plans would be dependent upon the availability of financial resources and is likely to take time. In view of all these issues, realization of full potential of the short-term market is expected to be restricted in the immediate term.

The demand for electricity in India, in the medium term, is expected to witness a healthy growth, driven by economic revival at a larger level, supported by government's efforts and initiatives like "Make in India", "24X7 Power for All", Deen Dayal Upadhyay Gram Jyoti Yojna and the development of smart cities. The peak demand is expected to reach an estimated 268 GW by 2022 from current levels of 159.5 GW in the financial year 2017. During the same period, the installed capacity of the country is estimated to reach 417 GW by the financial year 2022, which translates into 1,610 BU of electricity, from current

levels of 1,242 BUs generated during the financial year 2017. This increase in generation is going to be primarily driven by significant addition in renewable energy based capacity by 2022.

Further, the current untied capacity of 35 GW, owing to record thermal capacity addition in the last five years, is expected to inflate to around 40 GW by 2022, with another 50 GW of coal based power projects under different stages of construction. A major portion of the electricity produced from such untied generation capacity is likely to be traded in the short term market. The electricity to be traded in short term market as a proportion of generation is expected to reach 21.1% by 2022 as the transmission, open access and regulatory issues mitigate.

Overall, the short term electricity trade is estimated to grow at a CAGR of 20.2% during the period between the financial years 2017 and 2022, reflecting a 21.1% share in electricity generation from conventional sources in the country.

The following chart sets forth a forecast of total generation and estimated electricity trade in the short term market between the financial years 2018 and 2022:

Item	FY17 (Actual)	FY18 (Estimated)	FY19 (Estimated)	FY20 (Estimated)	FY21 (Estimated)	FY22 (Estimated)
Total generation (BU)	1242.0	1308.8	1376.5	1449.9	1526.6	1610.1
Total Generation from Conventional sources (BU)	1157.9	1206.2	1251.2	1298.8	1357.3	1422.3
<b>Short-term volume potential (BU)</b>	119.2	142.6	163.4	194.3	237.5	300.0
Short-term volumes /Total generation from conventional sources (%)	10.3%	11.8%	13.1%	15.0%	17.5%	21.1%

Source: CRIS Analysis

The share of traders, currently at 28.1% of power traded in the short term, is expected to gradually shift to exchanges. This is due to transparency and efficient price discovery mechanism at exchanges, resulting into lower prices at exchanges. In the direct bilateral (banking) segment, the share is expected to remain constant at 17.9% on a conservative basis. The share of electricity to be traded through the Deviation Settlement Mechanism, as a percentage of total volume of short-term transactions of electricity, has been on a constant decline from 39.2% in the financial year 2010 to 19.5% in the financial year 2017. Further market regulation and enforcement of stricter norms, going forward, coupled with availability of affordable power would lower utilities' dependence on the Deviation Settlement Mechanism. In view of this, the sale of electricity under this category is expected to decline marginally and expected to remain constant at 15% from the financial year 2021 onwards.

The following chart sets forth a short-term forecast of the power market forecast as percentages for the periods indicated:

Item	FY16(A)	FY17	FY18	FY19	FY20	FY21	FY22
Share of trader (%)	30.7%	28.1%	29.0%	27.0%	26.0%	25.0%	24.0%
Share of direct bilateral (Banking) (%)	20.9%	17.9%	18.0%	18.0%	18.0%	18.0%	18.0%
Share of DSM (%)	18.0%	19.5%	18.0%	17.0%	16.0%	15.0%	15.0%
<b>Share of exchanges (%)</b>	30.4%	34.5%	35.0%	38.0%	40.0%	42.0%	43.0%

Source: CRIS Analysis

Among the two exchanges currently operating in the country, IEX dominates the space, with an average share of over 93.5% of total volume traded through exchanges in last five years. In DAM and TAM combined, IEX constitutes approximately 98.5% of the total exchange trade during the financial year 2017. Owing to its robust technology platform and continuous initiatives towards development of power market, IEX is expected to maintain its dominant position going ahead.

The following chart sets forth a market forecast of the short-term power market (in billion units / percentage):

Particulars	FY17(A)	FY18(P)	FY19(P)	FY20(P)	FY21(P)	FY22(P)
Total volume for exchange (BU)	41.1	49.9	62.1	77.7	99.7	129.0
Share of IEX (%)	98.5%	98.0%	98.0%	98.0%	98.0%	98.0%
IEX volume (BU)	40.5	48.9	60.9	76.2	97.7	126.4

IEX volume/ Total generation from conventional sources (%)	3.5%	4.1%	4.9%	5.9%	7.2%	8.9%
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Source: CRIS Analysis

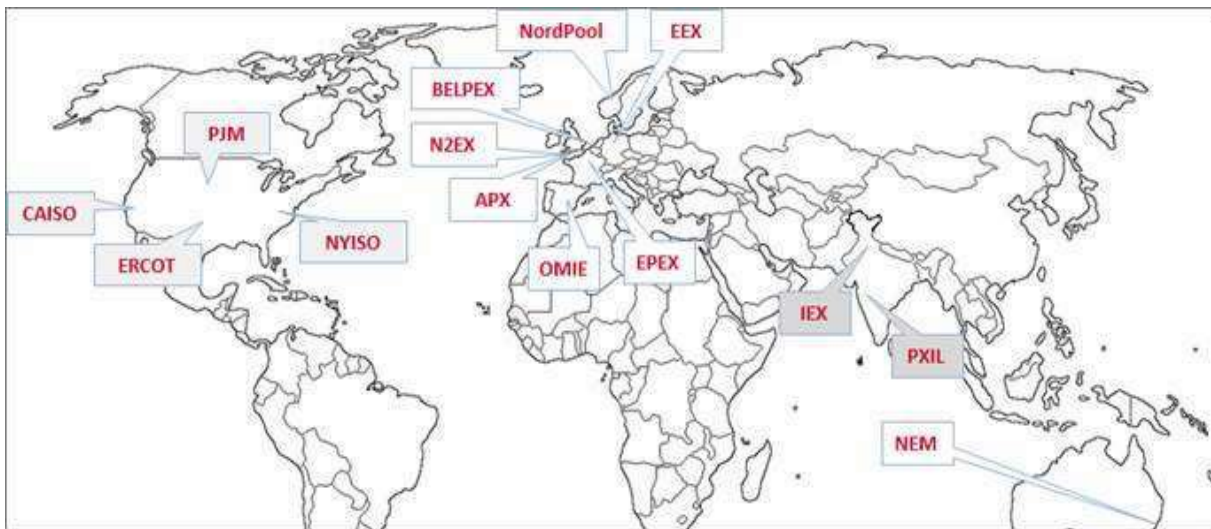
In view of the above, the electricity volumes to be traded on exchanges is estimated to increase to 8.9% of the total generation from conventional sources by the financial year 2022 from current levels of approximately 3.5% during the financial year 2017.

### International perspective: Power Exchanges

Power exchanges operating across the world work on the principle of market efficiency. Competitive price discovery mechanism, transparency and risk mitigation act as pillars of market efficiency. These factors have led to robust growth in volumes in global power exchanges.

In Australia and the US, all power is traded through a common pool. In the United States, power markets function as independent system operators. The European Union has a policy to create single market in Europe. The European power market is a conglomerate of regional markets, which are physically connected. India's wholesale power market resembles the EU power market, in terms of structure, competition, regulation and pricing.

The following chart sets forth power exchanges across the world:



Note: Map not to scale

Source: CRIS

### International power market structure

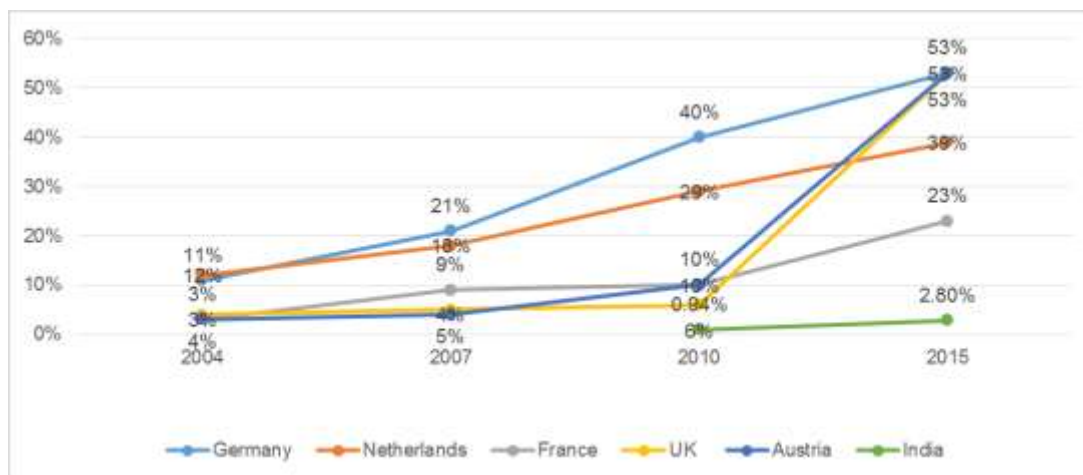
As most exchanges operate across several countries, DAM volumes are the sum-total of the turnover of individual power exchanges in all the countries of operation. In most EU exchanges, volumes are between 30% and 70% of energy consumption.

The following chart sets forth the structure of select international exchanges and volumes traded:

Country	Regulator	System operator	Exchange	Traded in exchange/ Total consumption
Nordic countries	EI, EMV, DERA, NVE	Statnett SF, Svenska Kraftnät	NORDPool	91%
UK	OFGEM	National Grid plc	APX, N2EX	53%
France	CRE	Réseau de Transport d'Electricité (RTE)	EPEX-SPOT	23%
Germany	Federal Network Agency	Separate operators for 4 zones	EPEX-SPOT	53%
Austria	E-Control	Verbund - Austrian Power Grid	EPEX-SPOT	53%
Belgium	CREG	Elia System Operator	BELPEX	29%

Source: CRIS Analysis

## Growth in traded volumes at power exchanges as percentage of national electricity consumption



Source: Council of European Energy Regulators (CEER); Annual Reports EPEX SPOT, N2EX, 2015

### Comparison of exchanges

India has developed an electricity market in a short span of four years - from being an unorganized market prior to 2004, it saw emergence of multiple power exchanges in 2008. Since then, the power exchanges have expanded considerably, in size and market share. However, it is pertinent to compare power exchanges across the globe with IEX to understand their structure and products offerings.

The following chart sets forth a comparison of product characteristics at select international exchanges:

	Nord Pool	IEX	PJM	NEM	EPEX SPOT
<b>Participation</b>	Voluntary for day-ahead and adjustment market	Voluntary	Compulsory for day-ahead market	Compulsory for day-ahead spot	Voluntary for day-ahead and adjustment market
<b>Market offerings</b>	Day-ahead spot, hour ahead	Intra-day market and limited forward contracts up to 11 days	Day-ahead spot, real-time balancing, capacity credits market	Day-ahead spot and short-term forwards	Intra-day market, day-ahead auction, and balancing market
<b>Bidding type</b>	Double-sided	Double-sided	Single-sided	Single-sided	Double-sided
<b>Adjustment market</b>	Intra-day auction market (Elbas technology platform)	Intra-day	Bid quantity can be changed till gate closure	-	Intra-day auction market
<b>Real-time/balancing market</b>	Counter-trade for real-time, participants are given MCP	Deviations are subjected to DSM charges	Deviations are traded in real-time	Through purchase of ancillary services, reserve capacity buying	Counter-trade for real-time
<b>Pricing rule</b>	Zonal pricing	Zonal pricing	Nodal pricing	Zonal pricing	Zonal pricing
<b>Pricing type</b>	Ex-ante	Ex-ante	Ex-post	Ex-post	Ex-ante
<b>Hedging options with participants</b>	Forwards and futures on separate markets	Bilateral OTC	FTRs-ARRs, bilateral OTC, multi-settlement market, virtual bidding, financial trading at NYMEX	Bilateral OTC, derivatives on Sydney futures exchange	OTC clearing
<b>Congestion management</b>	Market splitting	Market splitting	Security constrained economic despatch	Locational signals for transmission tariff	Market Splitting

	<b>Nord Pool</b>	<b>IEX</b>	<b>PJM</b>	<b>NEM</b>	<b>EPEX SPOT</b>
<b>Transmission losses</b>	Included in zonal price	To be purchased by participants	Included in LMP	To be purchased by generators	Included in the zonal price
<b>Time blocks</b>	Hourly blocks	15 minutes	Hourly blocks	Half-hourly blocks	Hourly block, 15 minutes

Source: CRIS Analysis

### **Potential products on exchanges**

At present, distribution companies are largely dependent upon long term contracts to meet their overall power requirements. However, to meet sudden increase or decrease in demand and seasonal variation in particular, the short term market, which would ensure such variations are addressed in an efficient manner, is needed. In this context, power exchanges would continue to play an important role in the future, necessitating new products to increase liquidity in the market, mitigating transmission congestion, and strengthening grid security and stability. All such products, as mentioned below, are already being traded in international power exchanges. Products such as green day ahead market (“**G-DAM**”) and energy-saving certificates (“**ESCerts**”) are expected to be introduced in Indian exchanges in near future. Other products, traded in the international power exchanges, could be also be introduced in Indian power exchanges.

#### *Energy saving certificates*

The Perform Achieve and Trade (“**PAT**”) scheme was introduced in 2008, under the National Mission for Enhanced Energy Efficiency, to step up and incentivise energy efficiency in large energy-intensive industries. The rules for the PAT scheme specify that ESCerts have to be transacted through power exchanges, thus presenting an opportunity for power exchanges in the immediate term. Under the PAT scheme, identified industry players and designated consumers are expected to achieve better energy efficiency targets in a cost-effective manner by reducing their specific energy consumption in specified time periods. The scheme provides the option to trade any additional certified energy savings with other designated consumers, to comply with the specific energy consumption reduction targets. The scheme covers 478 designated consumers from eight energy-intensive sectors—thermal power, aluminium, cement, fertiliser, iron and steel, pulp and paper, and textiles. It provides incentives to efficient industries, and at the same time, enforces penalty on industries not conforming to set norms.

#### *Green day ahead market*

Green day-ahead market is proposed to be based on collective transactions, and will function on similar lines as existing DAM at exchanges. It would comprise solar and non-solar day-ahead contracts, applicable for merchant capacity. G-DAM contracts will enable obligated entities procure renewable power at competitive prices, when they actually need power, and also green attributes to meet RPOs. In this context, it would offer an alternative market-based mechanism and stimulate renewable energy generation in the country.

G-DAM will provide an alternative mechanism to new generators and distribution companies. Prices from the market will provide right signals to drive investments in the sector, and encourage merchant plants to set up without signing up PPAs. This is important to achieve Government of India’s target of 175 GW RE by 2022. Distribution companies’ preference for green power over REC will be addressed, and small participants will be able to buy green power to meet their RPOs.

IEX has already filed a petition to CERC, seeking approval for introducing G-DAM exclusively for trading of renewable energy (power and green attributes) comprising both solar and non-solar contracts. Following the submission of the petition, CERC has conducted a hearing for the purpose for IEX and other stakeholders. The approval for introduction of G-DAM is awaited from CERC at present.

#### *Forward and futures market*

The current product portfolio on power exchanges focuses on short-term demand of electricity in the country. Generating companies and distribution companies currently lack price visibility over one year and beyond, and are thus exposed to price risks in the absence of a forward price curve. Forward markets provide such visibility and an important hedging options for generators as well as distribution companies. Introduction of longer-duration forwards and future contracts on the exchange allows for risk mitigation for participants, and improves overall liquidity in the market, thereby making it more efficient. The introduction of such financial products has proved to be successful in developed markets.

A forward contract includes an obligation to buy or sell a specified quantity of an asset at a certain future time for a certain price. Forward contracts can be traded bilaterally, or over the counter, or as standardized contract on exchanges. Future contracts are standardised contracts which are traded on and cleared by an exchange; these are financially settled. Additionally, the seller of a futures contract of a commodity does not normally intend to deliver the actual commodity nor does the buyer intend to



accept delivery; each at any time prior to delivery specified in the contract, can cancel out obligation by an offsetting purchase or through cash.

A key difference between forward and futures contracts is that the buyer or seller of a futures contract will suffer short term losses (or realise short-term gains) as the futures price changes on a day-to-day basis.

In India, generally contracts for delivery in future, settled through delivery are referred to as forward contracts, whereas, those having option to settle through cash without physical delivery are referred to as futures contract. In the Indian context, there is lack of clarity with respect to regulatory control for such contracts. In the future, with possible clarity on regulatory direction, volumes on this basis that are currently traded through bilateral contracts, are expected to be traded through exchanges.

At present, there is uncertainty with respect to regulatory oversight of Commodity Market Regulator and CERC for forwards and futures. The issue is under judicial consideration with the Supreme Court of India.

#### *Ancillary services market*

The Indian Electricity Grid Code defines ancillary services in relation to power system (or grid) operation, as services necessary to support the power system (or grid) operation in maintaining power quality, reliability and grid security, for example, active power support for load following, reactive power support and black start.

In 2014, CERC tightened the operating frequency band between 49.7 Hz and 50.1 Hz to ensure secure power system operation, which was imminent given the integration of the NEW grid with SR grid. The provision in the regulations require the state and regional load despatch centres (“LDCs”) to procure power close to real time not only from outside their control areas, but also from within, with time intervals which could range from a few seconds to minutes and hours.

With full integration of the national grid, reliable operation of such a large power system requires robust primary, secondary, and tertiary control of frequency. Many states such as Tamil Nadu, Gujarat, and Rajasthan have huge variable renewable energy-based generators, where the problem of maintaining frequency and tie line flows within limits, in the absence of adequate and economical in-state balancing resources, may become unmanageable. This operational requirement of large grid imposes responsibility on regulators to create a new market for ancillary services and re-invigorate the intra-day market.

In its staff paper, CERC conceived ancillary services market in the context of frequency support ancillary services (load following), voltage control ancillary services and black start ancillary services. The CERC has observed that while international experience suggests ancillary services should be a purely market-based instrument through exchanges, it would be desirable to introduce these services in a calibrated manner in India. CERC mentions the market framework would be introduced at a later point when more providers would be enabled to participate in these services. Power exchanges would play an important role in development of these markets, as the participants would be able to bid for such services on the exchanges.

#### *Capacity market*

Capacity markets allow for payment of capacity charges to peaking generators, thereby encouraging investments. The need for implementation of capacity markets in India derives importance from lack of peaking capacity and current day-ahead market is energy-only market, where generators are not fully compensated for of their capacity charges.

Prices discovered in DAM in India are close to system marginal costs of generation, and thus indicate efficiency of markets in maximising social welfare. These prices are close to variable costs of operation of power plants despatched at the margin. All power systems require an efficient mix of base load and peaking power plants.

When prices track marginal (variable) costs, investors do not recover their fixed costs, and may incur economic losses. This is defined as the problem of “missing money” in US electricity markets. In view of these, a separate market for “capacity” has been conceived in the United States and the United Kingdom.

During 2008 and 2009, when electricity prices were high and the wedge between variable costs and prices was substantial, considerable new investment in capacity took place in India. However, low prices in recent times have not only stymied new investments, but also hampered operations of many plants. This warrants establishment of capacity markets to encourage investment and enable markets to function better.

#### *Financial transmission rights*

Exchange-based markets currently thrive on residual transmission capability that is left over after being allocated to long, medium, and bilateral short-term electricity markets. Therefore, in the present context, the ability of power exchanges to deliver efficiency for the sector and economy are constrained. Transmission across congested nodes in the grid are being allocated, based on e-bids conducted by regional LDCs. E-bidding, as implemented, is a point-to-point mechanism which allows only trading partners in bilateral trades to participate. Many a time, energy prices in a certain region may be slightly higher than the sum of energy prices and transmission prices discovered through e-bidding. This points to an inefficient market, wherein buyers in the day ahead market are willing to pay a price greater or equal to the price paid by the consumers operating in the bilateral

market and located in the region, but the former may not get transmission corridor. This inefficiency could be alleviated by allowing all the traders or market participants to contest for transmission rights between bidding zones on the power exchanges.

With transmission rights in place, all grid-connected entities and traders are allowed to purchase transmission rights in an auction for a specific point of injection and point of delivery. The auction is held on the exchange, and the highest bidders are allocated capacity between the desired points of injection and withdrawal, based on the price quotes. Power exchanges are expected to play a critical role in further development of electricity markets. Transitioning from its role of providing price signal for investments, the exchange would now also act as a risk mitigation platform.



## OUR BUSINESS

*Investors should note that this is only a description of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Red Herring Prospectus, including the information in the sections “Risk Factors” and “Financial Information” on pages 18 and 160, respectively. An investment in the Equity Shares involves a high degree of risk.*

### Overview

We are the largest exchange for the trading of a range of electricity products in India (our “**Exchange**”), in terms of traded contract volumes in the financial year 2017 according to the Central Electricity Regulatory Commission (the “**CERC**”). Electricity products traded over our electronic trading platform comprise (i) electricity contracts in blocks of 15 minutes in the day-ahead-market (the “**DAM**”), (ii) electricity contracts for fixed terms in the future, such as intra-day contracts, day ahead contingency contracts and contracts up to 11 days ahead, known as the term-ahead-market (the “**TAM**”) and (iii) renewable energy certificates (“**RECs**”). We have commenced the trading of energy saving certificates (“**ES Certs**”) on September 26, 2017.

We are one of two exchanges in India that offer an electronic platform for the trading of electricity products and have a substantial majority market share among the power exchanges in India. The DAM constitutes the substantial majority of the energy contracts that are traded on our Exchange. In the financial years 2016 and 2017, we commanded a 99.6% and 99.4% market share, respectively, of electricity contracts in the DAM, in terms of volume, according to the CERC. According to the CERC, in the financial years 2016 and 2017, 93.7% and 94.8% of the traded contract volumes of electricity contracts in the DAM, TAM and RECs combined, were conducted over our Exchange.

The Indian power market, in terms of electricity generated, consisted of 89.7% of long term and medium terms electricity contracts (contracts for periods of one year or over) and 10.3% of short term electricity market (contracts for periods of under one year) for the financial year 2017, according to the CERC. The short term electricity market includes contracts through licensed traders, direct bilateral contracts, deviation settlement mechanism (“**DSM**”) and contracts traded over power exchanges. The share of electricity contracts traded over power exchanges has grown from 23.8% to 34.5% of the short term market between the financial year 2013 and the financial year 2017, according to the CERC. Further, according to CRIS, the short term electricity market in India is expected to grow to 21.1% of electricity generated in India by the financial year 2022, of which 43.0% is expected to be traded over power exchanges.

Our Exchange is an online platform which is accessible to registered participants throughout India. It promotes efficient price discovery and offers participants on our Exchange the opportunity to trade in a variety of electricity products. Our Exchange increases the accessibility and transparency of the power market in India and enhances the speed and efficiency of trade execution. In addition to trade execution, our Exchange offers settlement services, including electronic trade confirmation, access to clearing services and risk management functionality.

Trading in the DAM and TAM product categories through our Exchange provides participants with a means to meet their power requirements and manage, among other things, availability and price of electricity. Our Exchange primarily brings together sellers of power, such as independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, such as distribution companies and industrial, commercial and institutional power consumers, and provides them with a transparent, neutral and automated platform for trading of electricity. Trading on our Exchange is done by our members on their own behalf and on behalf of their clients, who are together known as participants on our Exchange. Trades with respect to electricity contracts traded in the DAM and TAM are physically settled, meaning that settlement is made through physical delivery of electricity itself. We do not own or trade electricity products for our own account.

We are a professionally managed company. In August 2016, we received three ISO Certifications: ISO 9001:2008 for quality management, ISO 27001:2013 for information security management and ISO 14001:2004 for environment management. We were recognized as the ‘Leader in Power Market Development’ by Council of Power Utilities in 2015 and awarded the ‘Exchange of the Year’ Award by Power Business View in 2014. For further details of our awards see “– Awards and Recognitions” on page 125.

As of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017. Our participants registered to trade electricity contracts are located across 29 states and five union territories in India, and include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. In the financial year 2017, participants traded and cleared 40,528 million kWh of power on our Exchange. The volumes for the financial year 2017 represent a growth of 77.5% from 22,827 million kWh of power traded on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 19,715 million kWh of power on our Exchange.

As of August 31, 2017 in addition to the participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers. In the financial year 2017, participants traded and cleared 4.62 million RECs on our Exchange. The volumes for the financial year 2017 represent growth of 132.0% from 1.99 million RECs traded and cleared on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 0.91 million RECs on our Exchange.

In the financial year 2017, we generated total revenues of ₹2,374.23 million and our profit after tax was ₹1,135.65 million. For the three months ended June 30, 2017, we generated total revenues of ₹616.58 million and our profit after tax was ₹306.31 million. Our total revenues and profit after tax have grown at CAGR of 14.45% and 14.40%, respectively, between the financial year 2013 and the financial year 2017. See “Summary Financial Information” on page 50.

## **Strengths**

We believe that our historical success and future prospects are directly related to a combination of strengths, including the following:

### ***Efficient price discovery and flexibility on our Exchange***

Our Exchange is an online platform which is accessible by participants throughout India. It promotes efficient price discovery and offers the participants on our Exchange the flexibility to trade in a variety of electricity products. Our Exchange primarily brings together sellers of power, such as independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, such as distribution companies and industrial, commercial and institutional power consumers, and provides them with a transparent, neutral and automated platform for trading of electricity. We believe our Exchange increases the accessibility and transparency of the power market in India and enhances the speed and efficiency of trade execution.

The price discovery in the DAM is through double-sided closed auction, transacted for each 15 minute period of the next day. The participants on our Exchange submit their demand and supply requirements and price points. Price discovery on our Exchange occurs based on these offers and bids submitted by the participants. As a result, prices cleared on our Exchange are competitive. According to the CERC, for each of the financial years between the financial years 2013 and 2017, the annual average cleared price on the power exchanges in India has been lower compared to the annual average price for power transacted through direct bilateral contracts in the short term market.

Distribution companies and power generators can project their demand and supply positions more accurately on a day-ahead basis. Our Exchange offers the option to the distribution companies to true-up their buy or sell positions based on the day-ahead projections. In the DAM, we offer participants the option to trade for any or all 15 minute time block basis or combinations thereof, for the subsequent day. This allows the participants to manage their portfolio with a granularity of up to 15 minutes.

Our Exchange also provides flexibility to the participants for buying and selling on the same day in different time blocks and thereby the ability to manage their requirements more efficiently. Our Exchange has also provided a variety of order types within the DAM to meet the needs of the participants and provide them more flexibility, such as ‘single bids’ which allows the participants to specify multiple sequences of price and quantity pairs in a portfolio manner, ‘block bid’ for all or none orders wherein the participants can specify one price and one quantity for a combination of continuous 15 minute time blocks. The participants can further link these bids and set priority for bid selection to manage their power portfolio more efficiently.

This flexibility is further extended under the TAM contracts. Intraday contracts allow the participants to trade till three hours before intended delivery of electricity to manage any contingencies. In addition, the participants can trade electricity for the next day through day-ahead contingency contracts, on a daily basis for rolling seven days through daily contracts and on weekly basis through weekly contracts, to manage their electricity portfolios for different durations. The participants can bid for a quantum as low as 0.1 MW to buy or sell through our Exchange, allowing flexibility in terms of quantum to be purchased or sold. In addition to trade execution for electricity contracts, our Exchange offers trading in RECs, settlement services, including electronic trade confirmation, access to clearing services and risk management functionality.

### ***First and largest energy exchange in India with strong brand recognition***

We are the largest exchange for the trading of a range of electricity products in India, in terms of traded contract volumes in the financial year 2017, according to the CERC. We are the first energy exchange in India, having commenced operations in June 2008. Stemming from our significant operational track record and by achieving international quality certifications, we believe that we enjoy the early mover advantage and strong brand recognition among participants in the energy trading industry in India.

We have successfully grown our operations since the inception of our business and enjoy a significant share of the short term power trading market in India. According to the CERC, in the financial years 2016 and 2017, 97.9% and 98.5% of the traded contract volumes of electricity contracts in the DAM and TAM combined, respectively, and 63.3% and 71.2% of the cleared volumes of RECs, respectively, were conducted over our Exchange. In the financial year 2017, participants on our Exchange

traded and cleared 40,528 million kWh of power and 4.62 million RECs on our Exchange. For the five months ended August 31, 2017, participants traded and cleared 19,715 million kWh of power and 0.91 million RECs on our Exchange. The volumes for the financial year 2017 represent a growth of 77.5% from 22,827 million kWh of electricity contracts, and growth of 132.0% from 1.99 million RECs traded and cleared on our Exchange in the financial year 2013. We believe that our operational experience and scale of operations as the largest energy exchange in India, coupled with the growth expected in the short term electricity market, would continue to deepen the liquidity of electricity contracts and other electricity products available to trade on our Exchange and, in turn, will enable us to grow both the number of participants and the volume of trades cleared on our Exchange.

#### ***Fast growing domestic market with conducive Government policies and regulations***

We believe that our business benefits from conducive domestic market dynamics. According to CRIS, peak demand for power in India is expected to grow at a CAGR of approximately 7.3% between the financial year 2017 and the financial year 2022, which, in turn, is expected to increase the amount of power that can be traded through energy exchanges. Further, according to CRIS, the power generated in India is expected to grow by 29.6% between the financial year 2017 and by the financial year 2022. Energy exchanges have been gaining popularity as a platform for trading power due to the transparency of the trading process and efficient price discovery mechanism offered by such exchanges. The proportion of energy traded over power exchanges grew from 23.8% to 34.5% of the short term market between the financial year 2013 and the financial year 2017, according to the CERC.

At the same time, we believe that our business is well placed to benefit from conducive Government policies and regulations that encourage the trading of energy and increase the volume of electricity products available to be traded over exchanges. For example, pursuant to the Electricity Act, the CERC promulgated the CERC Open Access Regulations in 2004 and 2008, last amended in 2016, which allow eligible parties to access transmission networks and for collective and bilateral power transactions which helped in streamlining trading in electricity. Further, the CERC promulgated the CERC Power Market Regulations in 2010 which regulate market structure, operations and risk management norms of power exchanges. The CERC has issued the CERC Recognition and Issuance of REC Regulations in 2010 in order to establish the market for RECs, and also issued the CERC ESCerts Regulations in 2016 setting up the framework for trading in ESCerts. We have also received the consent of the CERC to commence trading of ESCerts on our Exchange. Such regulations have resulted in additional product categories traded on our Exchange.

In addition, most state electricity regulatory commissions have allowed open access to their state grids, which has facilitated wider participation in energy trading and has increased the liquidity of electricity products in the market. Further, in recent years, the CERC has also increased the penalties imposed on power generation and distribution companies for unscheduled drawl and injection of electricity, which has encouraged such companies to manage their short-term power requirements through the power exchanges. According to CRIS, the Government of India's UDAY scheme for the revival and financial turnaround of Government owned electricity distribution companies in India, the '24x7 Power for All', the 'Make in India' initiatives to encourage manufacturing, initiatives for augmentation in electricity transmission capacity and implementation of open access, are expected to positively affect the demand for electricity and the market for electricity contract trading in India. See "Industry Overview – Key Drivers for short term market" on pages 99 to 102 for further details.

#### ***Diverse participant base ensuring liquidity on our Exchange***

We have achieved deep penetration of the market for trading of electricity over exchanges, and as of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017. Our participants registered to trade electricity contracts include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. As of August 31, 2017, in addition to participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers.

Our participants are located in 29 states and five union territories in India and include companies across, among others, the textile, metals, chemicals, automobiles, food processing, cement, ceramics, plastics, housing and commercial real estate, consumer goods and information technology industries in India. The diversity of our participant base leads to increased liquidity of electricity contracts and other electricity products on our Exchange, both in terms of demand and supply.

#### ***Highly scalable and proven technology infrastructure***

Our energy trading platform, which we have used since 2012 for our business operations, provides a rapid, accurate and efficient trade execution mechanism and caters to the requirements of pre and post-trade functionalities. We believe our platform is a flexible, reliable and secure system for trading of energy contracts. We use a trading software, developed by 63 Moons Technologies Limited ("63 Moons"), which is critical to maintain the anonymity of bids, the integrity of the price discovery mechanism, implementation of risk management procedures and catering to the requirements of all pre and post trade functionalities on our Exchange. Our trading software is capable of handling complex order types and is also capable of deriving results under the grid condition of power transmission congestion. Our trading software is capable of handling 30 price areas

across the country, out of which we are currently using only 13 price areas. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes). See “– Description of Our Business – Technology” on pages 123 to 124.

Our platform is accessible online and is designed to be highly scalable, such that we can expand capacity and add new products and functionality efficiently and at relatively low cost without disruption to our markets. At the same time, we also expect the highly scalable and adaptable nature of our platform to allow us to quickly expand into existing and new geographic markets, in particular states with significant consumption of power and those neighboring countries which are electrically connected to power grids in India, such as Bhutan, Bangladesh and Nepal. See “– Strategy – Expand into new geographic markets” on page 115. We have regularly allocated substantial resources towards upgrading our information technology systems and infrastructure, in order to improve market efficiency and transparency, enhancing user experience and providing flexibility for future business growth and market needs. We believe that our commitment to using and investing in technology to enhance our platform will continue to contribute to the growth and development of our business.

#### ***Professionally managed company with a highly qualified and experienced management team***

We are a professionally managed company. We believe that our governance structure promotes shareholder value and the operation of fair and efficient markets. In addition, in accordance with applicable regulations, we do not participate as a principal in any power trading activities and our members are not allowed to own over 5% of our share capital individually and 49% of our share capital in aggregate, which we believe allows us to avoid potential conflicts of interest.

We have a qualified and experienced management team led by our Managing Director and Chief Executive Officer, Satyanarayan Goel, who has over 38 years of experience in the power industry. He is ably supported by an 11 member senior management team, having experience ranging from 14 to 31 years, in their respective areas of operation. We believe that our management team has been able to take advantage of market opportunities, formulate sound business strategies and execute them in an effective manner. Our management team has successfully grown our Company.

#### **Strategy**

We intend to continue increasing our revenues and market share through the following key strategies:

##### ***Market development to encourage trading of power over exchanges***

We plan to continue our initiatives to increase trading of electricity contracts on our Exchange, such as engaging with major distribution companies to work on strategies for reducing and optimizing their power procurement costs by trading electricity contracts on our Exchange, conducting capacity building workshops for power distribution companies and encouraging initiatives to reduce power procurement costs.

In order to assist distribution companies to optimize their power purchase costs we have launched an initiative, ‘Smart Procurement’. As a part of this initiative we encourage distribution companies to utilize our Exchange, replacing the high variable cost power procured from generation plants, while retaining their long term contracts by paying associated fixed charges. This initiative meets the objectives of the UDAY scheme announced by Government of India.

Further, we intend to continue our efforts to work in different states in India and assist in developing a more conducive policy and regulatory framework to enable industry participants to trade on our Exchange. We also interact with stakeholders to rationalize open access charges levied on participants, thus enabling participants in such states to access power through our Exchange at more reasonable prices and increasing open access volumes from such states. In addition, we as member of the Advisory Committee of State Electricity Regulatory Commissions of ten states, contribute towards development of the power market at the state level in India. We also intend to continue working with central and state Governments and regulators to encourage the development of relevant infrastructure, regulatory and policy framework to support trading on our Exchange.

##### ***Attract new participants and increase trading activity on our Exchange***

We plan to continue to expand our member and client base by targeting new industry participants and by offering electronic trade execution and processing capabilities that appeal to a broad range of industry participants, together with providing new participants a way to plan their power procurement and optimize their costs. We have grown the total number of participants registered to trade electricity contracts and RECs on our Exchange from over 2,900 as of March 31, 2013 to over 5,800 as of March 31, 2017 and over 5,900 as of August 31, 2017. As part of our efforts to attract new participants, we are undertaking several marketing initiatives, such as:

- publishing and disseminating data and reports; conducting a variety of focused meetings for identified industry sectors, interactions, workshops and meetings on our own or in collaboration with industry associations; these events are usually organized in metropolitan cities, state capitals and industry clusters countrywide, in order to grow our business from existing participants as well as target new participants;

- focus on new participants that have significant demand for power, such as deemed distribution licensees which include special economic zones and railway companies; and
- utilizing established industry linkages through several industrial forums, such as the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry of India, PHD Chamber of Commerce and Industry and the Council of Power Utilities to increase our reach to new participants and industrial clusters and increase the awareness of our product offerings among participants of the power industry.

We expect increasing the number of new participants on our Exchange to not only result in an increase in revenue but also increase the liquidity of electricity products available on our Exchange. Such increase in liquidity is also expected to encourage increased trading activity from our existing participants.

***Expand into new geographic markets***

We plan to offer our products in neighboring countries such as Bhutan, Bangladesh and Nepal, all of which are connected at one or more points with the Indian power grid. We intend to leverage the guidelines issued by the Government in December 2016, which enable cross-border trade of electricity contracts with neighboring countries through Indian power exchanges, initially in the TAM product categories. We expect the CERC to issue regulations for further facilitating the trading of electricity contracts in the TAM product categories in the near future. We also intend to engage the relevant regulators in India and in neighboring countries to develop collaboration opportunities with the local power grid companies so as to allow participants from these countries to trade on our Exchange. Expanding into such new geographic markets would allow us to increase our customer base and also enhance the liquidity of electricity products available on our Exchange. In the longer term, we also intend to explore and pursue strategic investments in and alliances with international power exchanges that will enable us to supplement our internal growth, expand our trading products and related services, advance our technology and take advantage of experience and new developments in international energy markets.

***Develop new products and services***

We intend to continually develop and launch new products designed to meet market demand and the needs of our participants. The CERC issued the CERC ESCerts Regulations in 2016 and we have received the consent of the CERC to commence trading of ESCerts on our Exchange. We have commenced the trading of ESCerts on our Exchange on September 26, 2017. In addition, we are attempting to develop products for trading in renewable energy contracts. Further, we intend to work on developing capacity markets and longer duration contracts, including futures and options, in electricity contracts and other electricity products. As the Indian power industry is heavily regulated and all electricity products that may be traded over our Exchange require approval from the CERC, we intend to continue to engage with the CERC, other relevant Government authorities and industry participants to develop electricity products that respond to our participants needs and also meet the regulatory requirements.

Our membership of the Association of Power Exchanges, ‘APEX’, and our memorandum of understanding with EPEX Spot, provide us with updates on global advancements and knowledge sharing opportunities.

***Focus on technology including increasing connectivity to our trading platform***

We plan to improve our information technology systems and infrastructure and our front- and back-end functions in response to technological developments, customer demand and competitive pressures. We continue to improve our core IT capabilities, platform infrastructure and the user-friendly interface of our trading systems, in order to maintain our systems’ reliability, performance and security, add new order types and services and enhance our participants’ experience. We monitor to safeguard against system disruptions during periods of high trading activity.

We also plan to continue to invest in our technology to increase connectivity to our trading platform by extending access to our platform to clients of our members. We are in the process of offering a computer-to-computer link to our trading platform so as to allow our members to individually develop their own software which would, in turn, allow their own clients to directly access our trading platform. We believe that facilitating and allowing clients to access our trading platform through the accounts of our members would encourage higher trade volumes and a higher frequency of trading from clients.

**DESCRIPTION OF OUR BUSINESS**

We have experienced significant growth since commencement of operations of our Exchange in 2008 and are the largest exchange for the trading of a range of electricity products in India, in terms of traded contract volumes in the financial year 2017, according to the CERC.

## Our Products

Our Exchange is accessible throughout India and promotes price discovery and offers participants the opportunity to trade a variety of electricity products. Our key products comprise the following:

- **DAM electricity contracts.** Trading in the DAM commenced on our Exchange in June 2008. The DAM provides for trading of 96 separate electricity contracts, of 15 minutes time blocks each, for the subsequent day, commencing at midnight. Our participants are able to participate in a uniform price double-sided closed auction process. Buyers and sellers electronically submit bids during the market session and the matching of bids is done on double sided closed auction mechanism with uniform market clearing price. The minimum allowable quantity to be bought and sold is 0.1 MW, with a minimum increment size of 0.1 MW of electricity. Correspondingly, the minimum price increment is ₹1.0 per MWh. Trading in the DAM is carried out in accordance with the CERC Power Market Regulations, CERC Open Access Regulations, as amended from time to time, the 'Procedure for scheduling of collective transactions' issued by the Power Grid Corporation of India Limited and the bye-laws, rules and business rules of our Exchange approved by CERC.
- **TAM electricity contracts.** Trading in the TAM commenced on our Exchange in September 2009. Our participants are able to participate in trading of contracts for the delivery of electricity for the time frame other than for the DAM electricity contracts, and for periods up to the subsequent week. Buyers and sellers electronically submit their bids during the market session. The TAM contracts cover range of options for electricity for the duration of up to 11 days. It enables participants to trade electricity for the same day through intra-day contracts, for the next day through day-ahead contingency contracts, on a daily basis for rolling seven days through daily contracts and on weekly basis through weekly contracts, to manage their electricity portfolios for different durations. These contracts are region specific and can be further differentiated on time of day basis, for example, for all 24 hours, peak times and off-peak times. Our Exchange enables trading in day-ahead contingency contracts, intra-day contracts, daily contracts through the continuous trade methodology, i.e., on a real time basis with price and time priority as the matching criteria. Our Exchange enables trading in weekly contracts through a uniform price auction methodology.

*Day-Ahead Contingency Contracts:* These are hourly contracts available for trading on day-ahead basis for 00:00 hours to 24:00 hours of the next day.

*Intra-Day Contracts:* These are hourly contracts available for trading for the same day as the day of the trade. The intra-day contracts are one hour based rolling contracts and are available for trading three hours prior to the start of delivery. 20 hourly contracts are available for trading for delivery starting from 04:00 hours to 24:00 hours in a day.

*Daily Contracts:* Contracts available for trading on a rolling basis, i.e. for every trading day, seven daily contracts starting from the fifth day onwards are available. The duration of the contract can be for a specific time period, including for the entire day, peak time and off-peak times.

*Weekly Contracts:* These contracts are traded for the subsequent week. Trading in weekly contracts is conducted for contracts of seven days at a stretch, commencing Monday to Sunday of every week.

- **Renewable Energy Certificates.** The trading of RECs on our Exchange commenced in February 2011. RECs are market based instruments, classified into solar RECs and non-solar RECs, that represent the environmental attributes of electricity generated from renewable resources, and enable sale of such environmental attributes, separately from the electricity generated from renewable resources, in accordance with the regulations issued by the CERC. RECs are traded on the last Wednesday of a month. RECs seek to address the mismatch between the availability of electricity generated through renewable resources and the requirement for certain entities to ensure that a proportion of their annual electricity consumption is met from renewable resources. The renewable energy generators sell electricity to distribution companies at their average power purchase cost, or utilize the same for captive consumption, or sell it to third parties, while selling the green attribute of the renewable electricity through RECs. See "Industry Overview – Market mechanism for renewable energy" on page 92.

As per the regulations issued by the CERC, RECs are only permitted to be traded through power exchanges, such as our Exchange. The floor and ceiling price of solar and non-solar RECs is periodically revised by the CERC and the price discovered for RECs remains in between such floor and ceiling prices.

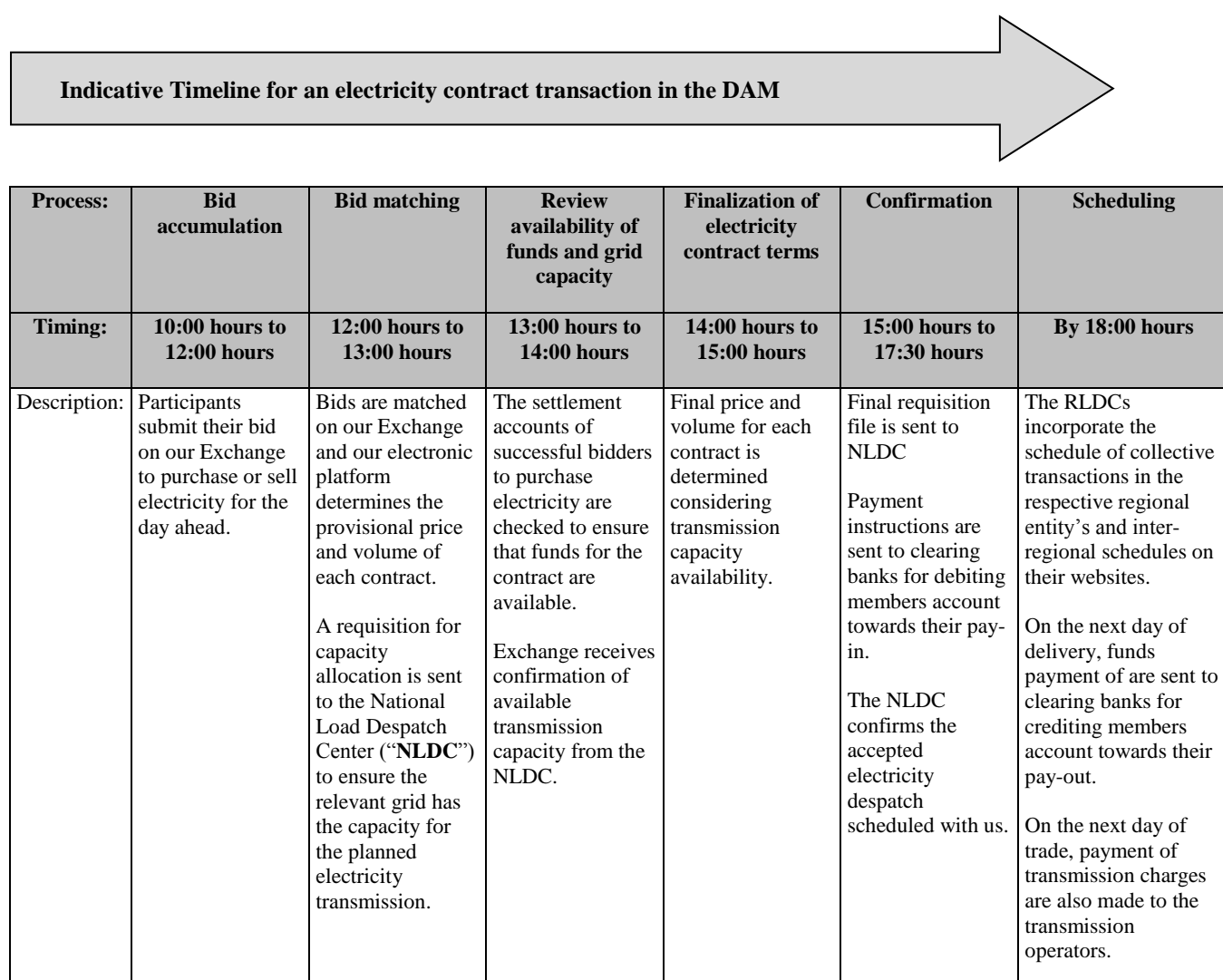
- **Energy Saving Certificates.** We have received necessary regulatory and procedural approval for commencement of trading in ESCerts. We have commenced the trading of ESCerts on our Exchange on September 26, 2017. The ESCert is a market based instrument created under the Perform Achieve Trade ("PAT") scheme of the Ministry of Power, Government of India. Under the PAT scheme, consumers in energy intensive industries and sectors are identified and are required to reduce their specific energy consumption for every compliance period, in accordance with specified targets. Consumers achieving reductions above their targets will be issued ESCerts, which will be traded on our Exchange. Consumers who are unable to meet their targets in accordance with the PAT scheme, will have to buy the ESCerts to offset their shortfall. Consumers achieving reductions above their targets will also be able to bank their

ESCerts for the next compliance period. The Bureau of Energy Efficiency (“BEE”) is empowered as administrator to notify the different compliance periods and designate consumers covered under that period, together with their respective targets. As per the regulations issued by the CERC, ESCerts are only permitted to be traded through power exchanges, such as our Exchange.

## Our Trading Operations

We provide electronic trading platforms to our members for the DAM and TAM as well as for RECs. In the DAM, our electronic trading platform employs a comprehensive and complex matching with double-sided auction mechanism which takes into account transmission constraints across all bid (price) areas and attempts to maximize utilization of available electricity transmission capacity. In the TAM, the bid matching is designed to handle both continuous (real time matching of bids) and the double sided auction matching mechanism. There are different contracts made available for trading, catering to different time periods, ranging from intra-day to weekly contracts. Our trading platform provides a trade execution mechanism aimed at ensuring trades are processed accurately, rapidly and at minimal cost. We have designed our electronic trading platform to ensure secure, high speed flow of data through our platform over various stages of trade processing. We believe that the increase in the number of participants with varied demand and supply pattern on our Exchange over several years of operation has allowed us to achieve a critical mass of product liquidity available on our Exchange.

The following diagram illustrates the indicative timeline and process of an electricity contract transaction in the DAM. Such contracts are concluded on the day prior to the intended electricity delivery and use.

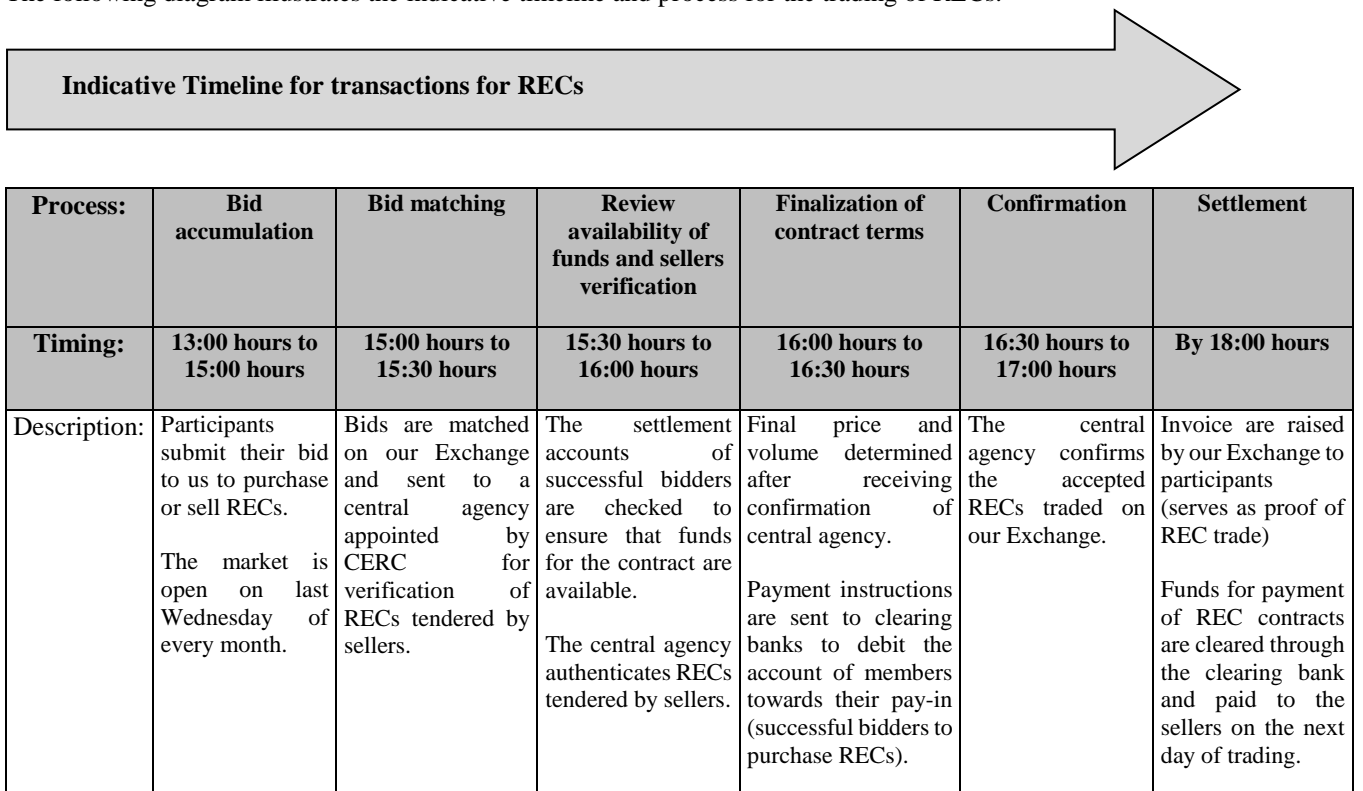


The following diagram illustrates the indicative process for a number of electricity contract transactions in the TAM.



Type of Contract	Trading	Bid Matching	Scheduling	Settlement
Daily contracts	Trading takes place for a delivery day five to eleven days from the day of the trade.	For daily contracts, intra-day contracts and day-ahead contingency contracts, bid matching happens in continuous trading sessions which involve the matching of buy and sell bids based on price time priority.	For matched bids, a requisition for capacity allocation is sent to the nodal RLDC, after clearance from the relevant state load despatch centers, to ensure the relevant grid has the capacity for the planned electricity transmission.	100% margin is ensured before start of delivery of electricity. Funds pay-in is collected from buyer one day prior to start of delivery and funds paid-out are made on the next day from delivery.
Intra-day contracts	Trading takes place on day of electricity delivery three hours before intended delivery of electricity.			100% margin is ensured before start of delivery of electricity. Funds pay-in is adjusted against the margins provided by the member and pay-out is made on the next day of trade.
Day-ahead contingency contracts	Trading takes place up to a day before intended delivery of electricity (after DAM auction).			100% margin is ensured before start of delivery of electricity. Funds pay-in is collected from buyers one day prior to start of delivery and pay-out is made on the next day from the day of delivery.
Weekly contracts	Trading takes place for one week in advance.	Uniform price auction on every Wednesday and Thursday.		100% margin is ensured before start of delivery of electricity. Funds pay-in is collected from buyers one day prior to start of delivery and pay-out is made on the next day from the day of delivery.

The following diagram illustrates the indicative timeline and process for the trading of RECs.



### Our Clearing and Settlement Operations

Our electronic platform offers a comprehensive suite of settlement services, including electronic trade confirmation, clearing services and risk management functionality. Our clearing and settlement operations, handled by clearing and settlement department, are designed to support the trading operations of our participants. Clearing is the process of determining financial and delivery obligations of our participants, the discharge of which is referred to as settlement. Our clearing and settlement department also keeps a track of the margin utilized by our members and collects or provides refund of margin money. Additionally, the collaterals provided by our members are validated and maintained by our clearing and settlement department, which is also responsible for the pay-in and pay-out process to all our participants. Each member on our Exchange makes or receives payments from an exclusive bank account, i.e., its settlement account, opened by such member with a clearing bank empaneled with our Exchange. Similarly, inclusion of delivery obligation (for seller) and entitlement (for buyers) in the schedule by the RLDC completes our delivery settlement process.



## Clearing and Settlement Operations for the DAM

### On a working day for Banks

Upon completion of the DAM auction calculation, results are published in our front-office system and trades are transferred to our clearing systems for processing of trade value and scheduling (volume) margins and fund arrangement. Our clearing and settlement department commences its post trade activity by computing the funds obligations through back office system. The data is then compiled and the obligation files (pay-in) is sent to respective clearing banks for its settlement. Our Exchange also coordinates with clearing banks for allocating funds towards a participant's obligation if required. Pay-in of amounts, i.e., for funds paid by a buyer participant against purchase of power, including transmission and other charges and exchange fees are collected on the same day of trade. The pay-out of amounts, i.e., for funds paid to seller participants against sale of power, is carried out on the second day from the day of the trade (one day after actual delivery). For each member, the purchase obligations and sell obligations of its clients are adjusted against each other and the net figure is the member's obligation. The transmission charges collected by the Exchange are paid to system operators on the next day from the day of the trade. Deficit margin funds are collected from members on the day of the trade. The table below illustrates the indicative timeline for our clearing and settlement processes for the DAM:

Time	Details
10:00 to 12:00 hours	Bids accumulation session for the DAM.
by 11:00 hours	Funds pay-out pertaining to previous session and margin refund requests, if any. Exchange receives confirmation from clearing bank of availability of funds and blocking of funds for pay-in for direct clients.
by 12:20 hours	Exchange to determine provisional obligations of members.
by 13:00 hours	Communication to clearing bank to confirm and block funds for pay-in from buyer members' settlement account. Exchange publishes the provisional results on members' trading terminal.
by 14:00 hours	Exchange receives confirmation from clearing bank of availability of funds and blocking of funds for pay-in for members.
by 14:30 hours	Interaction with members to ensure availability of funds. Exchange derives final result based on funds status and availability of transmission corridor provided by NLDC.
By 14:45 hours	Exchange publishes final results on its member's trading terminal.
At 15:00 hours	Pay-in details sent by the Exchange to clearing banks for actual debits and collection of deficit margins.

### On a Bank holiday

Trading on our Exchange is open on all days of the year. Consequently participants' financial obligations for bank holidays is settled on the next bank working day. All clearing banks provide our Exchange with a schedule of credit balance in the settlement account of participants. The credit balances are lien marked in favor of our Exchange by the clearing banks so that the available funds cannot be taken back by them. On the bank holiday, trading is allowed as is in a normal bank working day. The provisional and final obligation is monitored with the available lien marked bank balance and the margins with our Exchange. The actual debit of the obligation takes place on the next bank working day.

In the case of clients settling directly with the exchange, trading is allowed, based on bank balance communicated by the clearing bank on the previous day evening maximum exposure limit for bidding for such clients is set in the trading system, after considering deductions towards transmission and other charges. Actual settlement of pay-in and pay-out obligation is done on the next bank working day.

The table below illustrates the indicative timeline for our clearing and settlement processes for the DAM on a bank holiday:

Time	Details
By 19:30 hours (previous bank working day)	Receipt of lien marked bank balance file from clearing banks.

Time	Details
10:00 to 12:00 hours	Bids accumulation session for the DAM.
by 12:20 hours	Exchange to determine provisional obligations of members.
by 14:00 hours	Exchange publishes the provisional results on its members' trading terminal.
by 14:30 hours	Exchange determines actual clearing price based on availability of transmission corridor provided by NLDC.
By 14:45 hours	Exchange publishes final results on its members' trading terminal.
9:30 hours (on bank working day)	Settlement of pay-in for previous day/s obligation.
by 11:00 hours (on bank working day)	Settlement of funds pay-out for previous day/s obligation, which are due to be paid.

### ***Clearing and Settlement Operations for the TAM and REC market***

- Intra-Day Contract:*** These are 20 hourly contracts starting from 04:00 hours till 24:00 hours for a day. Intra-day contracts available for trading hourly contracts for the same day or on rolling hour basis. The margin as required is collected from the buying participant is processed on the same day of trading and on confirmation of trade, pay-in is adjusted against the margin. Pay-out to the selling participant is processed on the next day from the day of the trade. In case of bank holidays, exposure is provided based on the bank balance lien marked in favor of our Exchange. The pay-in is collected on the next bank working day, similarly the pay-out is also released on the next bank working day after the delivery. Required margins for bids by buying participants should be available at the time of bidding.
- Day-Ahead Contingency Contract:*** These are 24 hourly contracts available for trading on day-ahead basis for 00:00 hours to 24:00 hours of next day. The pay-in from buying participants is collected on next day from the day of the trade and the pay-out to selling participant is processed on the second day after the day of the trade. In case of bank holidays, exposure is provided based on the bank balance lien marked in favor of our Exchange. The pay-in is collected on the next bank working day. Similarly, the pay-out is also released on the next bank working day after the delivery. Required margins for bids by buying participants should be available at the time of bidding.
- Daily Contract:*** The daily contracts are available for trading on a rolling basis, i.e., every day seven separate daily contracts are traded for delivery period starting from the fifth day from the day of the trade. The pay-in from the buying participant is collected a day before the delivery day and the payout to the seller participant is processed on the day after the delivery day. In case of bank holidays, exposure is provided based on the bank balance lien marked in favor of our Exchange. In case there is a bank holiday on the pay-in day, the pay-in is collected one day prior to the bank holiday. Similarly, in case of holiday on the pay-out day, it is released on the next bank working day. Required margins for bids by buying participants should be available at the time of bidding and trade confirmation.
- Weekly Contract:*** Weekly contracts are available for trading up to a period of aggregate seven days, traded on Wednesdays and Thursdays. The pay-in from the buying participant is collected one day before the delivery date and the payout to the seller is processed one day after the delivery date. In case of bank holidays, exposure is provided based on the bank balance lien marked in favor of our Exchange. In case there is a bank holiday on the pay-in day, the pay-in is collected one day prior to the bank holiday. Similarly, in case of holiday on the pay-out day, it is released on the next bank working day. Required margins for bids by buying participants should be available at the time of bidding and trade confirmation.
- Renewable Energy Certificates:*** RECs are traded on the last Wednesday of a month. The pay-in from the buying participant is collected on the date of the trade and the payout to seller is processed on the day after the trade date. In case of bank holidays, exposure is provided based on the bank balance lien marked in favor of our Exchange. The pay-in is collected on the next bank working day and then the pay-out is released to the members. Required margins for bids by buying participants should be available at the time of bidding.

### ***Settlement Guarantee Fund***

Our Exchange holds and maintains a settlement guarantee fund used for settlement of defaults by any of our members. The objective of setting up the settlement guarantee fund is to ensure performance of settlement obligations resulting from trading by members, either directly or by clients of such member. Each of our members is required to contribute to and provide a minimum security deposit. The corpus of the settlement guarantee fund comprises our members' initial and additional margin security deposits, as determined with prior approval of the CERC from time to time. In the event a member fails to meet its settlement obligations to our Exchange arising out of the trades made by it, or by its clients, or in the event a member is declared a defaulter, our Exchange is entitled to utilize the settlement guarantee fund to fulfill the obligations of such member, in accordance with applicable rules and regulations. The settlement guarantee fund will be administered by our settlement guarantee fund committee, formed as per regulations issued by the CERC. The money in the settlement guarantee fund will be

applied in the manner as provided in CERC Power Market Regulations. As of June 30, 2017, the total cash margin in our settlement guarantee fund was ₹724.14 million and bank guarantees were ₹72.00 million.

## Our Delivery Operations

Our delivery department acts as the interface with system operators such as the NLDC, RLDCs and SLDCs and also with our members for trade related activities, including file communication, updating of transmission charges, losses and maximum allowable quantities and activities related to transmission capacity. Upon completion of the provisional auction calculation on our Exchange, the transmission capacity requirements resulting from the auction are sent to NLDC by our delivery department and on receipt of transmission capacity from NLDC, such data is entered into our front-office system for applicable congestion management procedures, if required. The final trade result is then sent to the NLDC and afterwards to SLDC. The trades are published by RLDCs after receiving the same from NLDC, and are checked by our delivery department which completes our delivery settlement. Any revision due to any real time constraints in the electricity distribution grid is settled separately. For RECs, upon completion of trading, our Exchange provides the NLDC with details of selling and buying participants, and then generates an REC in the prescribed format and communicates the same to the buying participants as well as the state nodal agency for the buying participant. Our delivery department also periodically provides our members with reports on their obligations both in terms of volume and value, margin status and tax invoice.

## Our Participants

Participants trade on our Exchange either directly as registered members or as clients through a registered member. Our participant base is dispersed throughout India and are primarily comprised of utility companies, private and Government owned power generators, including renewable energy generators, and corporate customers who are generally consumers of electricity. As of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017.

Our participants registered to trade electricity contracts are located across 29 states and five union territories in India, and include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. As of August 31, 2017, in addition to the participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers.

We have three categories of registered members on our Exchange, which are applicable across the DAM, TAM and REC market:

- **Proprietary Members.** A proprietary member is a grid connected entity which can trade on its own account, and clear the same contracts as a clearing member. A proprietary member under the full payment option pays relatively higher admission and subscription fees and lower transaction fees, while a proprietary member under the light payment option pays relatively lower admission and subscription fees and higher transaction fees. See “– Transaction, Subscription and Admission Fees” on pages 122 to 123.
- **Trader Members.** A trader member is an entity holding a valid ‘Interstate Trading License’ issued by the CERC. A trader member is eligible to trade and clear on its own account and on behalf of its clients.
- **Professional Members.** An entity, which is neither grid connected nor holding a valid ‘Interstate Trading License’ can apply under this category. A professional member is not entitled to trade on its own account but can act for and on behalf of its clients, although it not eligible to settle and clear contracts on our Exchange for such clients.

The eligibility criteria for registered members of our Exchange is stipulated in the CERC Power Market Regulations issued by the CERC. See “Regulations and Policies – Central Electricity Regulatory Commission (Power Market) Regulations, 2010” on page 129. We generally accept as a participant, any party that has been certified by the grid operator through which it intends to either receive or deliver electricity to be eligible to participate on our Exchange. When certifying a prospective participant’s eligibility, the grid operator would ascertain, among other things, the prospective participant’s connectivity to the grid and availability of grid capacity from its point of connection to the state periphery, the functionality of metering facilities at the prospective participant’s point of connection to the grid connection and whether the prospective participant has monies owed to the grid. We have also instituted a membership admission committee in selection to evaluate the admission of members on our Exchange, in accordance with our by-laws.

We require each member to execute a membership undertaking with us and to execute a member client agreement with each of their clients, which governs the terms and conditions of our relationship with participants on our Exchange and grants the participant non-exclusive, non-transferable and revocable access to our platform. We expect that any future services that we may introduce will also be covered by the terms of such agreements, as we generally have a right to amend their terms with advance notice, after obtaining approval from the CERC. As the energy markets mature and conventions may change, we believe these agreements provide us with considerable flexibility to manage our relationship with our participants on an ongoing basis.

The following table illustrates the historical growth of participants on our Exchange and details of trading volumes for our electricity products.

	As of/For the five months ended August 31, 2017	As of/For the year ended March 31,				
		2017	2016	2015	2014	2013
Total number of registered members	115	115	114	113	108	101
Total number of active members	83	88	90	91	88	78
Total number of registered clients	5,879	5,753	5,059	4,407	3,918	2,893
Total number of active clients for TAM and DAM	1,859	2,104	1,910	1,909	2,392	1,956
Number of participants for TAM and DAM	4,386	4,297	3,819	3,425	3,098	2,285
Number of participants for RECs	4,020	3,981	3,501	2,817	2,503	1,694
Total traded and cleared volume for the DAM (in million kWh)	19,388	39,783	33,956	28,124	28,923	22,346
Total traded and cleared volume for the TAM (in million kWh)	327	744	330	222	345	481.0
Total traded and cleared RECs (in million)*	0.91	4.62	3.14	1.55	1.32	1.99

\* 1 REC = 1000 kWh of renewable energy attribute

### Transaction, Subscription and Admission Fees

Our revenues from operations primarily comprise (i) transaction fees, which we earn from participants who execute transactions on our Exchange, (ii) annual subscription fees, which are fees we charge participants for trading on our Exchange, (iii) admission fees, which are one-time fees which we charge our members at the time of their admission, and (iv) processing and transfer fees, which we charge our members to process their admission or transfer requests. For the financial year 2017, transaction fees, annual subscription fees, and admission fees, processing and transfer fees accounted for 87.17%, 12.36% and 0.47% of our revenues from operations for the year, respectively. For the three months ended June 30, 2017, transaction fees, annual subscription fees, and admission fees, processing and transfer fees accounted for 88.62%, 11.36% and 0.02% of our revenues from operations, respectively.

The following table illustrates the current fees payable by our members and participants for trading in the DAM, TAM and REC market.

In ₹	Proprietary Member (Full Payment Option)*	Proprietary Member (Light Payment Option)*	Professional and Trader Members
Admission Fee for Members.	3,500,000	1,000,000	3,500,000
Interest Free Security Deposit	2,500,000	1,000,000	2,500,000
Processing Fee	10,000	10,000	10,000
Annual Members Subscription Fees	500,000	250,000	500,000
Annual Client or Portfolio Subscription Fees	100,000	NA	100,000
Transaction Fees (₹/MWh or per REC)	20	30	20

\* See “– Our Participants – Proprietary Members” on page 121.

The following table illustrates the current fees payable by our members and participants for trading in the REC market alone.

In ₹	Proprietary Member (Full Payment Option)*	Proprietary Member (Light Payment Option)*	Professional and Trader Members
Admission Fee for Members	1,000,000	500,000	1,000,000
Interest Free Security Deposit	500,000	250,000	500,000
Processing Fee	10,000	10,000	10,000
Annual Members Subscription Fees	200,000	100,000	200,000
Annual Client or Portfolio Subscription Fees	20,000	NA	20,000
Transaction Fees (per REC)	20	30	20

\* See “– Our Participants – Proprietary Members” on page 121.

The following table illustrates the current fees payable by our members and participants for trading of ESCerts on our Exchange:

<i>In ₹</i>	<b>Proprietary / Professional/ Trader Members</b>
Admission Fee for Members	500,000
Interest Free Security Deposit	250,000
Processing Fee	10,000
Annual Members Subscription Fees	100,000
Annual Client or Portfolio Subscription Fees	20,000
Transaction Fees (per ESCert)	20

Further, the following table details the historical growth of our revenues from transaction fees and subscription and membership fees received from participants on our Exchange.

<i>In ₹ million</i>	<b>For the three months ended June 30, 2017</b>	<b>For the financial year</b>				
		<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Transaction Fees ( <i>for trading of electricity contracts and RECs</i> )	491.60	1,777.57	1,494.49	1185.92	1,223.00	994.70
Membership Fees ( <i>includes admission fees, yearly annual subscription fees and processing and transfer fees</i> )	63.13	261.56	255.79	261.87	302.70	217.38
<b>Total</b>	<b>554.73</b>	<b>2,039.13</b>	<b>1,750.28</b>	<b>1,447.79</b>	<b>1,525.70</b>	<b>1,212.08</b>

## **Technology**

Technology is a key component of our business operations and we regard it as crucial to our success. Speed, reliability, scalability, security and capacity are critical performance criteria for electronic trading platforms. Our electronic platform was designed from the outset to be highly scalable, enabling us to meet anticipated user growth as demand increases. The integrated suite of technologies that we employ has been designed to support a significant expansion of our current business and provides us with the ability to leverage our technology base into new markets and to develop new products and services rapidly and reliably.

Our electronic trading platform is accessible across India via leased lines or the internet. We also license and operate other software components used to support and increase the efficiency of mid and back office services such as clearing, market data and electronic confirmations. As trading activity has increased, we have continued to improve bid matching performance to add speed and functionality to our technological systems.

We utilize a trading software, developed by 63 Moons, which is critical to maintaining the anonymity of bids, the integrity of the price discovery mechanism, implementation of risk management procedures and catering to the requirements of all pre and post trade functionalities on our Exchange. Our trading software is capable of handling complex order types and is also capable of deriving results under the grid condition of power transmission congestion. Our trading software is capable of handling 30 price areas across the country, out of which we are currently using only 13 price areas. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement. See “Risk Factors – Internal Risk Factors – Any adverse finding by NCLT in relation to the Perpetual License Agreement could result in a material adverse effect on our reputation, business, financial condition and results of operations.” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations – Technology expenses and upgradation of technology, and employee benefit expenses” on pages 20 and 285 to 286, respectively.

As of August 31, 2017 we employed a team of 38 experienced technology specialists (including 22 IT personnel under the Perpetual License Agreement), led by our Chief Technology Officer, Pareshnath Paul who has over 21 years of experience, and including our performance engineers, systems and quality analysts, database administrators and website designers, to operate and maintain our electronic trading platform. Our team of IT professionals is supported by select third-party IT vendors, to operate and support our infrastructure and software and create and implement new technologies. Our security operations team monitors, responds to and logs suspicious security events. To avoid system outages or disruptions, we ensure that our systems have built in redundancy and excess capacity, implemented regular testing protocols and adopted continuous obsolescence planning to keep our hardware and systems updated. We continually monitor and upgrade our capacity requirements and have configured our systems to handle approximately twice our peak transactions in our highest volume products. We maintain a disaster recovery framework located in Mumbai, India and audit of our technology systems is conducted annually.

To minimize cyber security threats, we have implemented a security framework to prevent and detect system intrusions and implemented internal and external security tools. Access to our servers is regulated by our access management solution. We rely on tools licensed from third parties for data leakage prevention, database encryption and information rights management.

Our security framework also includes, among other things, intrusion prevention systems, email gateways, three-tier firewalls, distributed denial of service and web application firewall technologies and malware and virus containment systems.

In the financial years 2015, 2016, and 2017 and for the three months ended June 30, 2017, our technology expenses towards software development and maintenance were ₹194.06 million, ₹202.02 million, ₹234.24 million and ₹35.06 million, respectively. We plan to continue to invest in our technology to increase connectivity to our trading platform by extending access to our platform to clients of our members. We continue to work to improve the user-friendly interface of our trading systems. To provide easy accessibility of our market data, we have launched a user-friendly mobile application on both iOS and Android platforms.

### **Market Operations, Surveillance and Risk Management**

We have a risk management policy in place, aimed at ensuring smooth functioning of our Exchange, risk identification, assessment and mitigation, leading to efficient price discovery on our Exchange. Our risk management policy primarily seeks to identify risks involved in the current structure of our market dynamics such as market risk arising from trading activities, operational risks, investment related risks such as fall in the value of investments, concentration of investment portfolio, credit risk covering margin account maintenance leading to payment security management and collateral management. In addition the policy seeks to develop and emphasize the associated risk controls and mitigation techniques; deploy risk mitigation measures and embed such measures in the business processes to be effective in the long term; establish robust governance arrangements to ensure effective oversight, monitoring and management of risks, enabling informed decision making; sensitize our employees about potential risks and their mitigation measures; and set standards for appropriate risk measurement, monitoring and reporting processes. In accordance with our risk management policy, our Managing Director, Chief Executive Officer or Chief Risk Officer is required to submit periodic reports to our enterprise risk management committee.

Further, we have instituted the following committees in order to carry out risk management, market surveillance and management of our settlement management fund, in accordance with the CERC Power Market Regulations issued by the CERC.

- **Risk Management Committee.** Our risk management committee is headed by an independent director of our Board. The responsibilities of the risk management committee include stipulation of risk containment measures and monitoring adherence to such measures. Our risk management committee meets twice in a year and is required to submit its report to the CERC.
- **Market Surveillance Committee.** Our market surveillance committee is headed by an independent director of our Board and includes members from the executive team of our Company. Pursuant to the CERC Power Market Regulations, no member of our market surveillance committee is permitted to be a member of our Exchange. Our market surveillance committee reviews the reports submitted by our surveillance department in relation to the day-to-day monitoring of transactions. Our market surveillance committee is required to submit quarterly surveillance reports to the CERC.
- **Settlement Guarantee Fund Management Committee:** The settlement guarantee fund management committee is responsible for overseeing the management of the settlement guarantee fund and is required to have adequate representation from the members of our Exchange.

We also have a default committee and a disciplinary action committee, which are responsible for taking decision with regard to declaring member as defaulter and taking disciplinary action as and when required, respectively.

### **Congestion Management**

We adopt market splitting methodology for congestion management in accordance with guidelines stipulated by the CERC. Bottlenecks in the electricity grid are managed by comparison of the calculated contractual flow with the transmission capacity available for spot trading, and if the flow exceeds the capacity, the prices are adjusted on both sides of the bottleneck such that the flow equals the capacity. If the flow does not exceed the capacity, a common price is established for the whole area. If the flow exceeds the capacity at the common price for the whole market area, it is split in a surplus part and a deficit part. The price is reduced in the surplus area and increased in the deficit area. Typically, this enables a reduction in the sale quantity and increase in the purchase quantity in the surplus area. In the same way, it enables reduction in the purchase quantity and increase the sale quantity in the deficit area. Thus, the needed flow is reduced to match the available transfer capability. This method of managing congestion is also known as market-splitting. Currently in India we utilize 13 bid (price) areas so as to accommodate any exigencies of congestion in the transmission system.

### **Product Development**

Product development is an ongoing process that we review periodically as part of our business. As the energy markets in India are heavily regulated, we are continually evaluating and testing new products with the relevant Government authorities for introduction on our Exchange. New types of electricity contracts available for trading on our Exchange must be reviewed and approved by the CERC. After a particular product is launched, generally no modifications are required, as the specifications of

a traded contract do not typically change. Our goal is to create innovative solutions in anticipation of, or in response to, changing conditions in the markets for electricity products trading to serve our expanding participant base better. We aim to develop and launch new products both in response to specific participant demand and on the basis of trends we observe within our participant base.

In support of our product development goals, we rely on the input of our product development, clearing, technology and business development teams, who we believe are positioned to discern and anticipate our participants' needs. We prioritize development of new products based on the degree to which we believe a new product will provide market liquidity, serve the greatest number of participants and provide us with a return on our investment. For example, we applied to the CERC for approvals to develop electricity products for the trading in renewable energy contracts on a day ahead basis, i.e., - the 'green day-ahead market'. However, the 'green day-ahead market' energy contract was declined CERC approval, as the CERC determined that market conditions at present are not conducive for the introduction of this product.

While we have historically developed our products and services internally, we also periodically evaluate our strategic relationships to try to identify whether any opportunities to develop new products and services exist in conjunction with third parties. If we believe our success will be enhanced by collaboration with a third party, we will enter into a licensing arrangement or other strategic relationship. For example, we have signed memorandums of understanding with EPEX Spot, the European spot exchange, to share knowledge about new developments and international best practices. Further, we are a member of the Association for Power Exchanges, 'APEX', and participate in annual meetings and conference to develop our knowledge base.

### **Marketing and Business Development**

Our marketing strategy is designed to attract new participants to our Exchange. We aim to increase awareness for our electricity products, promote the benefits of trading on our Exchange, build our brand image and enhance participant and general industry confidence and promote awareness and education through our marketing initiatives. In support of these goals, we have a dedicated marketing and communication team of 25 employees as of August 31, 2017, who undertake promotion and outreach activities and are responsible for external communications and publication materials on our website, mobile application, bulletins, press and web releases, data dissemination, advertising and branding.

Our marketing efforts include print media advertisements in industry publications and newspapers. Our business development efforts are focused on outreach efforts with our existing and new participants and include conducting conferences, workshops and seminars, ourselves or in association with industry bodies; utilizing established industry linkages through several industrial forums, such as the Confederation of Indian Industry, PHD Chamber of Commerce and Industry, the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce and Industry of India, and the Council of Power Utilities. We also conduct capacity building workshops for major distribution companies to work on strategies for optimizing their power procurement costs by using our Exchange.

### **Awards and Recognition**

We were recognized as the 'Leader in Power Market Development' by Council of Power Utilities in 2015 and awarded the 'Exchange of the Year' Award by Power Business View in 2014. We have also been recognized as the 'Best Power Exchange in India' by ENERTIA Foundation in 2014, the 'Best Performing Power Trading Company / Exchange' by Power Line in 2012 and 2013 and 'Best e-Enabled Consumer Platform' by the Council of Power Utilities in 2009.

### **Intellectual Property**

We do not currently own any intellectual property rights.

On October 12, 2007, FTIL was granted a trademark registration certificate with respect to the trademark "IEX Indian Energy Exchange India's 1<sup>st</sup> Power Exchange" from the Registrar of Trade Marks, Mumbai in relation to seven classes of the Trade Mark Act, 1999 and Trade Mark Rules, 2002, as amended from time to time. Our Company had entered into a deed of assignment dated October 8, 2015 with FTIL for assignment and transfer of this trademark and the copyright in the original artistic work vesting therein from FTIL in favour of our Company. The Registrar of Trademarks has not approved the transfer of this trademark and copyright under this deed of assignment till date. However, this trademark registration is valid until October 11, 2027. This trademark has not been registered in the name of our Company till date.

Our Company has also filed an application dated October 15, 2012 with the Registrar of Trademarks, Mumbai for registration of the trademark "IEX Indian Energy Exchange India's No. 1 Power Exchange". Our Board has approved our new corporate logo, "IEX Indian Energy Exchange", on May 30, 2017, for which we have filed an application with the Registrar of Trademarks, on June 14, 2017. See "Risk Factors – Internal Risk Factors – We have applied for, but have not yet obtained, a trademark registration for our corporate logo. Any failure to protect our intellectual property may adversely affect our reputation, goodwill, business and results of operations." on page 32.

## Insurance

We maintain insurance policies with independent third parties in respect of exchange clearing and settlement guarantee with risk coverage of ₹250.00 million and also for buildings and equipment covering losses due to fire, burglary, tenant liability, money insurance and allied perils. We also maintain directors and officers' liability insurance for our management personnel and accident group insurance and health insurance for our employees. As of August 31, 2017, we had no material outstanding and pending claims under our insurance policies. We believe that the insurance policies that we currently hold are adequate for our business and operations.

## Employees

We have 110 employees as of August 31, 2017 and the following table sets forth a breakdown of our employees by function as of such date.

	As of August 31, 2017
Managing Director and Chief Executive Officer	1
Market Operations and Training	24
Business Development	25
Finance and Accounts	12
Chief Technology Officer, Information Technology and Exchange technology team	39
Human Resources and Administration	6
Chief Risk Officer and team	2
Investor Relations	1
<b>Total</b>	<b>110</b>

We consider ourselves to have good relationships with our employees. In addition to compensation that includes both salary and allowances, we provide our employees other benefits which include medical reimbursements, yearly leave and retirement benefits.

## Competition

Power Exchange of India Limited is the only other electronic energy trading platform in India, and is our primary exchange competitor. We also face competition from the DEEP Portal launched by the Ministry of Power, Government of India and licensed traders who effect over the counter bilateral trade electricity contracts. The principal dimensions of competition include breadth and depth of product portfolio, product liquidity, sales and marketing tactics, operational efficiency and brand recognition. See "Industry Overview – Short term electricity markets in India – Modes of short-term power sale and contracting" on pages 93 to 94.

## Corporate Social Responsibility

Our corporate social responsibility ("CSR") initiatives are aimed towards addressing challenges such as environmental sustainability, economic empowerment and social development. Over the last two years, we have aided beneficiaries spread across states in India, including Uttar Pradesh, Delhi-NCR, Bihar, Chhattisgarh, Tamil Nadu, Karnataka and Maharashtra. Our CSR activities include promoting decentralized renewable energy, skill development for the youth, mid-day meals and holistic development for young school children, support to mentally disabled by skilling them, school bus support for rural schools, healthcare for elderly and communities, among others. These activities are carried out in partnership with credible non-governmental organizations. Besides these activities, we have also signed a memorandum of understanding with the Indian Institute of Technology, Kanpur, to set up the Energy Analytical Lab (the "EAL") in the institution. The EAL aims to promote research in power sector efficiency improvement and development of markets and provide support to scholars pursuing doctoral and post-doctoral fellowships in energy and power markets. Our total expenditure towards our CSR initiatives was ₹0.20 million for the three months ended June 30, 2017, ₹20.66 million for the financial year 2017 and ₹1.70 million for the financial year 2016.

## Legal Proceedings

For a description of legal proceedings to which we are a party, see "Outstanding Litigation and Other Material Developments – Litigation involving our Company" on page 317.

## Properties

Our Registered Office and Corporate Office is located at Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre, Plot No. 7, District Centre, Jasola, New Delhi 110 025, such property is occupied on a leasehold basis with a term of nine years, beginning from October 12, 2014. The following table provides details of other properties which we lease in India as at August 31, 2017:



Location	Address
Mumbai	904, 9 <sup>th</sup> Floor, Meadows Sahar Plaza, Adjacent to J.B. Nagar Metro, Andheri, Kurla Road, Andheri (East), Mumbai 400 099
Chennai	Ganga Business Centre, No 703, Spencer Plaza, 769, Anna Salai, Chennai 600 002
Hyderabad	Regus Business Centre, 401, Gumidelli Commercial Complex, Old Airport Road, Begumpet, Hyderabad 500 016
Bengaluru	Novel Business Centre, 10, 100 Feet Ring Road, BTM 1st Stage, Bangalore 560 068
Kolkata	Regus RDB Boulevard, Level 8, RDB Boulevard, Plot K1, Block EP & GP, Sector – V, Salt Lake City, Kolkata, West Bengal 700 091

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and policies as prescribed by the Government of India or State Governments and regulations as prescribed by applicable regulatory authorities, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modifications by subsequent legislative, regulatory, administrative or judicial decisions.*

### **Central Electricity Laws**

#### **Electricity Act, 2003 (the “Electricity Act”)**

The Electricity Act is the central legislation which covers, among others, generation, transmission, distribution, trading and use of electricity. Under the Electricity Act, the transmission, distribution and trade of electricity are regulated activities that require licenses from the CERC, SERCs or a Joint Commission (constituted by an agreement entered into by two or more State Governments with each other or with the Central Government in relation to one or more State Governments, as the case may be).

A generating company is required to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines. Further, the generating company may supply electricity to any licensee or even directly to consumers, subject to availing open access to the transmission and distribution systems and payment of transmission charges, including wheeling charges and open access charges, as may be determined by the CERC or the relevant SERC, as applicable. In terms of the Electricity Act, open access means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system, by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the CERC or the relevant SERC, as applicable. The Electricity Act mandates the CERC to enable non-discriminatory open access in inter-state transmission and the SERCs to enable the provision of open access in transmission and distribution to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one MW.

The Electricity Act gives the authority to the appropriate commission to regulate tariff of generation, transmission and distribution of electricity. However, the appropriate commission shall only adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. The CERC regulates inter-state transmission of electricity and SERCs regulate intra-state transmission and wheeling of electricity. Under the Electricity Act, appropriate commission has been mandated to take steps for promoting the development of market (including trading) in power taking into account the National Electricity Policy. The SERCs under the Electricity Act are also required to promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee.

The Electricity (Amendment) Bill, 2014 was introduced to amend certain provisions of the Electricity Act. Among others, the amendment empowers the Government of India to establish and review a national renewable energy policy, tariff policy and electricity policy. The Electricity (Amendment) Bill, 2014 also seeks to end the monopoly of power distribution companies by segregating the carriage (distribution sector/network) from the content (electricity supply business) in the power sector by introducing multiple supply licensees so as to bring in further competition and efficiency in the distribution sector. Further, the maximum penalty for non-compliance of any provisions of the Electricity Act was raised to ₹ 10 million.

#### **National Electricity Policy, 2005 (the “National Electricity Policy”)**

The National Electricity Policy lays down the guidelines for development of the power sector and aims to accelerate the development of power sector by providing supply of electricity to all areas and protecting interests of consumers and other stakeholders. The National Electricity Policy mandates the CERCs and the SERCs, among others, to promulgate enabling regulations for inter and intra-state trading in electricity and regulations governing power exchanges. To promote power market development, the policy prescribes a part of new generating capacities, wherein 15% may be sold outside long-term PPAs. The National Electricity Policy further prescribes that amount of surcharge and additional surcharge levied from open access consumers should not become so onerous that it eliminates competition. The state electricity regulator must progressively reduce cross subsidy surcharge levied on open access consumers to enable competition intended to be fostered through the provision of open access under Section 42(2) of the Electricity Act.

#### **National Tariff Policy, 2016 (the “Tariff Policy”)**

The objective of the Tariff Policy is to ensure availability of electricity, ensure financial viability of the sector, promote transparency and competition, promote generation of electricity from renewable sources and evolve a dynamic and robust electricity infrastructure for better consumer services. The Tariff Policy aims to increase efficiency by reducing power costs,

by expanding existing power plants and creating transmission capacity for accessing power across India and by developing transmission projects through competitive bidding process to ensure faster completion at lower cost. The Tariff Policy, *inter alia*, provides that open access charges should be reasonable so that it does not constrain competition. The Tariff Policy further prescribes that cross subsidy surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. The Tariff Policy facilitates sale of un-requisitioned power from inter-state generating station in the power market. To promote renewable energy sources, any generating company proposing to establish a coal/lignite based thermal generating station after a specified date shall be required to establish such renewable energy generating capacity or procure and supply renewable energy equivalent to such capacity, as prescribed by the Central Government from time to time, as per the Tariff Policy.

#### **Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (the “CERC Power Market Regulations”)**

The CERC Power Market Regulations apply to various types of contracts related to sale and purchase of electricity or related products transacted directly, through electricity traders or over the counter market, on power exchanges markets and govern spot contracts, term ahead contracts and contracts relating to sale or purchase of electricity. Introduction of any contracts on the power exchanges requires permission of the CERC. The CERC Power Market Regulations stipulate the objectives of power exchanges which include, among others, ensuring fair, neutral, efficient and robust price discovery, providing extensive and quick price dissemination and designing standardized contracts and working towards increasing liquidity in such contracts. The CERC Power Market Regulations also lay down certain guidelines governing the contracts to be dealt on power exchanges. Detailed capital structure and management structure for power exchanges has been specified in the CERC Power Market Regulations keeping in view the requirements of ring-fencing, demutualization and creation of widely held market institutions. The CERC Power Market Regulations also specify prudential norms for establishment of power exchanges, including, among others, the shareholding structure, demutualisation, governance structure, principles of risk management, and regulatory compliances. Specific provisions for prohibiting insider trading and for protection of whistle blowers in addition to detailed provisions for effective market monitoring and surveillance have also been provided for in the CERC Power Market Regulations.

#### **Central Electricity Regulatory Commission (Open Access in Inter-State Transmission) Regulations, 2008 (the “CERC Open Access Regulations”)**

The CERC Open Access Regulations for inter-state transmission provide for a framework which not only facilitates traditional bilateral transaction (negotiated directly or through electricity traders), but also cater to collective transactions discovered in a power exchange through anonymous, simultaneous competitive bidding by sellers and buyers. Applicable to short term open access transactions up to one month at a time, the emphasis of the CERC Open Access Regulations is on scheduling rather than reservation to ensure that the request of an open access customer is included in the despatch schedules released by the RLDCs. Further, certain types of transmission services by payment of transmission charges (to be levied in Rupees per MWH) shall be available to open access customers based on the type of transactions, i.e. bilateral or collective. In addition to transmission charges, certain operating charges shall also be levied. The CERC Open Access Regulations enable entities connected to inter-state transmission as well as intra-state transmission and distribution system to buy power from a source other than the incumbent distribution licensee situated outside the relevant State.

#### **Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges) Regulations, 2010 (the “CERC Sharing of Inter State Transmission Charges Regulations”)**

The CERC Sharing of Inter State Transmission Charges Regulations implement the point of connection method of sharing the cost of inter-state transmission services in India, replacing the earlier prevailing system of regional postage stamps method. All the users will be ex-officio signatories to the transmission service agreement, which also requires these users to pay the point of connection charge, which covers the revenue of transmission licensees. This commercial arrangement would also facilitate financial closure of transmission investments. The National Electricity Policy requires the transmission charges to reflect network utilization which is ensured by point of connection tariffs based on load flow analysis.

#### **Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 (the “CERC Deviation Settlement Mechanism Regulations”)**

The CERC Deviation Settlement Mechanism Regulations were enacted with the objective to enhance grid discipline and grid security. The CERC Deviation Settlement Mechanism Regulations are applicable on inter-state transmission of electricity. The charges are receivable for under-drawal of electricity by the buyer and over injection by the seller, and payable in case of over drawl by the buyer and under injection by the seller subject to prevailing grid frequency. Pursuant to the first amendment to the CERC Deviation Settlement Mechanism Regulations, the CERC clarified that the over-drawal / under-drawal of electricity by any buyer during the time block shall not exceed 12% of its scheduled drawal or 150 MW, whichever is lower, when grid frequency is 49.70 Hz and above and below 50.10 Hz, provided that no over-drawal of electricity by any buyer shall be permissible when grid frequency is below 49.70 Hz and no under-drawal of electricity by any buyer shall be permissible when grid frequency is 50.10 Hz and above. The CERC Deviation Settlement Mechanism Regulations also provide for certain penal measures to improve grid discipline.

### **Central Electricity Regulatory Commission (Terms and Conditions for Recognition and Issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations, 2010 (the “CERC Recognition and Issuance of REC Regulations”)**

The CERC Recognition and Issuance of REC Regulations were enacted to develop the market in electricity from non – conventional energy sources by issuance of transferable and saleable credit certificates (the “**REC mechanism**”). Under the CERC Recognition and Issuance of REC Regulations, there shall be two categories of certificates, i.e. solar certificates issued to eligible entities for generation of electricity based on solar as renewable energy source and non-solar certificates issued to eligible entities for generation of electricity based on renewable energy sources other than solar. Under the CERC Recognition and Issuance of REC Regulations, the REC mechanism is used for the determination of the quantum of such certificates to be issued to the eligible entities. The RECs issued under this mechanism are exclusively traded on power exchanges and bilateral transactions in RECs are prohibited. Further, the method of dealing in the certificates has also been introduced by the CERC Recognition and Issuance of REC Regulations.

The NLDC is the central agency which oversees the REC mechanism, including, *inter alia*, registration of eligible entities, issuance of certificates, maintaining and settling accounts in respect of certificates, acting as repository of transactions in certificates and such related functions of the REC mechanism as may be assigned by the CERC. There are certain conditions which are now imposed on electricity generating company, distribution licensee and captive generation plant (“**CGP**”) to be eligible to apply for REC. The REC mechanism provides a market based instrument which can be traded freely and provides means for fulfilment of renewable purchase obligations by the distribution utilities/consumers.

### **Renewable Purchase Obligations (“RPOs”)**

The Electricity Act and the Tariff Policy require the SERCs to specify, for the purchase of electricity from renewable sources, a percentage of the total consumption of electricity within the area of a distribution licensee, which is known as RPO. RPOs are required to be met by obligated entities (distribution licensees, captive power plants and open access consumers) by purchasing renewable energy, either by renewable energy power producers or by purchasing RECs. In the event of default by an obligated entity in any fiscal year, the SERCs may direct the obligated entity to pay a penalty or to deposit an amount determined by the relevant SERC, into a fund to be utilized for, among others, the purchase of RECs.

### **Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 (the “CERC ESCerts Regulations”)**

The CERC ESCerts Regulations lay down the framework for dealing in ESCerts on power exchanges. The CERC ESCerts Regulations are applicable to ESCerts offered for transaction on power exchange(s) including contracts in ESCerts as approved by the CERC in accordance with the provisions of the CERC Power Market Regulations. As per the CERC ESCerts Regulations, ESCerts shall be dealt only through the power exchange and not in any other manner, in accordance with the Energy Conservation Act, 2001, the PAT Rules and the CERC ESCerts Regulations. The CERC ESCerts Regulations also lay down the eligibility criteria for an entity to deal in ESCerts. Only the eligible entities are permitted to either buy or sell bids on power exchanges subject to confirmation of availability of ESCerts by the registry during the transaction.

The Bureau of Energy Efficiency (the “**BEE**”), a statutory body established by the Government of India, under sub-section (1) of Section 3 of the Energy Conservation Act, 2001 is required to act as the administrator under the CERC ESCerts Regulations and its functions include, among others, (i) defining a detailed procedure for interface activities between the power exchanges and registry, administrator and registry and registry and designated consumer(s), registration of eligible entities, and dealing, transfer and other residual matters; (ii) provide assistance to the CERC in matters involving transaction of ESCerts on power exchanges; and (iii) dissemination of relevant market information to all stakeholders.

Before dealing in ESCerts, power exchanges are required to obtain prior approval of the CERC, on the rules and byelaws including the eligibility criteria, transaction process, ESCert price discovery mechanism and process of interaction between the power exchange and the registry. Under the CERC ESCerts Regulations, the primary responsibility of monitoring of the ESCerts market is that of the Bureau and it is the duty of the BEE to bring to the notice of the CERC instances of non-compliance of the CERC ESCerts Regulations, for suitable action by the CERC.

### **Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 (the “CERC Grid Code Regulations”)**

The CERC Grid Code Regulations lay down the rules, guidelines and standards to be followed in relation to planning, developing, maintaining and operating the power system, in the most secure, reliable, economic and efficient manner.

### ***Laws related to Employment***

Certain other laws and regulations that may be applicable to our Company include the following, among others:

- Payment of Bonus Act, 1965;

- Maternity Benefit Act, 1961;
- ESI Act;
- EPF Act;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972;
- Shops and Commercial Establishments Acts, where applicable; and
- Employees' Compensation Act, 1923.

***Other Regulations***

In addition to the above, our Company is required to comply with the provisions of the Companies Act, Competition Act, 2002, FDI Policy, FEMA, various tax related legislations, the Information Technology Act, 2000, laws related to intellectual property and other applicable statutes for its business operations. For details in relation to restrictions on ownership of Indian securities, see "Restrictions on Foreign Ownership of Indian Securities" on page 387.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as Indian Energy Exchange Limited on March 26, 2007 with the Registrar of Companies, Maharashtra as a public limited company under the Companies Act, 1956. Our Company obtained a certificate of commencement of business on April 17, 2007.

As of the date of this Red Herring Prospectus, our Company has 64 Equity Shareholders.

### Changes in Registered Office

The details of changes in the Registered Office of our Company since incorporation are set forth below:

Date of change	Details of the address of Registered Office	Reason for Change
January 1, 2015	Registered office of our Company was changed from 1 <sup>st</sup> Floor, Malkani Chambers, Off Nehru Road, Vile Parle (East), Mumbai 400 099 to Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre, Plot No. 7, District Centre, Jasola, New Delhi 110 025	In view of administrative convenience, cost effectiveness, growth potential and business opportunities

### Main Objects of our Company

The main objects contained in the MoA of our Company are as follows:

- “1. To establish, operate, regulate, maintain and manage facilities in the whole of India and outside India enabling the Members of the Exchange, their authorised agents and constituents and other participants to transact, clear and settle trades done on the Exchange in various types of electricity, power based contracts including all other forms/ types of energy and various energy produces other instruments and derivatives thereof, in ready, forward and futures markets and to provide accessibility to the markets to various Members of the Exchange and their authorised agents and constituents and other participants within and/ or outside India, and to provide, initiate, facilitate and undertake all support services relating thereto as per the Articles of Association, Bye-Laws, Rules and Regulations of the Exchange.
2. To provide on-line technology facility which provides a transparent transaction platform for authorised users on large scale across the country including remote areas, in future contracts of electricity, power and energy instruments, facilitating access from across regions to provide hedging mechanism for the purpose of mitigating risk.”

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out.

### Amendments to our Memorandum of Association

Set out below are the amendments to our MoA since the incorporation of our Company:

Date of Shareholders' Resolution	Particulars
September 26, 2007	Clause V(a) of the MoA was amended to reflect the increase in authorised capital from ₹ 10,000,000 divided into 750,000 Equity Shares of ₹ 10 each and 250,000 Preference Shares of ₹ 10 each to ₹ 252,500,000 divided into 25,000,000 Equity Shares of ₹ 10 each and 250,000 Preference Shares of ₹ 10 each.
November 5, 2007	<p>Clause III B (the Objects Incidental or Ancillary to the attainment of the Main Objects) of the MoA was altered by inserting the following sub-clauses 7-11 after sub-clause 6:</p> <p>“7. To levy, charge, recover and receive security deposits, admission fees, transaction and clearing fees, fund subscriptions, margins, penalties, tolls and levies and any other fee and / or sums from Members of the Exchange in terms of the Company's Articles of Association, Rules, Bye-Laws and Regulations.</p> <p>8. To regulate and fix the scale of commission, brokerage and other charges to be charged by the Members of the Exchange from their constituents and others.</p> <p>9. To facilitate resolution of disputes by various means including mediation, conciliation, arbitration, surveys, and to nominate arbitrators, umpires and surveyors on such terms and in such cases as may seem expedient, and to set up regional or local arbitration or survey panels and appellate committee and to provide for rules and methods for arbitration of disputes and claims in</p>

<b>Date of Shareholders' Resolution</b>	<b>Particulars</b>
	<p><i>respect of transactions effected on the Exchange and including arbitration of disputes between Members of the Exchange inter-se and / or between Members of the Exchange and person who are not members of the Exchange; and to remunerate such arbitrators, surveyors, regional or local arbitration panels and appellate committee/ members, if any, and to make rules, Bye-Laws and regulations in relation to such arbitration and survey proceedings, the fees of arbitrators, the costs of such arbitration, and to define and regulate related matters, and to regulate the procedures thereof and enforce all awards.</i></p> <p><i>10. To acquire, collect, preserve, disseminate, or sell statistical or other information in connection with the business of the Company, to maintain a library and to print, publish, undertake, manage and carry on any newspaper, journal, magazine, pamphlet, official yearbook, or other work in accordance with or in furtherance of the objects of the Company.</i></p> <p><i>11. To test, develop, improve or elevate the technical and business knowledge of persons engaged in or about to be engaged in trade, industry, banking, commerce, finance or company administration/ and in particular in the business of the Company for dealing in contracts for commodities, securities or other instruments and derivatives, or in connection therewith, by organising for delivery of lectures, holding of classes, courses, seminars and the like, and to test by examination or otherwise the competence of such person(s) and to award certificates and diplomas and to institute and establish scholarships, grants and other beneficent and;</i>"</p>
March 24, 2009	Clause V(a) of the MoA was amended to reflect the increase in authorised capital from ₹ 252,500,000 divided into 25,000,000 Equity Shares of ₹ 10 each and 250,000 Preference Shares of ₹ 10 each to ₹ 402,500,000 divided into 40,000,000 Equity Shares of ₹ 10 each and 250,000 Preference Shares of ₹ 10 each.
September 28, 2010	Clause V(a) of the MoA was amended to reflect the reclassification in the authorised share capital from ₹ 402,500,000 divided into 40,000,000 Equity Shares of ₹ 10 each and 250,000 Preference Shares of ₹ 10 each to ₹ 402,500,000 divided into 36,250,000 Equity Shares of ₹ 10 each, 500,000 Preference Shares of ₹ 10 each and 3,500,000 CCPS of ₹ 10 each.
June 24, 2014	Clause II of the MoA was amended to reflect the change in the address of the Registered Office of our Company from the state of Maharashtra to the NCT of Delhi and such alteration was confirmed by the Regional Director, Western Region, Mumbai pursuant to its order dated November 14, 2014.

### Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

<b>Financial Year</b>	<b>Particulars</b>
2007	Incorporation of our Company as a public limited company.
2009	Commencement of trading in DAM.
2010	<ul style="list-style-type: none"> <li>• Our Company registered its first industrial consumer;</li> <li>• Commencement of trading in TAM; and</li> <li>• Average monthly cleared volume crossed 500 MU.</li> </ul>
2011	Commencement of trading of RECs.
2014	<ul style="list-style-type: none"> <li>• Daily average cleared volume touched 79 MU/day;</li> <li>• Over 2,900 open access consumers were procuring power through IEX; and</li> <li>• Highest cleared volume in a day crossed over 117 MUs.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• Highest cleared volume in a day crossed over 131 MUs.</li> </ul>

Financial Year	Particulars
2016	<ul style="list-style-type: none"> <li>• Daily average cleared volume touched 93 MU/day; and</li> <li>• Highest cleared volume in a day crossed over 136 MUs.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Daily average cleared volume touched 109 MU/day;</li> <li>• Highest cleared volume in a day crossed over 147 MUs; and</li> <li>• Approval received from CERC for commencement of trading of ESCerts.</li> </ul>

### Awards and certifications received by our Company

The table below sets forth the key awards and certifications received by our Company:

1. Our Company was awarded the ‘E-enabled Consumer Platform’ award at the India Power Awards 2009.
2. Our Company was awarded the ‘Best Performing Power Trading Company/ Exchange’ award at the Power Line Awards 2012.
3. Our Company was awarded the ‘Best Performing Power Exchange’ award at the Power Line Awards 2013.
4. Our Company was awarded the ‘Best Power Exchange/ Power Trading Co.’ at the 7<sup>th</sup> India Power Awards in the year 2014.
5. Our Company won the ‘Exchange of the Year’ award for outstanding contribution towards the development of India electricity markets, presented by Power Business View, in the year 2014.
6. Our Company was awarded the ‘Winner of the Vajra’ in the ‘Best Power Exchange in India’ category by the ENERTIA Foundation at the 8<sup>th</sup> ENERTIA Awards 2014.
7. Our Company was honoured by Inc. India Innovative 100 in the year 2013.
8. Our Company was awarded the ‘Leader in Market Development’ award for its valued contribution to the energy sector at the 8<sup>th</sup> India Power Awards 2015 by the Council of Power Utilities in the year 2015.
9. Our Company received certification under ISO 9001:2008 and ISO 14001:2004 from Bureau Veritas Certification Holding SAS- UK Branch in August 2016 certifying that the management system of our Company was in accordance with the management system standards of ISO 9001:2008 and ISO 14001:2004. The certificate is valid up September 14, 2018.
10. Our Company received certification under ISO/ IEC 27001:2013 from Bureau Veritas Certification Holding SAS- UK Branch in August 2016 certifying that the management system of our Company was in accordance with the management system standards of ISO/ IEC 27001:2013. The certificate is valid up August 16, 2019.

### Corporate Profile of our Company

For details regarding the description of our activities, services, products, market of each segment, the growth of our Company, technology, the standing of our Company with reference to prominent competitors in respect of our products, management, managerial competence, major suppliers and customers, exports, profits, geographical segment, capacity/facility creation, location, environmental issues, market, capacity build-up, marketing and competition, each as applicable, see “Industry Overview”, “Our Business”, “Our Management”, “Financial Statements” and “Management’s Discussion and Analysis Of Financial Condition and Results of Operations” on pages 88, 112, 138, 160 and 284 respectively.

### Our holding company

As of the date of this Red Herring Prospectus, our Company does not have a holding company.

### Our subsidiaries

As of the date of this Red Herring Prospectus, our Company does not have a subsidiary company.



## Capital raising activities through equity or debt

For details regarding our capital raising activities through equity or debt, see “Capital Structure” and “Financial Statements” on page 64 and 160 respectively.

## Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults in respect of or rescheduling of borrowings with financial institutions/banks in respect of any past borrowings from lenders. Further, as on date of this Red Herring Prospectus, we do not have any outstanding loans.

## Injunctions or restraining order against our Company

As of the date of this Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

## Revaluation of assets

Our Company has not revalued its assets since its incorporation.

## Details regarding acquisition of business/undertakings, mergers, amalgamations

Our Company has not acquired any business or undertaking, and has not undertaken any mergers, amalgamations.

## Summary of Key Agreements

- Investment Agreement dated September 13, 2010 entered into among our Company, FTIL, PFS, BVP and Lightspeed, as amended by an amendment agreement dated March 16, 2012 (the “Investment Agreement”) along with the deed of adherence dated March 26, 2012 entered into among our Company, Multiples Private Equity Fund I Limited, Multiples Private Equity Fund, FTIL, PTC, BVP and Lightspeed (the “Deed of Adherence I”) and deed of adherence dated April 20, 2017 entered into by our Company with DCB, Kiran Vyapar Limited, Lightspeed, Multiples Private Equity Fund I Limited and Multiples Private Equity Fund (the “Deed of Adherence II”)***

Our Company entered into the Investment Agreement with FTIL, PFS, BVP and Lightspeed pursuant to which BVP and Lightspeed had each subscribed to 1,516,431 CCPS issued at a premium of ₹ 105.41 per CCPS. Each of Lightspeed and BVP paid a consideration of ₹175.01 million for such subscription. Additionally, under the Investment Agreement, Lightspeed and BVP purchased 929,849 Equity Shares each from FTIL and 586,582 Equity Shares each from PFS for an aggregate consideration of ₹175.01 million paid by each of them.

Under the Investment Agreement, the CCPS are entitled to a dividend at the rate of 0.0001% *per annum* or the rate equal to the dividend paid on each Equity Share, whichever is higher, until they are converted into Equity Shares. Conversion ratio for the CCPS shall be 1:1. The CCPS may be converted into Equity Shares at the option of BVP and Lightspeed prior to the expiry of 20 years from the date of issuance of the CCPS, subject to applicable law or are mandatorily convertible into Equity Shares upon listing of Equity Shares of our Company on the stock exchanges or upon being required to convert under law or upon the expiry of 20 years from the date of issuance, whichever is earlier.

The Investment Agreement provides certain rights to BVP and Lightspeed, including, *inter alia*, the right of first offer, tag along rights, right to appoint nominee director, consent rights with respect to reserved matters and certain exit rights until Lightspeed and BVP collectively hold 10% or more of the total paid up Equity Share capital of our Company on a fully diluted basis.

The Investment Agreement shall be terminated on the earlier of listing of Equity Shares of our Company on the stock exchanges or conforming to any applicable law including regulatory guidelines, or, with respect to any party, upon that party ceasing to hold any security of our Company.

Our Company entered into the Deed of Adherence I under which Multiples Private Equity Fund I Limited and Multiples Private Equity Fund were added as parties to the Investment Agreement, pursuant to their acquisition of 1,819,717 and 2,429,878 Equity Shares from PFS (which constituted 6.0% and 8.0%, respectively, of the then Equity Share capital of our Company on a fully diluted basis). Further, our Company entered into the Deed of Adherence II under which DCB and Kiran Vyapar Limited were added as parties to the Investment Agreement, pursuant to their acquisition of 3,032,863 and 303,286 Equity Shares, respectively, from FTIL (which together constituted 11.0% of the then Equity Share capital of our Company on a fully diluted basis). FTIL and PFS no longer hold any Equity Shares in our Company.

- Letter agreement dated October 13, 2015 issued by our Company to DCB, Agri Power and Engineering Solutions Private Limited, Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited, Trustees to the Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I), Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited,***

***Trustees to the Aditya Birla Private Equity Trust A/C Aditya Birla Private Equity-Sunrise Fund) (“Aditya Birla Funds”) and Kiran Vyapar Limited (the “Purchasers”) (the “DCB Letter Agreement”)***

Our Company issued the DCB Letter Agreement in relation to the share purchase agreement dated June 18, 2015 entered into among the Purchasers, FTIL and as amended by amendment agreement dated September 22, 2015 (the “SPA I”), which was made available to our Company. Further, our Company had acknowledged the terms and conditions of SPA I and the execution of the DCB Letter Agreement was a condition precedent to the closing of the SPA I. Further, the terms of the DCB Letter Agreement required our Company, among other things, to amend our Articles of Association to ensure deletion of any provision which confers a right on an individual to be appointed as a permanent director of our Company. The DCB Letter Agreement also provides certain rights to the Purchasers, including, among others, a right to DCB to nominate one director on our Board until such time as DCB and Kiran Vyapar Limited together hold not less than 10% of the share capital of our Company on a fully diluted basis.

The DCB Letter Agreement shall be terminated on the earlier of (i) completion of an initial public offering by our Company; (ii) any right granted under the DCB Letter Agreement being contrary to applicable law or requirements of any government authority; (iii) with respect to a particular Purchaser: (a) if such Purchaser ceases to hold Equity Shares in our Company; (b) if such Purchaser acquires any equity shares or securities of any competitor of our Company; and (c) upon the termination of the SPA I, in respect of such Purchaser; or (iv) upon termination of the Investment Agreement.

Further, pursuant to a resolution passed by our Board at its meeting held on October 6, 2015, Aditya Birla Funds, collectively were accorded a ‘special invitee’ position on our Board, until such time as they together hold 5% or more of our paid-up Equity Share capital on a fully diluted basis. Further, such right was available to Aditya Birla Funds up to the filing of the Draft Red Herring Prospectus with SEBI.

**3. *Letter agreement dated October 26, 2015 issued by our Company to Madison India Opportunities III (“Madison”) (the “Madison Letter Agreement I”)***

Our Company issued the Madison Letter Agreement I in relation to the share purchase agreement dated October 20, 2015 entered into between Madison and FTIL, for the purchase of 478,834 Equity Shares, constituting 1.58% of our then paid-up Equity Share capital, by Madison from FTIL (the “**Madison SPA I**”), which was made available to our Company. Further, our Company had acknowledged the terms and conditions of the Madison SPA I and the execution of the Madison Letter Agreement I was a condition precedent to the closing of the Madison SPA I. The Madison Letter Agreement I provides certain rights to Madison, including, among others, information rights and a right to require our Company to hold an investors’ meeting if it holds not less than 2.5% of the Equity Shares in our Company.

The Madison Letter Agreement I shall be terminated on the earlier of (i) completion of an initial public offering by our Company; (ii) any right granted under the Madison Letter Agreement I being contrary to applicable law or requirements of any government authority; (iii) Madison ceasing to hold Equity Shares in our Company; (iv) Madison acquiring any equity shares or securities of any competitor of our Company; or (v) upon termination of the Investment Agreement.

**4. *Letter agreement dated November 16, 2015 issued by our Company to Madison (the “Madison Letter Agreement II”)***

Our Company issued the Madison Letter Agreement II in relation to the share purchase agreement dated November 10, 2015 entered into between Madison and FTIL, for the purchase of 111,431 Equity Shares, constituting 0.37% of our then paid-up Equity Share capital, by Madison from FTIL (the “**Madison SPA II**”), which was made available to our Company. Further, our Company had acknowledged the terms and conditions of the Madison SPA II and the execution of the Madison Letter Agreement II was a condition precedent to the closing of the Madison SPA II. The Madison Letter Agreement II provides certain rights to Madison, including, among others, information rights and a right to require our Company to hold an investors’ meeting if it holds not less than 2.5% of the Equity Shares in our Company.

The Madison Letter Agreement II shall be terminated on the earlier of (i) completion of an initial public offering by our Company; (ii) any right granted under the Madison Letter Agreement II being contrary to applicable law or requirements of any government authority; (iii) Madison ceasing to hold Equity Shares in our Company; (iv) Madison acquiring any equity shares or securities of any competitor of our Company; or (v) upon termination of the Investment Agreement.

**5. *Letter agreement dated November 16, 2015 issued by our Company to Siguler Guff NJDM Investment Holdings Limited (“Siguler Guff”) (the “Sigular Guff Letter Agreement”)***

Our Company issued the Sigular Guff Letter Agreement in relation the share purchase agreement dated November 9, 2015 entered into between Siguler Guff and FTIL, for the purchase of 916,485 Equity Shares, constituting 3.02% of

our then paid-up Equity Share capital, by Sigular Guff from FTIL (the “**Sigular Guff SPA**”), which was made available to our Company. Further, our Company had acknowledged the terms and conditions of the Sigular Guff SPA and the execution of the Sigular Guff Letter Agreement was a condition precedent to the closing of the Sigular Guff SPA. The Sigular Guff Letter Agreement provides certain rights to Sigular Guff, including, among others, information rights and a right to require our Company to hold an investors’ meeting if it holds not less than 2.5% of the Equity Shares in our Company.

The Sigular Guff Letter Agreement shall be terminated on the earlier of (i) completion of an initial public offering by our Company; (ii) any right granted under the Sigular Guff Letter Agreement being contrary to applicable law or requirements of any government authority; (iii) Sigular Guff ceasing to hold Equity Shares in our Company; (iv) Sigular Guff acquiring any equity shares or securities of any competitor of our Company; or (v) upon termination of the Investment Agreement.

**6. Letter agreement dated November 16, 2015 issued by our Company to SG Bric III Trading LLC (“SG Bric”) (the “SG Bric Letter Agreement”)**

Our Company issued the SG Bric Letter Agreement in relation to the share purchase agreement dated November 9, 2015 entered into between SG Bric and FTIL, for the purchase of 488,515 Equity Shares, constituting 1.61% of our then paid-up Equity Share capital, by SG Bric from FTIL (the “**SG Bric SPA**”), which was made available to our Company. Further, our Company had acknowledged the terms and conditions of the SG Bric SPA and the execution of the SG Bric Letter Agreement was a condition precedent to the closing of the SG Bric SPA. The SG Bric Letter Agreement provides certain rights to SG Bric, including, among others, information rights and right to require our Company to hold an investors’ meeting if it holds not less than 2.5% of the Equity Shares in our Company.

The SG Bric Letter Agreement shall be terminated on the earlier of (i) completion of an initial public offering by our Company; (ii) any right granted under the SG Bric Letter Agreement being contrary to applicable law or requirements of any government authority; (iii) SG Bric ceasing to hold Equity Shares in our Company; (iv) SG Bric acquiring any equity shares or securities of any competitor of our Company; or (v) upon termination of the Investment Agreement.

**Financial and Strategic Partners**

Our Company does not have any financial and strategic partners as of the date of filing of this Red Herring Prospectus.

**Lock-outs and strikes, injunctions or restraining orders**

There have been no lock-outs or strikes at any time in our Company.

**Time and cost overruns**

Our Company has not experienced any time or cost overruns in relation any projects implemented by it.

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

There have been no changes in the activities of our Company during the last five years which may have had a material adverse effect on the profits and loss account of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## OUR MANAGEMENT

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 20 Directors. As on the date of this Red Herring Prospectus, our Board comprises nine Directors.

The following table sets forth details regarding our Board:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age	Other Directorships
<p>Dinesh Kumar Mehrotra</p> <p><b>Designation:</b> Chairman and Independent Director</p> <p><b>Address:</b> 6A, Harmony, Dr. E. Moses Road, Worli Naka, Worli, Mumbai 400 018</p> <p><b>Occupation:</b> Retired Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five consecutive years with effect from March 30, 2015</p> <p><b>DIN:</b> 00142711</p>	64	<ul style="list-style-type: none"> <li>• CAMS Insurance Repository Services Limited;</li> <li>• Computer Age Management Services Private Limited;</li> <li>• Metropolitan Stock Exchange of India Limited;</li> <li>• Tata AIA Life Insurance Company Limited;</li> <li>• Tata Steel Limited;</li> <li>• UTI Asset Management Company Limited;</li> <li>• V L S Finance Limited; and</li> <li>• West End Housing Finance Limited.</li> </ul>
<p>Satyanarayan Goel</p> <p><b>Designation:</b> Managing Director and Chief Executive Officer</p> <p><b>Address:</b> B-54, Vinayak Apartment, NTPC Officer Sahkari Awas, C-58/1, Sector-62, Noida 201 307</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five consecutive years with effect from January 21, 2014</p> <p><b>DIN:</b> 02294069</p>	63	Nil
<p>Kayyalathu Thomas Chacko</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> Kayyalathu House, Vattakunnu (P.O.) (Via) Meenadom, Kottayam 686 516</p> <p><b>Occupation:</b> Retired Indian Administrative Services officer</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five consecutive years with effect from March 30, 2015</p> <p><b>DIN:</b> 02446168</p>	70	Nil
<p>Vallabh Roopchand Bhanshali</p> <p><b>Designation:</b> Independent Director</p>	66	<ul style="list-style-type: none"> <li>• Arvind Limited;</li> <li>• Desh Apnayen Sahyog Foundation;</li> </ul>

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age	Other Directorships
<p><b>Address:</b> 12 Laxmi Vilas, 87, Napean Sea Road, Mumbai 400 006</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five consecutive years with effect from March 30, 2015</p> <p><b>DIN:</b> 00184775</p>		<ul style="list-style-type: none"> <li>• ENAM Financial Consultants Private Limited;</li> <li>• ENAM Investment &amp; Services Private Limited (formerly known Bhanshali Stock Brokers Private Limited);</li> <li>• Enam Securities Private Limited;</li> <li>• Foundation for Liberal and Management Education;</li> <li>• Indore Composite P Limited;</li> <li>• Sarvatra Technologies Private Limited; and</li> <li>• Suroop Fresh Private Limited.</li> </ul>
<p>Renuka Ramnath</p> <p><b>Designation:</b> Non-executive Director</p> <p><b>Address:</b> D-4701/2, Floor 47, Ashok Tower, 63/74, Dr. S.S. Rao Marg, Parel, Mumbai 400 012</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>DIN:</b> 00147182</p>	55	<ul style="list-style-type: none"> <li>• Arvind Fashions Limited;</li> <li>• Arvind Lifestyle Brands Limited;</li> <li>• Arvind Limited;</li> <li>• Encube Ethicals Private Limited;</li> <li>• Institutional Investor Advisory Services India Limited;</li> <li>• L&amp;T Technology Services Limited;</li> <li>• Multiples Alternate Asset Management Private Limited;</li> <li>• Multiples ARC Private Limited;</li> <li>• Multiples Equity Fund Trustee Private Limited;</li> <li>• PeopleStrong HR Services Private Limited.</li> <li>• PVR Limited;</li> <li>• Shri Nath G Corporate Management Services Private Limited;</li> <li>• Tata Communications Limited;</li> <li>• Ultratech Cement Limited;</li> <li>• Vastu Housing Finance Corporation Limited; and</li> <li>• Vikram Hospital (Bengaluru) Private Limited.</li> </ul>
<p>Mahendra Singhi*</p> <p><b>Designation:</b> Non-executive Director</p> <p><b>Address:</b> B-36, Malcha Marg, New Delhi 110 021</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p>	64	<ul style="list-style-type: none"> <li>• Dalmia Cement (Bharat) Limited; and</li> <li>• OCL India Limited.</li> </ul>

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age	Other Directorships
<b>Term:</b> Liable to retire by rotation <b>DIN:</b> 00243835		
Bejul Somaia <b>Designation:</b> Non-executive Director <b>Address:</b> 11 Southern Avenue, Maharani Bagh, New Delhi 110 065 <b>Occupation:</b> Consultant <b>Nationality:</b> Kenyan <b>Term:</b> Liable to retire by rotation <b>DIN:</b> 00059201	44	<ul style="list-style-type: none"> <li>• Foodvista India Private Limited;</li> <li>• Hiveloop Technology Private Limited;</li> <li>• Lightspeed Advisory Services India Private Limited;</li> <li>• One Assist Consumer Solutions Private Limited;</li> <li>• Oravel Stays Private Limited;</li> <li>• Samast Technologies Private Limited; and</li> <li>• U.P. Twigga Fiber Glass Limited.</li> </ul>
Ajeet Kumar Agarwal <b>Designation:</b> Non-executive Director <b>Address:</b> C-601, Plot GH-7, Shiksha Niketan Apartment, Sector 5, Vasundhara, Ghaziabad 201 012 <b>Occupation:</b> Service <b>Nationality:</b> Indian <b>Term:</b> Liable to retire by rotation <b>DIN:</b> 02231613	57	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited;</li> <li>• Rural Electrification Corporation Limited; and</li> <li>• REC Power Distribution Company Limited.</li> </ul>
Gopal Srinivasan <b>Designation:</b> Non-executive Director <b>Address:</b> No. 14, Boat Club Road, Raja Annamalaipuram, Chennai 600 028 <b>Occupation:</b> Industrialist <b>Nationality:</b> Indian <b>Term:</b> Liable to retire by rotation <b>DIN:</b> 00177699	59	<ul style="list-style-type: none"> <li>• CoinTribe Technologies Private Limited;</li> <li>• Harita Techserv Limited;</li> <li>• Lucas-TVS Limited;</li> <li>• NextWealth Entrepreneurs Private Limited;</li> <li>• Sundaram Industries Private Limited;</li> <li>• Sundaram-Clayton Limited;</li> <li>• T V Sundram Iyengar &amp; Sons Private Limited;</li> <li>• TVS Capital Funds Private Limited;</li> <li>• TVS Electronics Limited;</li> <li>• TVS Investments Limited;</li> <li>• TVS Logistics Services Limited;</li> <li>• TVS Wealth Private Limited; and</li> <li>• Wonderla Holidays Limited.</li> </ul>

\* Please note that Mahendra Singhi's name in his passport is mentioned as Mahendra Kumar Singhi.

## **Relationship between our Directors**

None of our Directors are related to each other.

## **Brief Biographies of Directors**

### **Dinesh Kumar Mehrotra**

Dinesh Kumar Mehrotra is the Chairman of our Board and an Independent Director. He had attended a bachelor's course in science from the University of Patna. He joined Life Insurance Corporation of India ("LIC") as a direct recruit officer in 1977 and worked with LIC for over 35 years. He has worked as the chairman of LIC and prior to taking charge as chairman of LIC, he was associated with LIC as an executive director (international operations). He has served on the board of directors of ACC Limited, ITC Limited, IL&FS Limited, among others. He is also associated with the National Insurance Academy and the Insurance Institute of India. He was appointed as an Independent Director of our Company with effect from March 30, 2015 and as the Chairman of our Board with effect from April 23, 2015.

### **Satyanarayan Goel**

Satyanarayan Goel was appointed as the Managing Director and Chief Executive Officer of our Company with effect from January 21, 2014. He holds a bachelor's degree of science in electrical engineering from the Sambalpur University, Burla and a master's degree of business administration from the University of Delhi, New Delhi. He has over 38 years of professional experience in power sector. Before joining our Company, he was the director of marketing and operations at PTC India Limited. Prior to working with PTC India Limited, he was associated with NTPC Limited for 29 years and retired as an executive director (fuel security). He has been associated with our Company since October 16, 2012 when he was appointed as a Nominee Director of our Company for PTC India Limited.

### **Kayyalathu Thomas Chacko**

Kayyalathu Thomas Chacko is an Independent Director of our Company. He is a retired Indian Administrative Services officer of the 1973 batch and has 33 years of experience in public administration. He worked for the Government of India, almost entirely in the Ministry of Commerce and Industry and was closely involved in the trade and industry sectors. He holds a master's degree of economics from the University of Kerala and was awarded three gold medals for obtaining the first rank in Kerala. He also holds a master's degree of public administration from Harvard University, U.S.A. He held the post of director general of foreign trade from the year 2004 to 2006. He was appointed as director of the Indian Institute of Foreign Trade for the period of 2007-2012. He was presented the Federation of Indian Exporters Organisation instituted life time achievement award by the Hon'ble President of India for invaluable contribution to the exports sector. He has been associated with our Company since May 21, 2012 when he was appointed as an Additional Director on our Board in the independent category and was regularised as a Director on September 28, 2012. His appointment as an Independent Director for a term of five years pursuant to the provisions of the Companies Act, 2013 was approved by our Shareholders pursuant to a resolution passed at their meeting held on March 30, 2015.

### **Vallabh Roopchand Bhanshali**

Vallabh Roopchand Bhanshali is an Independent Director of our Company. He holds a bachelor's degree of commerce and of law from the University of Mumbai, Mumbai and is also a member of the Institute of Chartered Accountants of India. He was the co-founder of Enam Financial Consultants Private Limited and has over 30 years of experience in investment banking and capital markets. He is also the founder member of Desh Apnayen Sahayog Foundation. He has also been appointed by the Central Government as member on the Western Local Area Board of RBI. He was appointed as an Independent Director of our Company with effect from March 30, 2015.

### **Renuka Ramnath**

Renuka Ramnath is a Non-executive Director of our Company. She holds a bachelor's degree of textiles from V.J. Technological Institute, University of Mumbai and a master's degree of management studies from Chetna R.K. Institute of Management & Research, University of Mumbai. She has also completed the Advanced Management Program, the International Senior Managers Program from the Graduate School of Business Administration, Harvard University. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. She was associated with the ICICI Group for 23 years and also served as the managing director and chief executive officer of ICICI Venture Funds Management Company Limited. She is the managing director of Multiples Alternate Asset Management Private Limited, an investment advisory firm she founded in 2009. She was appointed as an Additional Director of our Company on March 29, 2012 and her appointment as a Non-Executive Director of our Company was regularized with effect from September 28, 2012.

## **Mahendra Singhi**

Mahendra Singhi is a Non-executive Director of our Company. He holds a bachelor's degree of science from the University of Jodhpur and a bachelor's degree of law from the Rajasthan University. He is also a member of the Institute of Chartered Accountants of India. He is the chief executive officer – cement and a whole-time director of Dalmia Cement (Bharat) Limited and also the chief executive officer and a whole-time director of OCL India Limited. He has over 35 years of experience in the cement industry. He has previously worked with Maihar Cement (a unit of Century Spinning & Engineering Company Limited), Shree Digvijay Cement Company Limited, Rajashree Cement and Shree Cement Limited. Prior to working with Dalmia Cement (Bharat) Limited, he has worked with Shree Cement Limited as its president from January 17, 1995 to April 2002 and later as an executive director from April 2002 to December 6, 2013. During his association with Shree Cement Limited, he was associated with various institutions in the field of sustainable development. Shree Cement Limited was among the three companies from India to be recognised as a 'world sustainability champion' by the World Economic Forum during his tenure at Shree Cement Limited. In recognition of his leadership in combating climate change and for his contribution to the successful adoption of the Paris Agreement at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Paris, France on December 12, 2015, he was invited by the Secretary General of the United Nations to attend the high-level signature ceremony for the Paris Agreement at the United Nations Headquarters in New York on April 22, 2016. He was appointed as an Additional (Non-executive) Director on our Board with effect from May 30, 2017 and his appointment as a Non-Executive Director of our Company was regularized with effect from July 25, 2017.

## **Bejul Somaia**

Bejul Somaia is a Non-executive Director of our Company. He holds a bachelor's degree of science (economics) from the London School of Economics, United Kingdom and a master's degree of business administration from the Graduate School of Business Administration, Harvard University. He is a designated partner at Lightspeed India Partners Advisors LLP and the managing director of Lightspeed Advisory Services India Private Limited and has several years of investment banking, strategy, operations and venture capital experience in India and in the U.S.A. Prior to working with Lightspeed, he was the joint managing director of U.P. Twiga Fiberglass Limited, a manufacturer of thermal and acoustic insulation products in India. He has also worked as an investment professional at General Catalyst Partners, a U.S. based venture capital firm, as a strategy consultant with Bain & Company Inc. and with Salomon Brothers (subsequently Salomon Smith Barney). He was appointed as an Additional Director of our Company on September 30, 2010 and his appointment as a Non-executive Director of our Company was regularised with effect from September 28, 2011.

## **Ajeet Kumar Agarwal**

Ajeet Kumar Agarwal is a Non-executive Director of our Company. He holds a bachelor's degree of commerce from the University of Delhi, New Delhi and is also a fellow member of the Institute of Chartered Accountants of India. He is the director (finance) of Rural Electrification Corporation Limited and has several years of experience in finance and accounting. He has been a director on the board of Rural Electrification Corporation Limited since August 1, 2012. He was appointed as a Non-Executive Director on our Board as the nominee of Rural Electrification Corporation Limited with effect from August 22, 2012.

## **Gopal Srinivasan**

Gopal Srinivasan is a Non-executive Director of our Company. He holds a bachelor's degree of commerce from the University of Madras, Chennai and a master's degree of business administration from the Graduate School of Business Administration, University of Michigan, U.S.A. He is the founder of TVS Capital Funds Private Limited (earlier known as TVS Capital Funds Limited) with the vision of supporting and nurturing India's mid-cap businesses. TVS Capital Funds Private Limited manages assets of over ₹ 1,100 crores of domestic capital, which makes it amongst the largest rupee funds in India. Over an entrepreneurially oriented career spanning several years, he is associated with companies operating in diverse sectors including TVS Capital Funds Private Limited and TVS Electronics Limited, whose board of directors he chairs. He is also the founder trustee of "The Chennai Angels", an angel investor network in Chennai. He has also served on the board of directors of Great Lakes Institute of Management, Chennai and on the board of directors of Coimbatore Innovation and Business Incubator. He was appointed as an Additional (Non-executive) Director on our Board with effect from April 18, 2017 and his appointment as a Non-Executive Director of our Company was regularized with effect from July 25, 2017.

## **Confirmations**

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

Except as disclosed below, 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 tenure of their directorship in such company:

<b>Bejul Somaia</b>	
Name of the company	U.P. Twiga Fiberglass Limited



Listed on	Delhi Stock Exchange Limited
Date of delisting on the stock exchange(s)	December 15, 2007
Compulsory or voluntary delisting	Voluntary
Reasons for delisting	To reduce cost of compliance
Whether relisted: Yes / No. If yes, date of relisting on (i) Delhi Stock Exchange	No
Term (along with relevant dates) of Director in the above company/ies	January 1, 2005 to January 31, 2009 as joint managing director; and February 1, 2009 and until date as director

<b>Mahendra Singhi</b>	
Name of the company	Shree Cement Limited
Listed on	Calcutta, Chennai, Jaipur, and Delhi stock exchanges
Date of delisting on the stock exchange(s)	Delisted from (i) Calcutta Stock Exchange Association Limited in 2004; (ii) Madras Stock Exchange Stock Limited in 2003; (iii) Jaipur Stock Exchange in 2004; and (iv) Delhi Stock Exchange in 2003
Compulsory or voluntary delisting	Voluntary
Reasons for delisting	Being non-operative stock exchanges
Whether relisted: Yes / No. If yes, date of relisting on the relevant stock exchange	No
Term (along with relevant dates) of Director in the above company/ies	April 26, 2002 to December 7, 2013

## Terms of Appointment of the Executive Director

### Satyanarayan Goel

Satyanarayan Goel was appointed as the Managing Director and Chief Executive Officer of our Company pursuant to a Board resolution and an appointment letter, both dated January 3, 2014 and Shareholders' resolution dated June 24, 2014 for a period of five years from January 21, 2014. He was paid a remuneration of ₹ 19.68 million in Financial Year 2017. Following are the details in relation to the remuneration payable to Satyanarayan Goel for Financial Year 2018:

Particulars <sup>(1)</sup>	Amount per annum (₹ in million)
Fixed remuneration (inclusive of basic salary, house rent allowance, special allowance, telephone expenses/reimbursement, provident funds and other benefits like insurance and gratuity)	16.00 <sup>(1)</sup>
Annual variable pay, as determined by our Board/ Nomination and Remuneration Committee based on fulfilment of certain pre-decided targets	Up to 5.40

(1) This does not include amounts paid towards leave encashment paid by our Company.

Other benefits provided to Satyanarayan Goel as per his terms of appointment include, among others, (i) car provided by our Company along with reimbursement of expenses on driver, maintenance and fuel on actual basis, subject to a limit of ₹ 1.00 million and such limit is renewed on an annual basis and pro-rated for parts of the year where applicable; (ii) grant of options under ESOP 2010; (iii) coverage under the directors and officers liability insurance on actual basis; (iv) earned/ privilege leave as per Company's rules; (v) encashment of leave as per Company's rules; (vi) mobile phone as per Company's policy along with internet and other facilities/ equipments required by him to perform his duties; and (vii) any other benefit, amenity, privilege not provided in his terms of appointment but provided by our Company to its employees. Further, as per the terms of his appointment letter, in case of absence or inadequacy of profits during the said period, the Managing Director and Chief Executive Officer shall be entitled to remuneration as permitted under the Companies Act or such sum as the Government of India may approve or other limit as may be prescribed by the Government from time to time as minimum remuneration.

In terms of his appointment letter, his appointment as the Managing Director and Chief Executive Officer is subject to termination with an advance notice of three months from either party. Further, our Board and/or the Nomination and Remuneration Committee is empowered to fix, alter and vary his remuneration from time to time, as it may deem fit in its absolute discretion.

Additionally, our Managing Director and Chief Executive Officer has also entered into an employee undertaking dated January 21, 2014 with our Company which stipulates, among other things, that all rights, title and interest in 'works' (as defined in the said undertaking) vests in our Company and he cannot disclose trade secrets, intellectual property, confidential information, etc. unless required under law. Further, he cannot render or offer his services to any third party during his course of employment with our Company and cannot own or manage or be connected in any manner with a competitor during his period of employment

with our Company and for a period of one year immediately following termination or expiry of his employment with our Company.

### Remuneration to Non-Executive Directors

Pursuant to the resolution of our Board dated March 5, 2015, our Non-executive Directors, except for the Non-executive Directors appointed pursuant to the terms of the Investment Agreement are entitled to sitting fees of ₹ 90,000 for attending each meeting of our Board and ₹ 60,000 for attending each meeting of a committee of our Board.

The details of the sitting fees paid to the Non-Executive Directors of our Company in Financial Year 2017 are set forth in the table below:

S. No.	Name of the Director	Sitting fees (in ₹)
1.	Dinesh Kumar Mehrotra	1,950,000
2.	Kayyalathu Thomas Chacko	2,130,000
3.	Vallabh Roopchand Bhanshali	480,000
4.	Renuka Ramnath	Nil
5.	Mahendra Singhi*	Nil
6.	Bejul Somaia	Nil
7.	Ajeet Kumar Agarwal**	180,000
8.	Gopal Srinivasan***	Nil
<b>Total</b>		<b>4,740,000</b>

\* Appointed as an Additional (Non-executive) Director on our Board with effect from May 30, 2017.

\*\* The sitting fee was paid to Rural Electrification Corporation Limited on behalf of the Director as per the terms of his appointment.

\*\*\* Appointed as an Additional (Non-executive) Director on our Board with effect from April 18, 2017.

Except as stated in this section, no amount or benefit has been paid within the two preceding years or is intended to be paid or given to any of our Company's officers including our Directors, Key Management Personnel and Senior Management Personnel except as normal remuneration payable to them for services rendered as Directors or Key Management Personnel or Senior Management Personnel. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company. Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, Key Management Personnel and Senior Management Personnel is entitled to any benefits upon termination of employment.

Our Directors are not a party to any bonus or profit sharing plan of our Company.

### Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for (i) Ajeet Kumar Agarwal who is nominated on our Board as the authorised nominee by Rural Electrification Corporation Limited pursuant to investments made by Rural Electrification Corporation Limited in our Company and approved by our Board in its meeting held on July 11, 2008 and pursuant to the nomination letter dated August 22, 2012 from Rural Electrification Corporation Limited; (ii) Renuka Ramnath, who has been appointed on our Board as a representative of Multiples Private Equity Fund pursuant to the Investment Agreement; (iii) Bejul Somaia, who has been appointed on our Board as a representative of Lightspeed pursuant to the Investment Agreement; and (iv) Mahendra Singhi, who has been appointed to our Board as a representative of DCB pursuant to the DCB Letter Agreement, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors or Key Management Personnel has been appointed. For further details, see "History and Certain Corporate Matters – Summary of Key Agreements" on pages 135 to 137.

### Shareholding of Directors in our Company

Except as disclosed below, none of our Directors hold any Equity Shares of our Company as on the date of this Red Herring Prospectus:

S. No.	Name of Director	Number of Equity Shares held*	Percentage Shareholding
1.	Satyanarayan Goel	22,500	Negligible

\* Transferred from IEX ESOP Trust on exercise of employee stock options granted under ESOP 2010.

For details in relation to options granted to Satyanarayan Goel under the ESOP 2010, see "Capital Structure – Employee Stock Option Scheme 2010" on pages 70 to 77.

Our Articles of Association do not require our Directors to hold any qualification shares.

## Appointment of relatives of Directors to any office or place of profit

None of the relatives of our Directors currently hold any office or place of profit in our Company.

## Interest of Directors

Our Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of our Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be interested in our Company in respect of the Equity Shares, if any, held by them or by the entities in which they are associated as promoters, directors, partners, proprietors, trustees or employees or held by their relatives and to the extent of any dividends payable to them and other distributions in respect of such Equity Shares. For details of Equity Shares held by our Directors, see “– Shareholding of Directors in our Company” on pages 144. Additionally, our Managing Director and Chief Executive Officer may be interested to the extent of the stock options held by him under the ESOP 2010.

Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors.

Our Directors have no interest in the promotion of our Company. Further, our Directors have no interest in any property acquired or proposed to be acquired by our Company within two years from the date of the Draft Red Herring Prospectus.

Except as described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

No loans have been availed by our Directors from our Company.

## Changes in our Board in the last three years

Name	Date of Change	Reason
Mahendra Singhi	May 30, 2017	Appointment as Additional (Non-executive) Director <sup>(1)</sup>
Puneet Yadu Dalmia	May 18, 2017	Cessation as a Director
Gopal Srinivasan	April 18, 2017	Appointment as an Additional (Non-executive) Director <sup>(2)</sup>
Rajeev Kumar Malhotra	March 29, 2017	Cessation as a Director
Vishal Vijay Gupta	March 7, 2016	Cessation as a Director
Puneet Yadu Dalmia	October 15, 2015	Appointment as an Additional (Non-executive) Director <sup>(3)</sup>
Dinesh Kumar Mehrotra	April 23, 2015	Appointment as the Chairman
Vallabh Roopchand Bhanshali	March 30, 2015	Appointment as an Independent Director
Dinesh Kumar Mehrotra	March 30, 2015	Appointment as an Independent Director
Asha Das	March 5, 2015	Cessation as a Director
Venkat Chary	September 30, 2014	Cessation as a Director

(1) Our Shareholders approved the regularisation of Mahendra Singhi as a Non-executive Director on July 25, 2017.

(2) Our Shareholders approved the regularisation of Gopal Srinivasan as a Non-executive Director on July 25, 2017.

(3) Our Shareholders approved the regularisation of Puneet Yadu Dalmia as a Non-executive Director on September 21, 2016.

## Borrowing Powers of Board

Our Board is empowered to borrow money in accordance with Sections 179 and 180 of the Companies Act, 2013. Further, in accordance with our Articles of Association, our Board has been empowered to borrow funds subject to certain conditions as required to be met in accordance with applicable laws.

## Corporate Governance

The provisions of the Equity Listing Agreement to be entered into with the Stock Exchanges and the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the Companies Act, applicable regulations, including the SEBI Listing Regulations, the SEBI ICDR Regulations and the CERC Power Market Regulations in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board’s supervisory role from the executive management team and constitution of our Board Committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

Currently, our Board consists of nine directors, out of which one is an executive director, five are non-executive and non-independent directors and three are non-executive and independent directors. Further, our Board includes one woman director. In accordance with the requirements of Regulation 17(1) of the SEBI Listing Regulations, Dinesh Kumar Mehrotra, the Chairman of our Board, is a non-executive and independent director.

### **Committees of our Board**

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

Our Company has constituted the following committees in terms of the Companies Act and SEBI Listing Regulations:

#### **Audit Committee**

The members of the Audit Committee are:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Committee Designation</b>
1.	Dinesh Kumar Mehrotra	Chairman
2.	Kayyalathu Thomas Chacko	Member
3.	Bejul Somaia	Member

The Audit Committee was constituted pursuant to a resolution passed by our Board at its meeting held on January 21, 2008. Further, the terms of reference of the Audit Committee were aligned with the requirements of Section 177 of the Companies Act, 2013 pursuant to a resolution passed by our Board at its meeting held on March 5, 2015. The Audit Committee was last re-constituted pursuant to a resolution passed by our Board at its meeting held on May 4, 2016. The Audit committee met six times during the Financial Year 2017. Pursuant to the resolution passed by our Board at its meeting held on May 30, 2017, the terms of reference of the Audit Committee were amended to align them with the provisions of the SEBI Listing Regulations. The terms of reference of the Audit Committee include the following:

- (a) to oversee Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) to recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) to review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (e) to review with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - (ii) Any changes in accounting policies and practices and reasons for the same.
  - (iii) Major accounting entries involving estimates based on exercise of judgment by the management.
  - (iv) Significant adjustments made in financial statements arising out of audit findings.
  - (v) Compliance with listing and other legal requirements concerning financial statements.
  - (vi) Disclosure of any related party transactions.
  - (vii) Qualification in the draft audit report.
- (f) approval or subsequent modification of transactions of the Company with related parties;
- (g) to review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit;

- (h) to review with the management, performance of statutory and internal auditors and the adequacy of internal control systems;
- (i) to discuss with internal auditors any significant findings and follow up thereon;
- (j) to review the finding of internal investigations into matters where there is suspected fraud or irregularity or failure of internal control system of a material nature and report to Board;
- (k) to discuss with the auditors before the audit commences, nature and the scope of audit as well as have post-audit discussion to ascertain any area of concern;
- (l) to review with the management the quarterly/ half yearly financial statements before submissions to the Board for approval;
- (m) to scrutinize the inter-corporate loans and investments;
- (n) to carry out valuation of undertakings or assets of the Company, wherever it is necessary;
- (o) to monitor the end use of funds raised through public offers and related matters;
- (p) to review and evaluate internal financial controls and risk management policies/systems of the Company;
- (q) to investigate any activity/ matter as may be required by the Board of Directors;
- (r) to seek any information from any employees and/ or records of the Company;
- (s) to obtain outside legal or other professional advice;
- (t) to secure attendance of outsiders with relevant expertise, as may be considered necessary;
- (u) reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (v) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (includes non payment of declared dividends) and creditors;
- (w) to establish and review the functioning of the whistle blower mechanism;
- (x) approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- (y) carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and
- (z) review of -
  - (i) management discussion and analysis of financial condition and results of operations;
  - (ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - (iii) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - (iv) internal audit reports relating to internal control weaknesses;
  - (v) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee; and
  - (vi) statement of deviations including
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.”

The Company Secretary shall act as the secretary to the Audit Committee.

### **Nomination and Remuneration Committee**

The members of the Nomination and Remuneration Committee are:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Committee Designation</b>
1.	Kayyalathu Thomas Chacko	Chairman
2.	Dinesh Kumar Mehrotra	Member
3.	Renuka Ramnath	Member
4.	Mahendra Singhi	Member

The Nomination and Remuneration Committee was constituted by our Board pursuant to a resolution passed at its meeting held on January 4, 2008 as the Remuneration Committee and was re-constituted as the Nomination and Remuneration Committee on May 9, 2014 as per the requirements of Section 178 of the Companies Act, 2013. The Nomination and Remuneration was last reconstituted pursuant to a resolution passed by our Board at its meeting held on June 12, 2017. Pursuant to the resolution passed by our Board at its meeting held on May 30, 2017, the terms of reference of the Nomination and Remuneration Committee were amended to align them with the provisions the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

- (a) to formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (b) to formulate and recommend to the Board remuneration policy for the directors, key management personnel and other employees;
- (c) to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- (d) to recommend to the Board appointment and removal of directors/ key managerial personnel;
- (e) formulation of criteria and carrying out performance evaluation of Independent Directors and the Board;
- (f) devising a policy on Board diversity;
- (g) to take care of succession planning of Board members;
- (h) to implement and monitor the administration and superintendence of the ESOP 2010 formulated by the Company;
- (i) to allot equity shares to the IEX ESOP Trust, to vary, decide and settle any doubt that arise in the implementation of the ESOP 2010;
- (j) to consider and approve the splitting of Equity Share certificates held by IEX ESOP Trust and re-issue new certificates from time to time pursuant to the ESOP 2010;
- (k) to consider and approve the transfer of Equity Shares from IEX ESOP Trust to eligible employees/ directors of the Company from time to time on exercise of options by the respective eligible employees/ directors of the Company;
- (l) to do all such acts and perform any other function as defined in the ESOP 2010;
- (m) to grant loans to employees of the Company on terms and conditions as determined by the Board;
- (n) to perform any other function as may be delegated by the Board from time to time;
- (o) to identify, shortlist and appoint a reputed executive search firm to assist the Search Committee in identification of suitable candidates for the key positions in the Company and to negotiate and finalize the commercials and other terms and conditions with the executive search firm for their services;
- (p) to determine and finalize the scope and methodology of search for the key positions in discussion with the selected executive search firm;
- (q) to interview/review the shortlisted candidates and to finalize their terms of appointment and compensation packages; and
- (r) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises:

Sr. No.	Name of Director	Committee Designation
1.	Kayyalathu Thomas Chacko	Chairman
2.	Gopal Srinivasan	Member
3.	Satyanarayan Goel	Member

The Stakeholders' Relationship Committee was constituted by our Board pursuant to a resolution passed at its meeting held on May 30, 2017 in compliance with Regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders etc.;
2. investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services; and
4. carrying out any other terms of reference as may be decided by the Board or specified/provided under the SEBI Listing Regulations or other regulations, listing agreements or required by any other regulatory authority.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises:

Sr. No.	Name of Director	Committee Designation
1.	Kayyalathu Thomas Chacko	Chairman
2.	Renuka Ramnath	Member
3.	Satyanarayan Goel	Member

The Corporate Social Responsibility Committee was constituted by our Board at its meeting held on March 10, 2014 and was last reconstituted by our Board at its meeting held on May 4, 2016. The constitution and terms of reference of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act, 2013.

Scope and terms of reference:

The Corporate Social Responsibility Committee is empowered to carry out the following activities:

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company;
- (b) recommend the amount of expenditure to be incurred;
- (c) monitor the Corporate Social Responsibility Policy of the Company from time to time; and
- (d) the Committee is empowered to take decisions through circular resolution and that the quorum shall be of minimum two Directors for any meeting.

### IPO Committee

The IPO Committee was constituted by our Board in its meeting held on March 10, 2014 and was last re-constituted by our Board in its meeting held on November 25, 2016.

The IPO Committee comprises:

Sr. No.	Name of Director	Committee Designation
1.	Dinesh Kumar Mehrotra	Chairman
2.	Renuka Ramnath	Member
3.	Bejul Somaia	Member
4.	Satyanarayan Goel	Member

The terms of reference of the IPO Committee were amended pursuant to a circular resolution passed by our Board on January 5, 2017. The IPO Committee is empowered to exercise powers in relation to the matters listed below, among others:

- (a) to decide on the size, timing, pricing and all the terms and conditions of the issue/transfer of the Equity Shares in the IPO/Offer for Sale ('OFS') including the number of the Equity Shares to be issued/transferred in the IPO/OFS (including deciding the process for participation by shareholders in the OFS, the process for tendering shares, quantum and finalizing the detailed terms and conditions thereof), offer price and discount as allowed under Applicable Laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;
- (b) in case of international offerings under 144A etc., to decide on the nature, timing, pricing and all the terms and conditions of offer of equity shares as allowed under the applicable law and to shortlist, negotiate and finalise the terms and conditions of appointment, including but not limited to execution of the letters/ agreement with the International Legal Counsel/ Advisers etc.;
- (c) to convene Shareholder Meeting for seeking shareholders' approval for the IPO, if required under the Applicable law and to finalize, approve and issue Notice for convening such shareholders/ General Meetings of the Company, as and when required and issue notice to shareholders seeking participation in the OFS and finalize the terms thereof;
- (d) to appoint and enter into arrangements with the Book Running Lead manager (s) for the IPO ('BRLMs'), underwriters to the IPO, syndicate members to the IPO, Registrar and Share Transfer Agent of the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrar(s), auditors, chartered accountants, legal advisors, advertising agency(ies), printers and any other agencies or persons or intermediaries to the IPO and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letter with the BRLMs, negotiation, finalisation and execution of the issue agreement with the BRLMs, etc.;
- (e) to negotiate, finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, the stabilization agreement (if applicable), underwriting agreement, cash/share escrow agreement, agreements with the registrar to the IPO and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the selling shareholders, registrar to the Issue, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the IPO with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
- (f) to finalise, settle, approve and adopt the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus for the IPO (collectively, the 'Issue Documents'), and the preliminary and final international wrap for the offer of Equity Shares and take all such actions as may be necessary for filing of these Issue documents with, and including incorporating such alterations/corrections/modifications as may be required by SEBI, relevant RoC, or any other relevant governmental and statutory authorities;
- (g) to make applications, if necessary, to the Reserve Bank of India, FIPB, or to any other statutory or governmental authorities in connection with the Issue and, wherever necessary, incorporate such modifications/amendments /alterations /corrections as may be required in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus;
- (h) to approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;
- (i) to seek, if required, the consent of the lenders to the Company, other parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in relation to the IPO;
- (j) to submit undertakings/ certificates or provide clarifications to the SEBI and the relevant stock exchanges where the equity shares are to be listed;
- (k) to authorise the Directors/officers of the Company to open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (l) to open and operate such bank accounts as required under the SEBI regulations and/ or the Companies Act, 2013, as amended from time to time and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (m) to determine and finalise the terms of the IPO, including the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Issue (including offer price for anchor



investors), and offer price in consultation with the BRLMs or in such other manner as may be subsequently decided, approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the BRLMs or in such other manner as may be subsequently decided and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including any alteration, addition or making any variation in relation to the Issue;

- (n) to issue receipts/allotment letters/ advice, confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof in accordance with market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- (o) to make applications for listing of the shares in one or more recognised stock exchange(s) for listing of the equity shares of the Company (in India or Overseas) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
- (p) to authorise and approve the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue and decide on the ratio of sharing of cost between selling shareholders in accordance with the Companies Act;
- (q) to authorise and approve notices, advertisements in relation to the Issue in consultation with the relevant intermediaries appointed for the Issue;
- (r) to settle any question, difficulty or doubt that may arise in connection with the Issue including the issue and allotment of the Equity Shares as aforesaid and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit;
- (s) do all such deeds and acts as may be required to dematerialize the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorize one or more officers of the Company to execute all or any of the aforesaid documents;
- (t) to execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
- (u) approval of any other matter that is deemed necessary in respect of IPO and to carry out and to do all such acts, deeds and things required in connection therewith; and
- (v) to do all such acts, deeds, matters and things and settle all questions, difficulties or doubts that may arise in relation to the IPO, and execute all such other agreements, documents, certificate(s), undertaking(s) etc. as may, in its absolute discretion, deem necessary, expedient, incidental, ancillary or desirable for the purpose of the IPO and allotment of the equity shares of the Company pursuant to the IPO, including the matters set forth hereinabove.

#### **Other committees constituted by our Board**

In addition to the committees constituted in accordance with the Companies Act, 2013 and SEBI Listing Regulations as mentioned above, our Board has also constituted to the following committees:

- Strategic Committee;
- Investment Committee;
- Enterprise Risk Management Committee; and
- Technology Advisory Committee.

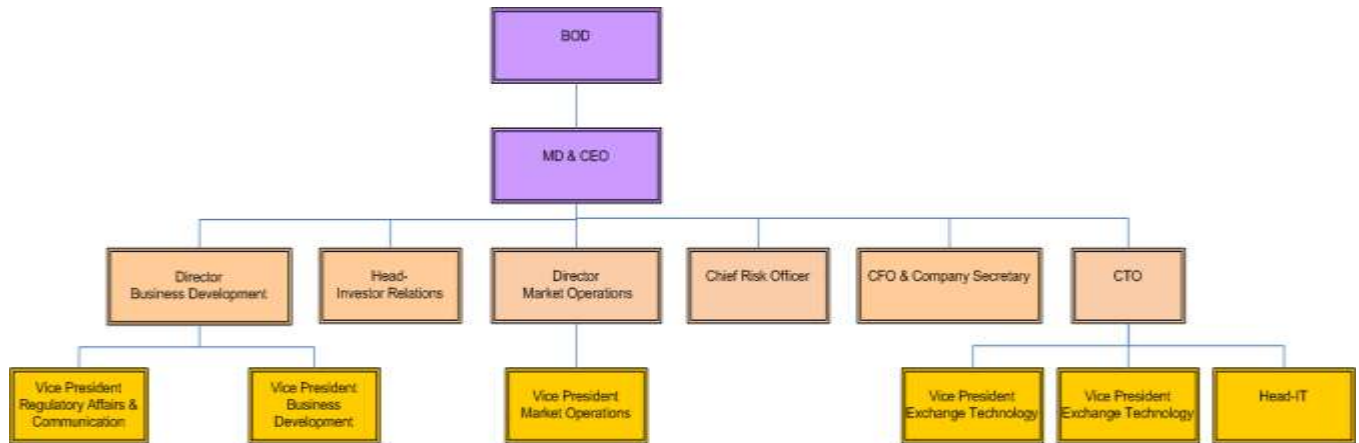
Further, in terms of the CERC Power Market Regulations, our Company has also constituted the following committees:

- Risk Management Committee;
- Market Surveillance Committee;
- SGF Management Committee;

Additionally, our Company has constituted the following committees in terms of its rules and bye-laws:

- Membership Admission Committee;
- Disciplinary Action Committee; and
- Default Committee.

### Management Organisation Structure



### Key Management Personnel

#### Brief biographies

The details of Key Management Personnel as defined under the Companies Act, 2013, other than Satyanarayan Goel, our Managing Director and Chief Executive Officer, are set out below:

#### Vineet Harlalka

Vineet Harlalka is the Chief Financial Officer, Company Secretary and Compliance Officer of our Company. He was appointed as the Company Secretary of our Company with effect from January 16, 2010 and as the Chief Financial Officer of our Company with effect from May 9, 2014 and as our Compliance Officer with effect from May 30, 2017. He holds a bachelor’s degree of commerce from the University of Delhi, New Delhi and has been admitted as an associate of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has over 15 years of experience in the field of finance, taxation, and treasury, secretarial and accounting practice. Prior to joining our Company, he worked with New Holland Fiat (India) Private Limited. During the Financial Year 2017, he was paid a compensation of ₹ 7.87 million (including a variable pay of ₹ 2.03 million).

### Senior Management Personnel

#### Brief biographies

The details of certain Senior Management Personnel, other than our Directors and Key Management Personnel, are set out below:

#### Rajesh Kumar Mediratta

Rajesh Kumar Mediratta is the director of business development of our Company. He was appointed as the vice president – special projects at Multi Commodity Exchange of India Limited on March 12, 2007 and his services were confirmed in our Company with effect from September 12, 2007. He holds a bachelor’s degree of mechanical engineering from the Rani Durgavati Vishwavidyalaya, Jabalpur and a degree of master’s of business administration from the Indira Gandhi National Open University, New Delhi. He has 29 years of experience in the power sector. Prior to joining our Company, he worked as

an assistant director with the Central Electricity Authority and later with the Powergrid Corporation of India Limited as chief manager. He has to his credit several papers on power markets, commercial mechanism, power system operations and settlement systems presented at international and national conferences. During the Financial Year 2017, he was paid a compensation of ₹ 12.08 million (including a variable pay of ₹ 2.84 million).

#### **Akhilesh Awasthy**

Akhilesh Awasthy is the director of market operations of our Company. He was appointed as the director of market operations with effect from August 22, 2012 and has been associated with our Company since September 1, 2007. He holds a master's degree of engineering (electrical engineering) from the University of Indore, Indore and is a member of the Institute of Cost and Management Accountants of India. He has over 31 years in the power sector. Prior to joining our Company, he worked with the then Madhya Pradesh Electricity Board for 22 years and resigned as its joint director in June 2006. He is a regular speaker on electricity markets at various national and international fora. He is a director on the board of Association of Power Exchanges, an organization of all power exchanges in the world. He has devised systems and procedures for operations of our Exchange which is catering to the participants of our Exchange. During the Financial Year 2017, he was paid a compensation of ₹ 12.59 million (including a variable pay of ₹ 3.09 million).

#### **Pareshnath Paul**

Pareshnath Paul is the chief technological officer of our Company and was appointed with effect from April 17, 2017. He holds a bachelor's degree of technology in chemical engineering from the Jadavpur University, Kolkata. He holds a master's degree of technology in chemical engineering and a Doctor of Philosophy from the Indian Institute of Technology, Kharagpur. He has over 21 years of experience in software, information technology and technology delivery. Prior to joining our Company, he worked at NSEIT Limited as the chief delivery officer (senior vice-president). He has also worked with Mphasis Limited as delivery leader and with Melstar Information Technologies Limited as vice-president (delivery). He also served as head of technology of Bells Controls Limited where he contributed towards the development of the software division of Bells Controls Limited which resulted in the formation of Bells Softech Limited. As his appointment was with effect from April 17, 2017, he was not paid any compensation during the Financial Year 2017.

#### **Sanjay Mehrottra**

Sanjay Mehrottra is head of investor relations of our Company and was appointed on May 14, 2014. He holds a bachelor's degree of commerce and a master's degree of management studies from the University of Mumbai, Mumbai. He has over 24 years of experience in the Indian capital markets. Prior to joining our Company, he was the director (capital markets) at ICICI Venture Funds Management Company Limited. He has also worked with Prudential ICICI Asset Management Company Limited, Tata Finance Limited, Hotel Leelaventure Limited and Soundcraft Marketing Projects and Finance Limited. During the Financial Year 2017, he was paid a compensation of ₹ 7.02 million (including a variable pay of ₹ 0.92 million). Further, he is entitled to a bonus of ₹ 6.00 million on completion of the Offer.

#### **Indranil Chaterjee**

Indranil Chaterjee is the chief risk officer of our Company and was appointed with effect from December 20, 2016. He holds a bachelor's degree of engineering (electrical and electronics) from the University of Mangalore, Mangalore and a master's degree of business administration from the Faculty of Management Studies, University of Delhi, New Delhi. He has 14 years of experience in the power market sector. Prior to joining our Company, he worked with Indus Towers Limited as deputy general manager in energy function. He also worked with Ernst & Young LLP as manager and with North Delhi Power Limited as manager. Further, he has worked with CESC Limited as a commercial executive. During the Financial Year 2017, he was paid a compensation of ₹ 1.12 million (including a variable pay of ₹ 0.23 million).

#### **Rohit Bajaj**

Rohit Bajaj is the vice-president (business development) of our Company and was appointed pursuant to appointment letter dated May 24, 2014. He holds a bachelor's degree of mechanical engineering from the Regional Engineering College, Rourkela, Sambalpur University and attended a post graduate diploma programme in executive management from the Management Development Institute, Gurgaon. He has 23 years of experience in the energy domain especially in the power, oil and gas sector. Prior to joining our Company, he worked with National Energy Trading and Services Limited as head of business. He has also worked with Lanco Amarkantak Power Limited as deputy general manager. He has also worked with Malanpur Captive Power Limited (subsidiary of Awantha Power and Infrastructure Limited) as deputy general manager in the power department. Further, he has worked with Reliance Industries Limited as general manager (operations and maintenance), with Jindal Stainless Limited as deputy manager (power plant) and with J.K. Synthesis Limited as an assistant engineer (mechanical). During the Financial Year 2017, he was paid a compensation of ₹ 5.52 million (including a variable pay of ₹ 0.66 million and a special pay of ₹ 0.45).

### **Shruti Bhatia**

Shruti Bhatia is the vice-president (regulatory affairs and communications) of our Company and was appointed with effect from January 9, 2013. She holds a bachelor's degree of science (physics honours) and attended a master's of science (physics) course from the University of Delhi, New Delhi. She has over 20 years of experience in policy, regulatory affairs and communications. Prior to joining our Company, she worked with Vestas Wind Technology India Private Limited as general manager, government relations. She has also worked with Confederation of Indian Industry ("CII") as a director where she worked with the membership, energy and international division of CII. During the Financial Year 2017, she was paid a compensation of ₹ 5.26 million (including a variable pay of ₹ 0.61 million and a special pay of ₹ 0.41).

### **Prasanna Rao**

Prasanna Rao was appointed as the vice-president (market operations) of our Company with effect from October 4, 2013. He was deputed from Multi Commodity Exchange of India Limited to our Company with effect from September 1, 2007 and his services were transferred to our Company with effect from April 1, 2010. He has passed his bachelor's of commerce from the University of Mumbai, Mumbai. He has 17 years of experience in market operations of equity and commodity exchanges. Prior to joining our Company, he worked with Multi Commodity Exchange of India Limited for four years. He has also worked with Inter Connected Stock Exchange of India Limited and retired as an assistant manager from Inter Connected Stock Exchange of India. He is responsible for day to day operations of our Company. He was involved in drafting of the business rules of our Company and development of the exchange software. During the Financial Year 2017, he was paid compensation of ₹ 4.51 million (including a variable pay of ₹ 0.53 million and a special pay of ₹ 0.36).

### **Jainam Vora**

Jainam Vora is the vice-president (exchange technology) of our Company and was appointed pursuant to an appointment letter dated May 29, 2017. He holds a bachelor's degree of computer application from the Gujarat University, Ahmedabad and a master's degree of computer application from the Saurashtra University, Rajkot. He has over 12 years of experience in trading systems of exchanges and trading market verticals such as equity, commodity and energy, among others. Prior to joining our Company, he worked with 63 Moons as assistant vice-president (new ventures) and his major responsibilities included providing end to end delivery of PowerARMS™ to our Company and evaluating new technology for new ventures. He was also a part of the core technical team which provided exchange solutions to various exchanges including the Singapore Mercantile Exchange, Bourse Africa (in Mauritius), Bahrain Financial Exchange and Multi Commodity Exchange, among others. He was closely involved in implementing the DAM matching engine for PowerARMS™ and was a technology leader for delivering Energy Market Management System to Gulf Cooperation Council Interconnection Authority while he was working with 63 Moons. As his appointment was with effect from June 1, 2017, he was not paid any compensation during the Financial Year 2017.

### **Vaibhav Aggarwal**

Vaibhav Agarwal is the vice-president (exchange technology) of our Company and was appointed pursuant to an appointment letter dated May 19, 2017. He obtained a pass certificate for the bachelor's degree of commerce from University of Mumbai, Mumbai. He has over 12 years of experience in exchange technology and specifically in trading and clearing settlement systems. Prior to joining our Company, he worked with 63 Moons as vice-president (new ventures) where his responsibilities included, among others, designing the trading and clearing settlement system for various exchanges and clearing corporations. He was the TradeDart™ project manager of 'Gulf Cooperation Council Interconnection Authority' Energy Market Management System while he was working with 63 Moons. As his appointment was with effect from May 23, 2017, he was not paid any compensation during the Financial Year 2017.

Other than for Satyanarayan Goel, none of the appointment letters issued to the our Key Management Personnel and Senior Management Personnel specify the term of office of the Key Management Personnel or the Senior Management Personnel.

All Key Management Personnel and Senior Management Personnel are permanent employees of our Company.

### **Family relationship of Directors with Key Management Personnel and Senior Management Personnel**

None of our Key Management Personnel and Senior Management Personnel as disclosed above is related to each other or to the Directors of our Company.

### **Shareholding of Key Management Personnel and Senior Management Personnel**

The shareholding of our Managing Director and Chief Executive Director is as disclosed in "– Shareholding of our Directors in our Company" on page 144 as on the date of this Red Herring Prospectus, the shareholding of our Key Management Personnel and Senior Management Personnel in our Company is as follows:

Sr. No.	Name of KMP/ SMP	Number of Equity Shares*
1.	Rajesh K. Mendiratta	50,000
2.	Akhilesh Awasthy	50,000
3.	Vineet Harlalka	20,000
4.	Prasanna Rao	17,500

\* Transferred from IEX ESOP Trust on exercise of employee stock options granted under ESOP 2010.

For details in relation to options granted to our Key Management Personnel and Senior Management Personnel under the ESOP 2010, see “Capital Structure – Employee Stock Option Scheme 2010” on pages 70 to 77.

#### **Bonus or profit sharing plan of the Key Management Personnel and Senior Management Personnel**

Our Key Management Personnel and Senior Management Personnel are not a party to any bonus or profit sharing plan.

#### **Interests of Key Management Personnel and Senior Management Personnel**

Our Key Management Personnel and Senior Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business and Equity Shares or employee stock options, held by them, if any. All the Key Management Personnel and Senior Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

No loans have been availed by our Key Management Personnel or the Senior Management Personnel from our Company.

#### **Changes in the Key Management Personnel and Senior Management Personnel in the last three years:**

Name	Date of change	Reason
Jainam Vora	June 1, 2017	Appointment as vice-president (exchange technology)
Vaibhav Aggarwal	May 23, 2017	Appointment as vice-president (exchange technology)
Pareshnath Paul	April 17, 2017	Appointment as chief technological officer
Indranil Chaterjee	December 20, 2016	Appointment as chief risk officer

#### **Payment or benefit to officers of our Company**

Except the normal remuneration/ commission for services rendered as our Directors, officers or employees, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers.

None of our Directors or Key Management Personnel or Senior Management Personnel has entered into service contracts with our Company providing for benefits or payments upon termination of employment.

#### **Employee Stock Option Schemes**

For details in relation to the ESOP 2010, see “Capital Structure – Employee Stock Option Scheme 2010” from pages 70 to 77.

## OUR PROMOTERS/ PRINCIPAL SHAREHOLDERS

### Our Promoters

Our Company was promoted by FTIL and PFS. Pursuant to divestment by them of the Equity Shares of our Company, they currently hold no Equity Shares in our Company. For details of the agreements in relation to their divestment, see “History and Certain Corporate Matters - Summary of Key Agreements” on pages 135 to 137.

As on the date of this Red Herring Prospectus, our Company is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013. Consequently, it does not have a ‘promoter group’ in terms of the SEBI ICDR Regulations.

### Principal Shareholders

1. *Shareholders who control 15% or more of the voting rights in our Company*

Except for DCB that holds 15.0% of the paid up Equity Share capital of our Company as on the date of this Red Herring Prospectus, no shareholder controls 15% or more of the voting rights in our Company. For further details, see “Capital Structure” and “History and Certain Corporate Matters - Summary of Key Agreements” on pages 64 and 135 to 137, respectively.

2. *Persons who have the right to appoint director(s) on our Board of Directors*

The following entities have a right to appoint directors on our Board of Directors:

S. No.	Name of the Shareholder	Particulars of arrangement/ agreement with the Shareholders setting out the right to nominate a director on our Board
1.	Multiples Private Equity Fund	Investment Agreement
2.	DCB	DCB Letter Agreement
3.	Rural Electrification Corporation Limited	Pursuant to purchase of Equity Shares by Rural Electrification Corporation Limited and approval of the appointment of its nominee on our Board pursuant to a resolution passed by our Board in its meeting held on July 11, 2008

The right to nominate a director on our Board available to our Shareholders mentioned above shall terminate upon the listing of the Equity Shares on the Stock Exchanges. For further details, see “History and Certain Corporate Matters - Summary of Key Agreements” and “Our Management” on pages 135 to 137 and 144, respectively.

## **OUR GROUP COMPANIES**

*Under the SEBI ICDR Regulations, Group Companies of our Company include such companies which are covered under applicable accounting standards (Accounting Standard 18 as notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014) and such other companies as are considered material by our Board. Further, pursuant to a resolution passed by our Board at its meeting held on June 12, 2017, for the purpose of disclosure in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus for the Offer, a company shall be considered material and disclosed as a 'Group Company' if (i) the shareholding of such company in our Company is more than 20% of our Company's Equity Share capital; and (ii) the monetary value of our Company's transactions with such company exceeds 10% of the total revenue of our Company for the Financial Year 2017.*

Based on the above, we do not have any Group Companies.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association, the applicable law, including the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company.

The dividend policy of our Company was approved and adopted by our Board of Directors in their meeting held on May 30, 2017 (the “**Dividend Policy**”).

The Dividend Policy provides for declaration of dividend in accordance with the applicable law. Under the dividend policy, our Company is permitted to pay a dividend (i) out of the profits for the financial year after providing for depreciation in accordance with law and transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by our Board at its discretion or (ii) out of the profits for the previous financial year after providing for depreciation and which have remained undistributed or (iii) out of both. While declaring dividend, our Board shall take into consideration various factors such as the financial position of our Company, investments plans and general economic conditions.

As per the Dividend Policy, our Board will endeavour to maintain a dividend pay-out (interim, if any, and final, put together) of approximately 50% of profits after tax (PAT) every financial year on a standalone basis. However, our Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind such factors which have a bearing on the dividend pay-out decision.

In accordance with the Dividend Policy, our Board may abstain from declaring any dividend / lower percentage of dividend in a particular financial year, if it is of the view that the retained earnings through internal accruals can be better utilised for the other purposes, such as expansion of the existing business operations, seeking inorganic growth through acquisitions, embarking upon new product/ line of business and such other purposes as our Board may consider fit.

According to the Dividend Policy, our Board shall have the power to recommend final dividend to our Shareholders for their approval in the general meeting of our Company and it shall have the absolute power to declare interim dividend during the financial year, as and when it considers fit. The Dividend Policy is subject to revision by our Board as and when required, at our Board’s discretion.

The amounts paid as dividends in the past are not necessarily indicative of our Company’s Dividend Policy or dividend amounts, if any, in the future. For details of risks in relation to our capability to pay dividend, see “Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements.” on page 30. The details of dividend declared and paid by our Company in the last five Financial Years are given below:

### Equity Shares

The dividend declared and paid on Equity Shares by our Company during the last five Financial Years is set out in the following table:

Particular	Financial Year 2017		Financial Year 2016		Financial Year 2015		Financial Year 2014		Financial Year 2013	
	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim
Number of Equity Shares	28,812,193	28,812,193	27,295,762	28,189,658	27,295,762	27,295,762	27,295,762	27,295,762	27,295,762	27,295,762
Rate of dividend (%)	200	100	120	70	40	250	30	Nil	20	Nil
Amount of Dividend (in ₹million)	576.24	288.12	327.55	197.33	109.18	682.39	81.89	Nil	54.59	Nil
Corporate dividend tax (in ₹ million)	117.31	58.65	66.68	40.17	18.56	115.97	13.92	Nil	8.86	Nil

(1) Final equity and preference dividend proposed by our Board of Directors for years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 has been considered as non-adjusting event as at respective year ends and has been adjusted against opening reserves and surplus as at April 1, 2012 and reserves and surplus for the years ended March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 respectively as per requirement of Revised Accounting Standard 4.



## Preference Shares

The dividend declared and paid on CCPS by our Company during the last five Financial Years is set out in the following table:

Particular	Financial Year 2017		Financial Year 2016		Financial Year 2015		Financial Year 2014		Financial Year 2013	
	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim	Final <sup>(1)</sup>	Interim
Number of CCPS	1,516,431	1,516,431	3,032,862	2,138,966	3,032,862	3,032,862	3,032,862	3,032,862	3,032,862	3,032,862
Rate of dividend (%)	200	100	120	70	40	250	30	Nil	20	Nil
Dividend amount (₹ in million)	30.33	15.16	36.39	14.97	12.13	75.82	9.10	Nil	6.07	Nil
Tax on dividend (₹ in million)	6.17	3.09	7.4	3.05	2.06	12.89	1.55	Nil	0.98	Nil

(1) Final equity and preference dividend proposed by our Board of Directors for years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 has been considered as non-adjusting event as at respective year ends and has been adjusted against opening reserves and surplus as at April 1, 2012 and reserves and surplus for the years ended March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 respectively as per requirement of Revised Accounting Standard 4.

Further, on June 12, 2017 our Board recommended a final dividend of ₹ 35 per Equity Share and ₹ 35 per CCPS for the Financial Year ended March 31, 2017, which was approved by our Shareholders at the AGM held on July 25, 2017. It has been considered as non-adjusting event as per requirement of Revised Accounting Standard 4. Accordingly, our Company has not recorded ₹ 1,277.60 million as provision for proposed dividends and provision for corporate dividend tax as at June 30, 2017.

**SECTION V: FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

<b>Financial Statements</b>	<b>Page No.</b>
Restated Financial Statements	Pages 161 to 249
<b>Additional Information</b>	
Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three months ended June 30, 2017	Pages 250 to 283

## AUDITOR'S REPORT

**Report of Auditor's on the Restated Summary Statement of Assets and Liabilities as at 30 June 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 and the Restated Summary Statement of Profit and Loss and Restated Summary Statement of Cash Flows for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 read together with annexures and notes thereto**

To  
The Board of Directors  
Indian Energy Exchange Limited  
4th Floor, Plot No. 7  
TDI Centre, Jasola District Centre  
New Delhi 110 025, India

Dear Sirs,

- 1) We have examined the attached Restated Summary Financial Information of Indian Energy Exchange Limited (the "Company") which comprise of the Restated Summary Statement of Assets and Liabilities as at 30 June 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, the Restated Summary Statement of Profit and Loss and the Restated Summary Statement of Cash Flows for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, the Summary of Significant Accounting Policies, read together with the annexures and notes thereto and Other Restated Financial Information explained in paragraph 8 below, for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed initial public offer comprising of an offer for sale of equity shares by certain shareholders (the "IPO"). The Restated Summary Financial Information has been approved by the Board of Directors of the Company and is prepared in terms of the requirements of:
  - (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"); and
  - (b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").
- 2) The preparation of the Restated Summary Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 12 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Summary Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, the Rules and ICDR Regulations.
- 3) We have examined such Restated Summary Financial Information after taking into consideration:
  - (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 01 September 2017 in connection with the IPO; and
  - (b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'), ("The Guidance Note").
- 4) The Company proposes to make an IPO which comprises of offer for sale by certain shareholders of existing equity shares of Rs. 10 each at such premium, arrived at by book building process, as may be decided by the Company's Board of Directors.
- 5) The Restated Summary Financial Information has been compiled by the management from:
  - (a) the audited financial statements of the Company as at 30 June 2017, 31 March 2017, 31 March 2016 and 31 March 2015 and for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016 and 31 March 2015, prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors on 05 September 2017, 12 June 2017, 04 May 2016 and 27 July 2015, respectively; and
  - (b) the audited financial statements of the Company as at 31 March 2014 and 31 March 2013 and for the years ended 31 March 2014 and 31 March 2013 prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors on 09 May 2014 and 10 May 2013.

- 6) For the purpose of our examination, we have relied on:
- (a) Auditor's report issued by us dated 05 September 2017, 12 June 2017, 04 May 2016 and 27 July 2015, respectively, on the financial statements of the Company as at 30 June 2017, 31 March 2017, 31 March 2016 and 31 March 2015 and for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016 and 31 March 2015 as referred in paragraph 5 (a) above; and
  - (b) Auditor's report issued by RRCA & Associates, Chartered Accountants (now known as Ravi Rajan & Co.), dated 09 May 2014 and 10 May 2013, on the financial statements of the Company as at 31 March 2014 and 31 March 2013 and for the years ended 31 March 2014 and 31 March 2013, as referred in paragraph 5 (b) above.
- 7) In accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, read together with paragraphs 5 (a) and 5 (b) above and the reliance placed on the reports of the previous auditor as referred to in paragraph 6 (b) above, we report that:
- (a) The Restated Summary Statement of Assets and Liabilities of the Company as at 30 June 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 examined by us, as set out in Annexure I to the Restated Summary Financial Information, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V - Summary Statement of Adjustments to the Financial Statements and Annexure VI - Notes to Summary Statement of Adjustments to the Financial Statements. As a result of these adjustments, the amounts reported in the above mentioned statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant period / years.
  - (b) The Restated Summary Statement of Profit and Loss of the Company, for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 examined by us, as set out in Annexure II to the Restated Summary Financial Information, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V - Summary Statement of Adjustments to the Financial Statements and Annexure VI - Notes to Summary Statement of Adjustments to the Financial Statements. As a result of these adjustments, the amounts reported in the above mentioned statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant period / years.
  - (c) The Restated Summary Statement of Cash Flows of the Company, for the three months period ended 30 June 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 examined by us, as set out in Annexure III to the Restated Summary Financial Information, have been arrived at after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V – Summary Statement of Adjustments to the Financial Statements and Annexure VI - Notes to Summary Statement of Adjustments to the Financial Statements. As a result of these adjustments, the amounts reported in the above mentioned statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant period / years.
  - (d) Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the reports of the previous auditor as referred to in Para 6 (b) above, we further report that:
    - (i) As explained in Annexures V and VI to the Restated Summary Financial Information, Restated Summary Financial Information have been prepared after incorporating adjustments for the changes in accounting policies and estimates/ correction of accounting policies retrospectively in respective period/ years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
    - (ii) As explained in Annexures V and VI to the Restated Summary Financial Information, Restated Summary Financial Information have been made after incorporating adjustments for the material amounts in the respective period / years to which they relate;
    - (iii) Restated Summary Financial Information do not contain any extra-ordinary items that need to be disclosed separately; and
    - (iv) There are no qualifications in the Auditor's Report which require any adjustments in the Restated Summary Financial Information. However those qualifications / Emphasis of Matter in the auditor's report on the financial statements which do not require any corrective adjustments in the Restated Summary Financial Information have been disclosed in Note F of Annexure VI to the Restated Summary Financial Information.

- 8) We have also examined the following Other Restated Financial Information of the Company set out in the annexures prepared by the management and approved by the Board of Directors on 05 September 2017 for the three months period ended 30 June 2017 and for the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013:
- (i) Restated Summary Statement of Share capital, enclosed as Annexure VII;
  - (ii) Restated Summary Statement of Reserves and surplus, enclosed as Annexure VIII;
  - (iii) Restated Summary Statement of Deferred tax liabilities and Deferred tax assets, enclosed as Annexure IX;
  - (iv) Restated Summary Statement of Other long-term liabilities, enclosed as Annexure X;
  - (v) Restated Summary Statement of Long-term provisions, enclosed as Annexure XI;
  - (vi) Restated Summary Statement of Short-term provisions, enclosed as Annexure XII;
  - (vii) Restated Summary Statement of Short-term borrowings, enclosed as Annexure XIII;
  - (viii) Restated Summary Statement of Trade/ Customer payables, enclosed as Annexure XIV;
  - (ix) Restated Summary Statement of Other current liabilities, enclosed as Annexure XV;
  - (x) Restated Summary Statement of Fixed assets, enclosed as Annexure XVI;
  - (xi) Restated Summary Statement of Non-current investments, enclosed as Annexure XVII;
  - (xii) Restated Summary Statement of Loans and advances (Long-term and Short-term), enclosed as Annexure XVIII;
  - (xiii) Restated Summary Statement of Other non-current assets, enclosed as Annexure XIX;
  - (xiv) Restated Summary Statement of Current Investments, enclosed as Annexure XX;
  - (xv) Restated Summary Statement of Trade receivables, enclosed as Annexure XXI;
  - (xvi) Restated Summary Statement of Cash and bank balances, enclosed as Annexure XXII;
  - (xvii) Restated Summary Statement of Other current assets, enclosed as Annexure XXIII;
  - (xviii) Restated Summary Statement of Revenue from operations, enclosed as Annexure XXIV;
  - (xix) Restated Summary Statement of Other income, enclosed as Annexure XXV;
  - (xx) Restated Summary Statement of Employee benefits, enclosed as Annexure XXVI;
  - (xxi) Restated Summary Statement of Technology expenses, enclosed as Annexure XXVII;
  - (xxii) Restated Summary Statement of Finance costs, enclosed as Annexure XXVIII;
  - (xxiii) Restated Summary Statement of Depreciation and amortisation, enclosed as Annexure XXIX;
  - (xxiv) Restated Summary Statement of Other operating expenses, enclosed as Annexure XXX;
  - (xxv) Restated Summary Statement of Dividend declared and paid, enclosed as Annexure XXXI;
  - (xxvi) Restated Summary Statement of Other Significant Notes to the Financial Statements, enclosed as Annexure XXXII;
  - (xxvii) Restated Summary Statement of Capitalisation, enclosed as Annexure XXXIII;
  - (xxviii) Restated Summary Statement of Accounting Ratios, enclosed as Annexure XXXIV;
  - (xxix) Restated Summary Statement of Tax Shelter, enclosed as Annexure XXXV;

According to the information and explanations given to us, and also as per the reliance placed on the reports of the previous auditor as referred to in Para 6 (b) above, in our opinion, the Restated Summary Financial Information including the above mentioned Other Restated Financial Information contained in Annexures VII to XXXV, read with Summary of Significant Accounting Policies disclosed in Annexure IV, are prepared after making adjustments and regroupings as considered appropriate as disclosed in Annexure V and VI and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, ICDR Regulations and the Guidance Note.

- 9) We have not audited or reviewed any financial statements of the Company as of any date or for any period subsequent to 30 June 2017. Accordingly, we express no opinion on the financial position, results of the operations or cash flow of the Company as of any date or for any period subsequent to 30 June 2017.
- 10) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 12) Our report is intended solely for use of the management for inclusion in the offer document to be filed with the Securities and Exchange Board of India, stock exchanges where the equity shares are proposed to be listed and the relevant Registrar of Companies in India in connection with the IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **B S R & Associates LLP**

*Chartered Accountants*

ICAI firm registration number: 116231W/W-100024

**Manish Gupta**  
*Partner*  
Membership No. 095037

Place: Gurgaon  
Date: 05 September 2017

## Annexure I: Restated Summary Statement of Assets and Liabilities

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	Annexure	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Equity and Liabilities</b>							
<b>Shareholders' funds</b>							
Share capital	VII	303.28	303.28	303.28	303.28	303.28	303.28
Reserves and surplus	VIII	2,752.96	2,446.65	2,406.07	2,096.21	2,225.56	1,412.57
		<b>3,056.24</b>	<b>2,749.93</b>	<b>2,709.35</b>	<b>2,399.49</b>	<b>2,528.84</b>	<b>1,715.85</b>
<b>Non-current liabilities</b>							
Deferred tax liabilities (net)	IX	21.80	-	1.18	11.82	17.21	14.69
Other long-term liabilities	X	359.79	359.10	351.12	350.04	291.02	249.60
Long-term provisions	XI	20.18	22.72	16.46	12.73	8.94	6.35
		<b>401.77</b>	<b>381.82</b>	<b>368.76</b>	<b>374.59</b>	<b>317.17</b>	<b>270.64</b>
<b>Current liabilities</b>							
Short-term borrowings	XIII	-	-	-	-	28.43	-
Trade / Customer payables	XIV						
- Due to micro enterprises and small enterprises		-	-	-	-	-	-
- Due to other than micro enterprises and small enterprises		339.32	1,719.39	589.66	344.80	286.47	350.52
Other current liabilities	XV	700.50	589.85	502.03	886.86	485.69	447.40
Short-term provisions	XII	107.49	76.15	67.75	51.63	42.07	37.75
		<b>1,147.31</b>	<b>2,385.39</b>	<b>1,159.44</b>	<b>1,283.29</b>	<b>842.66</b>	<b>835.67</b>
<b>Total</b>		<b>4,605.32</b>	<b>5,517.14</b>	<b>4,237.55</b>	<b>4,057.37</b>	<b>3,688.67</b>	<b>2,822.16</b>
<b>Assets</b>							
<b>Non-current assets</b>							
Fixed assets	XVI						
Property, plant and equipment		64.14	63.38	73.05	86.27	31.77	35.74
Intangible assets		1,176.06	22.95	40.73	54.02	69.85	86.22
Capital work-in-progress		2.78	3.33	-	-	-	-
Intangible assets under development		2.86	6.27	4.02	-	0.79	-
		<b>1,245.84</b>	<b>95.93</b>	<b>117.80</b>	<b>140.29</b>	<b>102.41</b>	<b>121.96</b>
Non-current investments	XVII	41.97	91.97	91.97	-	-	-
Deferred tax assets (net)	IX	-	12.84	-	-	-	-
Long-term loans and advances	XVIII	24.09	28.80	31.45	34.53	29.30	19.49
Other non-current assets	XIX	51.74	266.94	270.51	404.31	619.22	357.90
		<b>117.80</b>	<b>400.55</b>	<b>393.93</b>	<b>438.84</b>	<b>648.52</b>	<b>377.39</b>
<b>Current assets</b>							
Current investments	XX	2,478.43	3,701.05	2,715.17	2,543.91	2,472.92	1,888.64
Trade receivables	XXI	3.20	2.09	7.71	3.60	2.68	3.30
Cash and bank balances	XXII	530.90	1,274.92	914.75	834.99	421.99	387.18
Short-term loans and advances	XVIII	137.81	15.73	19.04	15.56	24.45	32.04
Other current assets	XXIII	91.34	26.87	69.15	80.18	15.70	11.65
		<b>3,241.68</b>	<b>5,020.66</b>	<b>3,725.82</b>	<b>3,478.24</b>	<b>2,937.74</b>	<b>2,322.81</b>
<b>Total</b>		<b>4,605.32</b>	<b>5,517.14</b>	<b>4,237.55</b>	<b>4,057.37</b>	<b>3,688.67</b>	<b>2,822.16</b>

**Note:** To be read together with Summary of Significant Accounting Policies in Annexure IV, Summary Statement of Adjustments to the Financial Statements in Annexure V and Notes to Summary Statement of Adjustments to the Financial Statements in Annexure VI.

**Annexure II: Restated Summary Statement of Profit and Loss**
*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Annexure	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Revenue</b>							
Revenue from operations	XXIV	554.73	2,039.13	1,750.28	1,447.79	1,525.70	1,212.08
Other income	XXV	61.85	335.10	251.12	315.99	214.20	171.57
<b>Total revenue</b>		<b>616.58</b>	<b>2,374.23</b>	<b>2,001.40</b>	<b>1,763.78</b>	<b>1,739.90</b>	<b>1,383.65</b>
<b>Expenses</b>							
Employee benefits	XXVI	47.57	155.72	141.05	117.10	82.57	71.68
Technology expenses	XXVII	35.06	234.24	202.02	194.06	196.70	173.29
Finance costs	XXVIII	0.06	1.31	2.68	2.38	0.22	0.23
Depreciation and amortisation	XXIX	14.83	34.63	33.94	29.46	26.53	56.96
Other operating expenses	XXX	50.51	216.28	155.44	95.72	105.22	83.42
<b>Total expenses</b>		<b>148.03</b>	<b>642.18</b>	<b>535.13</b>	<b>438.72</b>	<b>411.24</b>	<b>385.58</b>
<b>Profit before exceptional items and tax</b>		<b>468.55</b>	<b>1,732.05</b>	<b>1,466.27</b>	<b>1,325.06</b>	<b>1,328.66</b>	<b>998.07</b>
Exceptional items	XXXII (Note 16)	-	-	-	-	-	69.37
<b>Profit before tax</b>		<b>468.55</b>	<b>1,732.05</b>	<b>1,466.27</b>	<b>1,325.06</b>	<b>1,328.66</b>	<b>928.70</b>
<b>Tax expense / (benefit)</b>							
Current tax	XXXV	127.60	610.42	473.51	429.99	406.69	280.57
Deferred tax charge / (credit)	IX	34.64	(14.02)	(10.64)	(5.11)	2.52	(14.83)
<b>Profit for the period/year</b>		<b>306.31</b>	<b>1,135.65</b>	<b>1,003.40</b>	<b>900.18</b>	<b>919.45</b>	<b>662.96</b>
<b>Earnings per equity share (Rs.)</b>							
(Par value of Rs. 10 per share)							
Basic (Rs.)	XXXII (Note 6)	<b>10.66</b>	<b>37.78</b>	<b>34.01</b>	<b>29.47</b>	<b>33.67</b>	<b>24.45</b>
Diluted (Rs.)	XXXII (Note 6)	<b>10.16</b>	<b>37.66</b>	<b>33.30</b>	<b>29.43</b>	<b>30.61</b>	<b>22.16</b>

**Note:** To be read together with Summary of Significant Accounting Policies in Annexure IV, Summary Statement of Adjustments to the Financial Statements in Annexure V and Notes to Summary Statement of Adjustments to the Financial Statements in Annexure VI.



**Annexure III: Restated Summary Statement of Cash Flows**
*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

	<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
<b>A.</b>	<b>Cash flows from operating activities</b>						
	Restated profit before tax	468.55	1,732.05	1,466.27	1,325.06	1,328.66	928.70
	Adjustments for:						
	Depreciation and amortisation	14.83	34.63	33.94	29.46	26.53	56.96
	Fixed assets written off including exceptional items	-	-	-	1.40	0.40	69.37
	Loss on sale of fixed assets	-	-	-	0.22	-	0.53
	Finance costs	0.06	1.31	2.68	2.38	0.22	0.23
	Interest income from bank deposits	(11.47)	(73.63)	(94.98)	(87.48)	(72.28)	(35.72)
	Interest income from non-current investments	(0.74)	(8.07)	(5.33)	-	-	-
	Interest income from current investments	(1.35)	-	-	-	-	-
	Interest income from others	-	-	-	(0.38)	(0.65)	(0.46)
	Provision for contingencies	1.00	-	-	-	-	-
	Profit on sale of current investments	(46.70)	(224.33)	(0.11)	(147.04)	(35.12)	(11.14)
	Dividend income from current investments	(0.29)	(27.34)	(148.78)	(79.23)	(106.10)	(122.79)
	Bad debts written off	-	0.01	1.12	0.02	0.42	-
	Provision for diminution in value of current investments	-	-	-	-	6.51	0.34
	<b>Operating profit before working capital changes</b>	<b>423.89</b>	<b>1,434.63</b>	<b>1,254.81</b>	<b>1,044.41</b>	<b>1,148.59</b>	<b>886.02</b>
	Adjustments for:						
	(Increase)/decrease in trade and other receivables / assets	(161.02)	(8.07)	(7.62)	8.00	3.43	(2.87)
	Increase/(decrease) in liabilities and provisions	(1,272.02)	1,242.97	100.51	287.79	35.73	156.21
	<b>Cash generated from operating activities before taxes</b>	<b>(1,009.15)</b>	<b>2,669.53</b>	<b>1,347.70</b>	<b>1,340.20</b>	<b>1,187.75</b>	<b>1,039.36</b>
	Income tax paid	87.20	610.01	461.50	420.54	424.55	278.15
	<b>Net cash generated from / (used in) operating activities (A)</b>	<b>(1,096.35)</b>	<b>2,059.52</b>	<b>886.20</b>	<b>919.66</b>	<b>763.20</b>	<b>761.21</b>
<b>B.</b>	<b>Cash flows from investing activities</b>						
	Purchase of fixed assets	(1,163.17)	(13.31)	(15.54)	(66.26)	(8.13)	(23.55)
	Proceeds from sale of fixed assets	-	-	0.01	0.36	-	0.81
	Redemption/(Purchase of) investments (net)	1,319.33	(761.55)	(263.12)	76.05	(555.67)	(627.48)
	Redemption of/(Investments in) bank deposits (net)	133.00	414.70	(229.00)	106.60	(471.20)	(199.70)
	Interest income from bank deposits	7.24	122.95	128.58	42.51	26.91	33.13
	Interest income from non-current investments	-	3.30	0.56	-	-	-
	Interest others	-	-	-	0.38	0.65	0.46
	Dividend income from current investments	0.29	27.34	148.78	79.23	106.10	122.79
	<b>Net cash generated from / (used in) investing activities (B)</b>	<b>296.69</b>	<b>(206.57)</b>	<b>(229.73)</b>	<b>238.87</b>	<b>(901.34)</b>	<b>(693.54)</b>
<b>C.</b>	<b>Cash flows from financing</b>						

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>activities</b>						
Finance costs	(0.06)	(1.31)	(2.68)	(2.38)	(0.22)	(0.23)
Proceeds from / (Repayment of) Short-term borrowings	-	-	-	(28.43)	28.43	-
Dividend paid	-	(909.85)	(576.24)	(654.04)	(90.99)	(60.66)
Corporate distribution tax on dividend	-	(185.22)	(117.30)	(149.48)	(15.47)	(9.84)
Deposit in unpaid dividend account	-	-	-	(225.49)	-	-
<b>Net cash used in financing activities (C)</b>	<b>(0.06)</b>	<b>(1,096.38)</b>	<b>(696.22)</b>	<b>(1,059.82)</b>	<b>(78.25)</b>	<b>(70.73)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period/ year (A+B+C)</b>	<b>(799.72)</b>	<b>756.57</b>	<b>(39.75)</b>	<b>98.71</b>	<b>(216.39)</b>	<b>(3.06)</b>
<b>Cash and cash equivalents at the beginning of the period/year</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>	<b>220.24</b>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>16.60</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>
<b>Notes:</b>						
<b>1. Cash and cash equivalents at the end of the period/year include</b>						
Balance with banks on current accounts	0.95	71.98	43.58	50.45	0.48	108.46
Balance with banks on settlement accounts	15.65	744.34	16.17	49.05	0.31	108.72
<b>Cash and cash equivalents at the end of the period/year</b>	<b>16.60</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>

- The above statement has been prepared in accordance with 'Indirect method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statements', specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ("CSR") Committee has been constituted by the Company and following amount were spent in cash by the Company on CSR activities:

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Amount spent in cash on CSR activities	0.20	20.66	1.70	-	Not applicable	Not applicable

**Note:** To be read together with Summary of Significant Accounting Policies in Annexure IV, Summary Statement of Adjustments to the Financial Statements in Annexure V and Notes to Summary Statement of Adjustments to the Financial Statements in Annexure VI.

## **Annexure IV: Summary of Significant Accounting Policies**

### **(a) Background**

Indian Energy Exchange Limited (“the Company”) was incorporated on 26 March 2007. The Company is a registered national level power exchange. The Company enables price discovery and price risk management for participants of the electricity market, including industries eligible for open access.

### **(b) Basis of preparation**

The Restated Summary Statement of Assets and Liabilities of the Company in Annexure I as at 30 June 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 and the Restated Summary Statement of Profit and Loss in Annexure II and the Restated Summary Statement of Cash Flows in Annexure III for the three months period ended 30 June 2017, and for the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013 along with Annexure V to XXXV (collectively referred to as the “Restated Summary Financial Information”) have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”), Registrar of Companies (“ROC”) and relevant stock exchange/s, as may be required in connection with the proposed Initial Public Offering (“IPO”).

The Restated Summary Financial Information have been extracted by the management from audited financial statements of the Company for respective period/years (“Financial Statements”), after applying necessary adjustments. The Financial Statements comprise of the Balance Sheet as at period/year end, the Statement of Profit and Loss, the Cash Flow Statement for the period/year then ended, and a summary of significant accounting policies and other explanatory information.

The Financial Statements were prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the generally accepted accounting principles in India (“Indian GAAP”) and the requirements of the Companies Act, 1956 (up to 31 March 2014), and notified Sections, Schedules and Rules of the Companies Act, 2013 (with effect from 01 April 2014) (“the Act”), including the Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable.

The accounting policies have been consistently applied by the Company to the period/years presented in the Restated Summary Financial Information.

The Restated Summary Financial Information of the Company have been prepared to comply in all material respects with the requirements of Chapter III to the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

Appropriate re-classifications/ adjustments have been made in the Restated Summary Financial Information wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per the Financial Statements of the Company and the requirement of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

The Restated Summary Financial Information are presented in Indian rupees (in millions), unless otherwise stated.

These Restated Summary Financial Information were reviewed by the Audit Committee on 05 September 2017 and subsequently approved by the Board of Directors of the Company on 05 September 2017.

### **(c) Use of estimates**

The preparation of Financial Statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

### **(d) Current – non-current classification**

All assets and liabilities are classified into current and non-current.

## **Assets**

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

## **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

## **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

### **(e) Property, plant and equipment and depreciation**

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/ or accumulated impairment loss, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of Property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

A Property, plant and equipment is eliminated from the Financial Statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of Property, plant and equipment which are carried at cost are recognized in the Statement of Profit and Loss.

Till the year ended 31 March 2014, depreciation on Property, plant and equipment other than leasehold improvements was provided for on a straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, whereas Leasehold improvements were depreciated on a straight line method over a period of lease. Depreciation in respect of Property, plant and equipment acquired during the year whose actual cost does not exceed Rs. 5,000 has been provided at 100%.

After the applicability of Schedule II of the Companies Act, 2013, with effect from 01 April 2014, depreciation on Property, plant and equipment, other than leasehold improvements, is provided for on a straight line method at the rates prescribed in Schedule II to the Companies Act, 2013, whereas Leasehold improvements are depreciated on a straight line method over a period of lease.

Depreciation on Property, plant and equipment sold, discarded or demolished during the year, if any, is being provided

pro-rata up to the date on which such Property, plant and equipment are sold, discarded or demolished.

Pursuant to the Act being effective from 01 April 2014, the Company has revised depreciation rates on certain Property, plant and equipment as per the useful life specified in Part 'C' of Schedule II to the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 2.17 million and an amount of Rs. 0.53 million (net of deferred tax of Rs. 0.28 million) in respect of Property, plant and equipment whose useful life is already exhausted as on 01 April 2014 has been adjusted from retained earnings.

Cost of Property, plant and equipment not ready for use as at the Balance Sheet date are disclosed as capital work-in-progress.

**(f) Intangible assets and amortisation**

Intangible assets are stated at cost of acquisition and are carried at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are recognised only if it is probable that the economic benefits that are attributable to the assets will flow to the Company and the cost of assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible assets that meet the recognition criteria.

Computer software and software licenses are amortised over six years and fifteen years respectively considering their related useful lives.

Cost of intangible assets under development as at the Balance Sheet date are disclosed as intangible assets under development.

**(g) Revenue recognition**

**Service income**

Transaction fee is charged based on the volume of transactions entered into by the respective member or client of trader/ professional member through the exchange. Fee charged in relation to transactions under the Day Ahead Market and the Renewal Energy Certificate segment, is accrued when the orders placed on the network are matched and confirmed by National Load Dispatch Centre. Fee charged in relation to transactions under the Term Ahead Market segment is accrued when orders placed on the network are matched, confirmed by Regional Load Dispatch Centre and delivered.

Revenue from services is recognised when the same have been rendered and no significant uncertainty exists regarding the collection of the consideration.

Admission fees and processing fees charged from a prospective member of the exchange at the time of his joining, is recognised when the membership has been approved by the membership committee.

Annual subscription fee, in the period/year when the member/ client is registered for the first time, is recognised on commencement of trading that coincides with the registration of trader member/ client of trader/ professional member on a pro-rata basis. Annual subscription fee, in any year subsequent to the period/year of registration, is recognised on an accrual basis on a pro-rata basis.

**Dividend**

Dividend income is recognised when the Company's right to receive dividend is established.

**Interest income**

Interest income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable.

**Sale of mutual fund**

In case of mutual fund, the profit/ loss from the transaction is determined on the first in first out basis of carrying amount of investments disposed off/ redemption of mutual fund units.

**(h) Investments**

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of

long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/ non-current classification scheme.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments in mutual funds.

**(i) Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the period/year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date, not covered by forward exchange contracts, are translated at period/year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss.

**(j) Employee benefits**

The Company's obligations towards various employee benefits have been recognised as follows:

*Short-term employee benefits*

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, short-term compensated absences and the expected cost of other benefits is recognised in the period in which the employee renders the related service.

*Post-employment benefits*

**Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period/year in which the employee renders the related service.

**Defined benefit plans**

The Company's gratuity scheme is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the period/year end using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date.

*Other long-term benefits*

Cost of long-term benefit by way of accumulating compensated absences arising during the tenure of the service is calculated taking into account the pattern of availment of leave. In respect of encashment of leave, the defined benefit is calculated taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long-term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method as at period/year end.

*Treatment of actuarial gains and losses*

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

**(k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period/year attributable to equity shareholders and the weighted average number of shares outstanding during the period/year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the

period/year, unless they have been issued at a later date.

**(l) Taxation**

Income taxes are accrued in the same period in which the related revenue and expense arise. Income tax expenses comprise current tax (i.e. the amount of tax for the period determined in accordance with the Income tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

**(m) Operating lease**

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with lessor are classified as operating lease. Lease rental in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

**(n) Provisions, contingent liabilities and contingent assets**

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on the management's best estimate of the amount of obligation required at the period/year end. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the Financial Statements of the period in which the change occurs.

**(o) Impairment**

Fixed assets (Property, plant and equipment and intangible assets) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exist and for intangible assets mandatorily tested annually for impairment, the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount.

Impairment losses are recognised in the Statement of Profit and Loss. If at Balance Sheet date there is an indication that a previously assessed impairment loss no longer exist or has decreased, the assets recoverable amount is estimated. The impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

**(p) Employee Stock Options Plan (ESOP)**

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company's shares on the date of grant of options and the exercise price to be paid by the option holders.

**(q) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, balance with bank, and highly liquid investments with maturity period of three months or less from the date of investment.

## Annexure V: Summary Statement of Adjustments to the Financial Statements

### A. In Restated Summary Statement of Profit and Loss

(All amounts in Rupees Millions, except share data and unless otherwise stated)

	Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>a</b>	<b>Changes in accounting policies and estimates / correction of accounting policies - ( ) represents decrease in expense and increase in income</b>						
	i) Accounting for liability and provision no longer required, written back - Other income (Refer to Note A.1 of Annexure VI)	-	0.53	-	1.53	2.25	1.38
	ii) Accounting for liability and provision no longer required, written back - Employee benefits (Refer to Note A.1 of Annexure VI)	-	-	-	-	(0.94)	(0.21)
	iii) Accounting for liability and provision no longer required, written back - Other operating expenses (Refer to Note A.1 of Annexure VI)	-	-	-	-	-	(0.14)
	<b>Total (a)</b>	-	<b>0.53</b>	-	<b>1.53</b>	<b>1.31</b>	<b>1.03</b>
<b>b</b>	<b>Adjustments for prior period items - ( ) represents decrease in expense and increase in income</b>						
	i) Prior period expenses (Refer to Note B of Annexure VI)	-	-	(0.04)	(0.01)	(0.01)	(0.00) #
	ii) Other operating expenses (Refer to Note B of Annexure VI)	-	-	-	-	-	0.01
	iii) Technology expenses (Refer to Note B of Annexure VI)	-	-	-	0.04	0.01	-
	<b>Total (b)</b>	-	-	<b>(0.04)</b>	<b>0.03</b>	-	<b>0.01</b>
<b>c</b>	<b>Adjustments for reclassifications / regroupings - ( ) represents decrease in expense and increase in income</b>						
	i) Within Revenue from operations (Refer to Note C.1 of Annexure VI)						
	Admission Fees	-	-	-	-	29.00	24.00
	Processing Fees	-	-	-	-	0.10	0.10



	Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
	Admission, processing and transfer fees	-	-	-	-	(29.10)	(24.10)
	ii) Within Other income (Refer to Note C.2 of Annexure VI)						
	Interest income - From bank deposits	-	-	4.52	-	-	-
	Interest income - From non-current investments	-	-	(4.52)	-	-	-
	iii) Within Employee benefits (Refer to Note C.3 of Annexure VI)						
	Salaries and bonus	-	-	-	-	(0.80)	(0.41)
	Compensated absences	-	-	-	-	0.80	0.41
	Insurance expenses	-	-	-	-	(0.51)	(0.40)
	Staff welfare expenses	-	-	-	-	0.51	0.40
	iv) Within Other operating expenses (Refer to Note C.4 of Annexure VI)						
	Auditors expenses	-	-	-	-	(0.73)	(0.51)
	Legal and professional	-	-	-	-	0.73	0.51
	v) From Technology expenses to Other operating expenses (Refer to Note C.5 of Annexure VI)						
	Technology expenses	-	-	-	-	-	(0.66)
	Net loss on foreign exchange transaction	-	-	-	-	-	0.66
	<b>Total (c)</b>	-	-	-	-	-	-
	<b>Net impact on Statement of Profit and Loss [(Profit)/ Loss] (a+b+c)</b>	-	<b>0.53</b>	<b>(0.04)</b>	<b>1.56</b>	<b>1.31</b>	<b>1.04</b>
	<b>d Tax impact on Statement of Profit and Loss - ( ) represents decrease in expense and increase in income (Refer to Note D of Annexure VI)</b>						
	i) Current tax impact of adjustments	-	(0.18)	-	(0.53)	(0.44)	(0.32)
	ii) Tax pertaining to earlier years (net)	-	(10.51)	4.30	4.31	4.34	(2.26)
	iii) Deferred tax adjustments	-	7.67	(6.35)	(1.32)	-	-
	<b>Net tax impact on Statement of Profit and Loss [(Profit)/ Loss] (d)</b>	-	<b>(3.02)</b>	<b>(2.05)</b>	<b>2.46</b>	<b>3.90</b>	<b>(2.58)</b>
	<b>Net impact on Statement of Profit and Loss [(Profit)/ Loss] (a+b+c+d)</b>	-	<b>(2.49)</b>	<b>(2.09)</b>	<b>4.02</b>	<b>5.21</b>	<b>(1.54)</b>

# Amount in absolute terms – Rs. 3,753

**Note:**

Considering the applicability of Schedule II to the Companies Act, 2013, management has re-estimated useful lives and residual values of all its Property, plant and equipment, as detailed in Summary of Significant Accounting Policies in Annexure IV. Pursuant to this change in useful life of Property, plant and equipment, the depreciation charge for the year ended 31 March 2015 is higher by Rs. 2.17 million and an amount of Rs. 0.53 million (net of deferred tax of Rs. 0.29 million) in respect of assets whose useful life is already exhausted as on 1 April 2014 has been adjusted from retained earnings as on 1 April 2014. This adjustment has not been adjusted with retrospective effect in the preceding financial years, as it does not represent an error/omission or a change in accounting policy.

**B. In Restated Summary Statement of Assets and Liabilities**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

	<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>a</b>	<b>Impact of adjustment entries in Annexure V A (a, b and d) – ( ) represents increase in liabilities and decrease in assets</b>						
	i) Trade / Customer payables (Refer to Note A.1 and B of Annexure VI)	-	-	0.53	0.49	1.10	3.14
	ii) Short-term provisions – Provision for Tax (Refer to Note D of Annexure VI)	-	-	(10.69)	(6.40)	(2.60)	1.31
	iii) Deferred tax (assets) / liabilities (net) (Refer to Note D of Annexure VI)	-	-	7.67	1.33	-	-
	iv) Short-term provisions – Employees variable pay (Refer to Note A.1 of Annexure VI)	-	-	-	-	0.94	0.21
	v) Impact of adjustments on Reserves and surplus as on 01 April 2012 (Refer to Note E of Annexure VI)	-	-	-	-	-	(3.12)
	vi) Impact of adjustments on Reserves and surplus (Refer to Note E of Annexure VI)	-	-	2.49	4.58	0.56	(4.65)
<b>b</b>	<b>Reclassifications/ Regroupings – ( ) represents increase in liabilities and decrease in assets</b>						
<b>(I)</b>	<b>Captions as per Financial Statements: Loans and advances and other assets</b>						
	i) Short-term loans and advances						
	Capital advances (Refer to Note C.6 of Annexure VI)	-	-	(0.07)	-	-	-
	Advance payments of income tax (including	-	-	-	-	-	(1.72)

	<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
	TDS) (Refer to Note C.7 of Annexure VI)						
	Income Tax Refund – for previous years (Refer to Note C.7 of Annexure VI)	-	-	-	-	(11.78)	(4.61)
	ii) Long-term loans and advances						
	Security deposits (unsecured but considered good) (Refer to Note C.8 of Annexure VI)	-	-	-	-	(0.03)	(0.03)
	iii) Other non-current assets						
	Bank deposits - due to mature after 12 months from the reporting date (Refer to Note C.9 of Annexure VI)	-	-	(50.00)	-	-	-
	Interest accrued but not due on bank deposit (Refer to Note C.9 of Annexure VI)	-	-	(4.52)	-	-	-
	iv) Other current assets						
	Amount receivable in cash or kind (Refer to Note C.10 of Annexure VI)	-	-	-	-	(0.06)	(1.27)
	<b>Corresponding regroupings as per the grouping of the Financial Statements for the three months period ended 30 June 2017</b>						
	i) Short-term loans and advances						
	Other advances (Refer to Note C.10 of Annexure VI)	-	-	-	-	0.06	1.27
	Security deposits (Refer to Note C.8 of Annexure VI)	-	-	-	-	0.03	0.03
	ii) Long-term loans and advances						
	Capital advances (Refer to Note C.6 of Annexure VI)	-	-	0.07	-	-	-
	Advance income-tax (Refer to Note C.7 of Annexure VI)	-	-	-	-	11.78	6.33
	iii) Other non-current assets						
	Interest accrued on non-current investment (Refer to Note C.9 of Annexure VI)	-	-	4.52	-	-	-
	iv) Non-current investments						
	Fixed Deposits:	-	-	50.00	-	-	-

	Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
	(unquoted) (Refer to Note C.9 of Annexure VI)						
<b>(II)</b>	<b>Captions as per Financial Statements: Current liabilities and provisions</b>						
	i) Other current liabilities						
	Other payables (Refer to Note C.11 of Annexure VI)	-	-	-	-	11.97	7.57
	Statutory Liabilities (Refer to Note C.14 of Annexure VI)	-	-	-	-	5.99	4.17
	ii) Other long-term liabilities						
	Deposit from employees (Refer to Note C.12 of Annexure VI)	-	-	0.04	-	-	-
	<b>Corresponding regroupings as per the grouping of the Financial Statements for the three months period ended 30 June 2017</b>						
	i) Trade / Customer payables – Due to others (Refer to Note C.11 of Annexure VI)	-	-	-	-	(11.85)	(7.48)
	ii) Other current liabilities						
	Deposit from employees (Refer to Note C.12 of Annexure VI)	-	-	(0.04)	-	-	-
	Employees related payable (Refer to Note C.11 of Annexure VI)	-	-	-	-	(0.12)	(0.09)
	Statutory dues payable (Refer to Note C.14 of Annexure VI)						
	- Tax deducted at source payable	-	-	-	-	(5.27)	(3.85)
	- Service tax payable	-	-	-	-	(0.01)	(0.03)
	- Provident fund payable	-	-	-	-	(0.71)	(0.29)
<b>(III)</b>	<b>Captions as per Financial Statements: Cash and bank balance</b>						
	i) Cash & Cash Equivalents						
	Balances with Banks – In Deposit Accounts – maturing less than 3 month (Refer to Note C.13 of Annexure VI)	-	-	-	-	(291.92)	(109.54)
	ii) Other non-current assets						

	<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
	Long Term Deposit with Bank with maturity period more than 12 month (Refer to Note C.13 of Annexure VI)	-	-	-	-	-	(30.00)
	<b>Corresponding regroupings as per the grouping of the Financial Statements for the three months period ended 30 June 2017</b>						
	<b>i) Cash and bank balances</b>						
	Other bank balances - Bank deposits with banks with maturity period less than 12 months from balance sheet date (Refer to Note C.13 of Annexure VI)	-	-	-	-	227.00	120.00
	<b>ii) Other current assets</b>						
	Interest accrued on bank deposits (Refer to Note C.13 of Annexure VI)	-	-	-	-	15.70	11.65
	<b>iii) Other non-current assets</b>						
	Interest accrued on bank deposits (Refer to Note C.13 of Annexure VI)	-	-	-	-	49.22	7.90
<b>c</b>	<b>Impact of change in accounting policy (dividend)- ( ) represents increase in liabilities and decrease in assets</b>						
	<b>i) Reserves and surplus</b>						
	Surplus (Refer to Note A.2 of Annexure VI)	-	-	(730.05)	(438.02)	(141.93)	(106.46)
	<b>ii) Short-term provisions</b>						
	Proposed final equity dividend (Refer to Note A.2 of Annexure VI)	-	-	576.24	327.54	109.18	81.90
	Proposed final preference dividend (Refer to Note A.2 of Annexure VI)	-	-	30.33	36.39	12.13	9.10
	Corporate dividend tax (Refer to Note A.2 of Annexure VI)	-	-	123.48	74.09	20.62	15.46

## **Annexure VI: Notes to Summary Statement of Adjustments to the Financial Statements**

### **A. Changes in accounting policies and estimates / correction of accounting policies**

#### **A.1 Adjustments for liability and provision no longer required, written back**

In the Financial Statements for the years ended 31 March 2017, 31 March 2015, 31 March 2014 and 31 March 2013, certain liabilities and provisions, which were recorded in earlier years, were written back. For the purpose of this Restated Summary Financial Information, the said liabilities and provisions have been appropriately adjusted in the respective financial statement captions, in the years in which the same were originally recorded. For the adjustments pertaining to the years prior to financial year 2012-2013, such liabilities and provisions have been appropriately adjusted in the opening reserves as at 01 April 2012.

#### **A.2 Adjustment for dividend**

Final equity and preference dividend proposed by the Board of Directors for years ended 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 has been considered as non-adjusting event as at respective year ends and has been adjusted against opening reserves and surplus as at 01 April 2012 and reserves and surplus for the years ended 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 respectively as per requirement of Revised Accounting Standard 4.

### **B. Adjustments for prior period items**

In the Financial Statements for the years ended 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, various expenses have been disclosed as prior period items. For the purpose of the Restated Summary Financial Information, such prior period items have been appropriately adjusted in the respective financial statement captions, in the years to which the prior period items pertains. For the adjustments pertaining to the years prior to financial year 2012-2013, such prior period items have been appropriately adjusted in opening reserves as at 01 April 2012.

### **C. Reclassifications / Regroupings**

Appropriate adjustments have been made in the Restated Summary Financial Information, wherever required, by reclassification/ regroupings of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the classifications as per the Financial Statements of the Company for the year ended 31 March 2017, prepared in accordance with Schedule III to the Companies Act, 2013, and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended).

The following material reclassifications/ regroupings have been made in the Restated Summary Statement of Profit and Loss and Restated Summary Statement of Assets and Liabilities:

- C.1** For the years ended 31 March 2014 and 31 March 2013, "Admission Fees" and "Processing Fees" disclosed under "Revenue from operations" have been regrouped/ reclassified to "Admission, processing and transfer fees" disclosed under "Revenue from operations" in Restated Summary Statement of Profit and Loss.
- C.2** For the year ended 31 March 2016, "Interest income - From bank deposits" disclosed under "Other income" have been regrouped/ reclassified to "Interest income - From non-current investments" disclosed under "Other income" in Restated Summary Statement of Profit and Loss.
- C.3** For the years ended 31 March 2014 and 31 March 2013, Compensated absences included under "Salaries and bonus" and "Insurance expenses" have been regrouped/ reclassified to "Compensated absences" and "Staff welfare expenses" respectively, disclosed under "Employee benefits" in Restated Summary Statement of Profit and Loss.
- C.4** For the years ended 31 March 2014 and 31 March 2013, "Auditors expenses" disclosed under "Other operating expenses" have been regrouped/ reclassified to "Legal and professional" disclosed under "Other operating expenses" in Restated Summary Statement of Profit and Loss.
- C.5** For the year ended 31 March 2013, "Net loss on foreign currency transaction" disclosed under "Technology expenses" have been regrouped/ reclassified to "Net loss on foreign currency transaction" disclosed under "Other operating expenses" in Restated Summary Statement of Profit and Loss.
- C.6** As at 31 March 2016, "Capital advances" disclosed under "Short-term loans and advances" have been reclassified/ regrouped to "Capital advances" disclosed under "Long-term loans and advances" in Restated Summary Statement of Assets and Liabilities.

- C.7** As at 31 March 2014 and 31 March 2013, “Income Tax Refund – for previous years” and “Advance payments of income tax (including TDS)” disclosed under “Short-term loans and advances” have been regrouped/ reclassified to “Advance income-tax” disclosed under “Long-term loans and advances” in Restated Summary Statement of Assets and Liabilities.
- C.8** As at 31 March 2014 and 31 March 2013, “Security deposits (unsecured but considered good)” disclosed under “Long-term loans and advances” have been regrouped/ reclassified to “Security deposits” disclosed under “Short-term loans and advances” in Restated Summary Statement of Assets and Liabilities.
- C.9** As at 31 March 2016, fixed deposits with PNB Housing Finance Limited, disclosed as “Bank deposits - due to mature after 12 months from the reporting date” which were grouped under “Other non-current assets” have been reclassified/ regrouped to “Fixed deposits (unquoted)” disclosed under “Non-current investments” in Restated Summary Statement of Assets and Liabilities.

Further, as at 31 March 2016, “Interest accrued but not due on bank deposit” disclosed under “Other non-current assets” have been regrouped/ reclassified to “Interest accrued on non-current investment” disclosed under “Other non-current assets” in Restated Summary Statement of Assets and Liabilities.

- C.10** As at 31 March 2014 and 31 March 2013, “Amount receivable in cash or kind” disclosed under “Other current assets” have been reclassified/ regrouped to “Other advances” disclosed under “Short-term loans and advances” in Restated Summary Statement of Assets and Liabilities.
- C.11** As at 31 March 2014 and 31 March 2013, “Other payables” disclosed under “Other current liabilities” have been reclassified/ regrouped to “Trade/ Customer payables – Due to others” disclosed under “Trade/ Customer payables” and “Employees related payable” disclosed under “Other current liabilities” in Restated Summary Statement of Assets and Liabilities.
- C.12** As at 31 March 2016, “Deposit from employees” disclosed under “Other long-term liabilities” have been reclassified/ regrouped to “Deposit from employees” disclosed under “Other current liabilities” in Restated Summary Statement of Assets and Liabilities.
- C.13** As at 31 March 2014 and 31 March 2013, bank deposits with maturity greater than 3 months and interest accrued thereon included under “Balances with Banks – In Deposit Accounts – maturity less than 3 month” disclosed under “Cash & Cash Equivalents” have been reclassified/ regrouped to “Other bank balances – Bank deposits with banks with maturity period less than 12 months from the balance sheet date” disclosed under “Cash and bank balances”, “Interest accrued on bank deposits” disclosed under “Other current assets” and “Interest accrued on bank deposits” disclosed under “Other non-current assets” in Restated Summary Statement of Assets and Liabilities.
- Further, as at 31 March 2013, certain bank deposits with maturity period less than 12 months from the Balance Sheet date included under “Long Term Deposit with Bank with maturity period more than 12 month” disclosed under “Other non-current assets” have been reclassified/ regrouped to “Other bank balances – Bank deposits with banks with maturity period less than 12 months from balance sheet date” disclosed under “Cash and bank balances” in Restated Summary Statement of Assets and Liabilities.
- C.14** As at 31 March 2014 and 31 March 2013, “Statutory Liabilities” disclosed under “Other current liabilities” have been reclassified/ regrouped to “Statutory dues payable – Tax deducted at source payable”, “Statutory dues payable – Service tax payable” and “Statutory dues payable – Provident fund payable” disclosed under “Other current liabilities” in Restated Summary Statement of Assets and Liabilities.

## **D. Taxation**

- a) Tax impact of adjustments:

Current tax has been computed on adjustments as detailed in Annexure V A (a) and (b) and has been adjusted in the Restated Summary Statement of Profit and Loss for the years ended 31 March 2017, 31 March 2015, 31 March 2014, 31 March 2013 and the balance brought forward in the Restated Summary Statement of Profit and Loss as at 01 April 2012. Moreover, certain components of deferred tax have been adjusted in Restated Summary Financial Information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015.

- b) Tax pertaining to earlier years:

The Statement of Profit and Loss for certain financial years includes amounts paid/ provided for, in respect of shortfall/ excess current tax arising upon filing of tax returns, assessments etc. which have now been adjusted in the respective years to which they relate.

E. Movement in Reserves and surplus is given below:

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	Audited Amount	Adjustments /Rectifications	Restated Amount
<b>Balance of surplus as at 01 April 2012</b>	<b>373.97</b>	<b>73.61</b>	<b>447.58</b>
Profit for the year	661.42	1.54	662.96
<b>Appropriations</b>			
Proposed final dividend on preference shares	9.10	(3.03)	6.07
Corporate dividend tax on preference dividend	1.55	(0.57)	0.98
Proposed final dividend on equity shares	81.89	(27.30)	54.59
Corporate dividend tax on equity dividend	13.92	(5.06)	8.86
Transferred to general reserve	66.14	-	66.14
<b>Balance of surplus as at 31 March 2013</b>	<b>862.79</b>	<b>111.11</b>	<b>973.90</b>
<b>Securities premium account</b>	<b>319.69</b>	<b>-</b>	<b>319.69</b>
<b>General reserve</b>	<b>118.98</b>	<b>-</b>	<b>118.98</b>
<b>Balance of Reserves and surplus as at 31 March 2013</b>	<b>1,301.46</b>	<b>111.11</b>	<b>1,412.57</b>
Profit for the year	924.66	(5.21)	919.45
<b>Appropriations</b>			
Proposed final dividend on preference shares	12.13	(3.03)	9.10
Corporate dividend tax on preference dividend	2.06	(0.51)	1.55
Proposed final dividend on equity shares	109.18	(27.29)	81.89
Corporate dividend tax on equity dividend	18.56	(4.64)	13.92
Transferred to general reserve	92.47	-	92.47
<b>Balance of surplus as at 31 March 2014</b>	<b>1,553.05</b>	<b>141.37</b>	<b>1,694.42</b>
<b>Securities premium account</b>	<b>319.69</b>	<b>-</b>	<b>319.69</b>
<b>General reserve</b>	<b>211.45</b>	<b>-</b>	<b>211.45</b>
<b>Balance of Reserves and surplus as at 31 March 2014</b>	<b>2,084.19</b>	<b>141.37</b>	<b>2,225.56</b>
Profit for the year	904.20	(4.02)	900.18
<b>Appropriations</b>			
Proposed final dividend on preference shares	36.39	(24.26)	12.13
Interim dividend on preference shares	75.82	-	75.82
Corporate dividend tax on preference dividend	20.29	(5.34)	14.95
Proposed final dividend on equity shares	327.55	(218.37)	109.18
Interim dividend on equity shares	682.39	-	682.39
Corporate dividend tax on equity dividend	182.65	(48.12)	134.53
Adjustment due to revision in depreciation rates	0.53	-	0.53
Transferred to general reserve	90.42	-	90.42
<b>Balance of surplus as at 31 March 2015</b>	<b>1,041.21</b>	<b>433.44</b>	<b>1,474.65</b>
<b>Securities premium account</b>	<b>319.69</b>	<b>-</b>	<b>319.69</b>



Particulars	Audited Amount	Adjustments /Rectifications	Restated Amount
<b>General reserve</b>	<b>301.87</b>	-	<b>301.87</b>
<b>Balance of Reserves and surplus as at 31 March 2015</b>	<b>1,662.77</b>	<b>433.44</b>	<b>2,096.21</b>
Profit for the year	1,001.31	2.09	1,003.40
<b>Appropriations</b>			
Proposed final dividend on preference shares	30.33	6.06	36.39
Interim dividend on preference shares	14.97	-	14.97
Corporate dividend tax on preference dividend	9.22	1.23	10.45
Proposed final dividend on equity shares	576.24	(248.69)	327.55
Interim dividend on equity shares	197.33	-	197.33
Corporate dividend tax on equity dividend	157.48	(50.63)	106.85
<b>Balance of surplus as at 31 March 2016</b>	<b>1,056.95</b>	<b>727.56</b>	<b>1,784.51</b>
<b>Securities premium account</b>	<b>319.69</b>	-	<b>319.69</b>
<b>General reserve</b>	<b>301.87</b>	-	<b>301.87</b>
<b>Balance of Reserves and surplus as at 31 March 2016</b>	<b>1,678.51</b>	<b>727.56</b>	<b>2,406.07</b>
Profit for the year	1,133.16	2.49	1,135.65
<b>Appropriations</b>			
Proposed final dividend on preference shares	-	30.33	30.33
Interim dividend on preference shares	15.16	-	15.16
Corporate dividend tax on preference dividend	3.09	6.17	9.26
Proposed final dividend on equity shares	-	576.24	576.24
Interim dividend on equity shares	288.12	-	288.12
Corporate dividend tax on equity dividend	58.65	117.31	175.96
<b>Balance of surplus as at 31 March 2017</b>	<b>1,825.09</b>	-	<b>1,825.09</b>
<b>Securities premium account</b>	<b>319.69</b>	-	<b>319.69</b>
<b>General reserve</b>	<b>301.87</b>	-	<b>301.87</b>
<b>Balance of Reserves and surplus as at 31 March 2017</b>	<b>2,446.65</b>	-	<b>2,446.65</b>
Profit for the period	306.31	-	306.31
<b>Appropriations</b>			
Proposed final dividend on preference shares	-	-	-
Interim dividend on preference shares	-	-	-
Corporate dividend tax on preference dividend	-	-	-
Proposed final dividend on equity shares	-	-	-
Interim dividend on equity shares	-	-	-

Particulars	Audited Amount	Adjustments /Rectifications	Restated Amount
Corporate dividend tax on equity dividend	-	-	-
<b>Balance of surplus as at 30 June 2017</b>	<b>2,131.40</b>	-	<b>2131.40</b>
<b>Securities premium account</b>	<b>319.69</b>	-	<b>319.69</b>
<b>General reserve</b>	<b>301.87</b>	-	<b>301.87</b>
<b>Balance of Reserves and surplus as at 30 June 2017</b>	<b>2,752.96</b>	-	<b>2752.96</b>

**F. Audit qualifications/ Emphasis of Matter (“EOM”)**

**EOM in the auditor’s report on the Financial Statements for the financial year ended 31 March 2015 which do not require any corrective adjustments in the Restated Summary Financial Information, is as follows:**

The Central Electricity Regulatory Commission (CERC) orders on Financial Technologies (India) Limited (“FTIL”) and the Company in relation to divestment of FTIL’s shareholding in the Company, failing which CERC shall proceed to initiate action for withdrawal of permission to the Company to maintain and operate the power exchange. The Company believes that the various actions taken by them, along with further actions to be taken, will be in compliance of CERC’s orders. Hence, the Company believes that there will be no adverse impact on the Company’s operations, and consequently, its financial statements. Further, FTIL has obtained a stay from the Honourable Supreme Court of India in relation to CERC’s order dated 26 June 2015. Auditor’s opinion was not modified in respect of this matter.

**Annexure VII: Restated Summary Statement of Share capital**
*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Authorised</b>						
<b>Equity shares</b>						
Number of shares	36,250,000	36,250,000	36,250,000	36,250,000	36,250,000	36,250,000
Face value (Rs.)	10	10	10	10	10	10
<b>Amount</b>	<b>362.50</b>	<b>362.50</b>	<b>362.50</b>	<b>362.50</b>	<b>362.50</b>	<b>362.50</b>
<b>Compulsory convertible preference shares ("CCPS")</b>						
Number of shares	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Face value (Rs.)	10	10	10	10	10	10
<b>Amount</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>
<b>Preference shares</b>						
Number of shares	500,000	500,000	500,000	500,000	500,000	500,000
Face value (Rs.)	10	10	10	10	10	10
<b>Amount</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Issued, subscribed and paid up</b>						
<b>Equity shares</b>						
Number of shares	29,115,480	28,812,193	28,812,193	27,295,762	27,295,762	27,295,762
Face value (Rs.)	10	10	10	10	10	10
<b>Amount</b>	<b>291.15</b>	<b>288.12</b>	<b>288.12</b>	<b>272.96</b>	<b>272.96</b>	<b>272.96</b>
<b>CCPS</b>						
Number of shares	1,213,144	1,516,431	1,516,431	3,032,862	3,032,862	3,032,862
Face value (Rs.)	10	10	10	10	10	10
<b>Amount</b>	<b>12.13</b>	<b>15.16</b>	<b>15.16</b>	<b>30.32</b>	<b>30.32</b>	<b>30.32</b>
<b>Total share capital</b>	<b>303.28</b>	<b>303.28</b>	<b>303.28</b>	<b>303.28</b>	<b>303.28</b>	<b>303.28</b>

**I. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period/year**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>a. Equity shares</b>												
Shares at the beginning of the period/year	28,812,193	288.12	28,812,193	288.12	27,295,762	272.96	27,295,762	272.96	27,295,762	272.96	27,295,762	272.96
Add: Conversion of CCPS of Rs.10 each into equity shares of Rs.10 each *	303,287	3.03	-	-	1,516,431	15.16	-	-	-	-	-	-
<b>Shares at the end of the period/year</b>	<b>29,115,480</b>	<b>291.15</b>	<b>28,812,193</b>	<b>288.12</b>	<b>28,812,193</b>	<b>288.12</b>	<b>27,295,762</b>	<b>272.96</b>	<b>27,295,762</b>	<b>272.96</b>	<b>27,295,762</b>	<b>272.96</b>
<b>b. CCPS</b>												
Shares at the beginning of the period/year	1,516,431	15.16	1,516,431	15.16	3,032,862	30.32	3,032,862	30.32	3,032,862	30.32	3,032,862	30.32
Less: Conversion of CCPS of Rs.10 each into equity shares of Rs. 10 each *	303,287	3.03	-	-	1,516,431	15.16	-	-	-	-	-	-
<b>Shares at the end of the period/year</b>	<b>1,213,144</b>	<b>12.13</b>	<b>1,516,431</b>	<b>15.16</b>	<b>1,516,431</b>	<b>15.16</b>	<b>3,032,862</b>	<b>30.32</b>	<b>3,032,862</b>	<b>30.32</b>	<b>3,032,862</b>	<b>30.32</b>

\* As per terms of issuance of CCPS, the Company has converted 1,819,718 CCPS of face value of Rs. 10 each into 1,819,718 equity shares of Rs. 10 each, in the ratio of 1:1 i.e. 1 equity share for each CCPS held in the Company. (893,896 CCPS on 28 August 2015; 114,929 CCPS on 24 December 2015, 507,606 CCPS on 08 February 2016 and 303,287 CCPS on 30 May 2017).

**II. Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

### III. Rights, preferences and restrictions attached to CCPS

CCPS have the following important rights/ restrictions attached to them-

The conversion ratio for the CCPS shall be 1:1 i.e. 1 equity share of Rs. 10 each for each CCPS of Rs. 10 each held.

Subject to the applicable laws, each of the CCPS shall be entitled to a dividend at the rate of 0.0001% per annum or the rate equal to the dividend paid on equity shares, whichever is higher, till the conversion date. The dividend on CCPS would be non-cumulative.

The CCPS shall be converted into equity shares by the Company upon the happening of (a) a Qualified IPO, or (b) upon being required to convert under law, or (c) upon the expiry of a period of 20 years from the date of their issuance, whichever is earlier (“Maturity Date”).

In case of optional conversion, subject to applicable laws, CCPS (all or part, at the instance of the Investors) shall, prior to the Maturity Date, be convertible into equity shares in the conversion ratio defined above.

The CCPS shall in case of liquidation of the Company, if permitted by applicable law and subject to terms hereof, rank senior to all kinds and classes of the Company’s outstanding equity shares currently existing or established hereafter.

### IV. Shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment

#### Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOP) of the Company, refer to Note 10 of Annexure XXXII.

#### Shares reserved for issue under contracts/ commitments for the sale of shares/ disinvestment

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
CCPS	1,213,144	12.13	1,516,431	15.16	1,516,431	15.16	3,032,862	30.32	3,032,862	30.32	3,032,862	30.32

V. Details of each shareholders holding 5% or more shares in the Company

Name of shareholders	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Equity shares of Rs. 10 each fully paid up held by</b>												
DCB Power Ventures Limited	4,549,294	15.63	4,549,294	15.79	3,109,863	10.79	-	-	-	-	-	-
TVS Shriram Growth Fund 1B LLP	3,032,862	10.42	3,032,862	10.53	-	-	-	-	-	-	-	-
Multiples Private Equity Fund, India	2,429,878	8.35	2,429,878	8.43	2,429,878	8.43	2,429,878	8.90	2,429,878	8.90	2,429,878	8.90
Multiples Private Equity Fund I Limited	1,440,607	4.95	1,440,607	5.00	1,819,717	6.32	1,819,717	6.67	1,819,717	6.67	1,819,717	6.67
Agri Power and Engineering Solutions Private Limited	1,655,557	5.69	1,655,557	5.75	1,655,557	5.75	-	-	-	-	-	-
Aditya Birla Private Equity Trust	1,516,853	5.21	1,516,853	5.27	1,516,853	5.27	-	-	-	-	-	-
PTC India Financial Services Limited	-	-	-	-	1,516,431	5.26	1,516,431	5.56	1,516,431	5.56	1,516,431	5.56
Westbridge Crossover Fund, LLC	1,440,609	4.95	1,440,609	5.00	-	-	-	-	-	-	-	-
Vistra ITCL India Limited (formerly known as IL and FS Trust Company Limited)	-	-	30,000	0.10	1,546,431	5.37	-	-	-	-	-	-
Financial Technologies (India) Limited	-	-	-	-	-	-	7,775,515	28.49	7,775,515	28.49	9,140,302	33.49
Bessemer Venture Partners Trust	-	-	-	-	-	-	1,516,431	5.56	1,516,431	5.56	1,516,431	5.56
Lightspeed Venture Partners VIII Mauritius	-	-	-	-	1,363,575	4.73	1,516,431	5.56	1,516,431	5.56	1,516,431	5.56
<b>CCPS of Rs. 10 each fully paid up held by</b>												
Bessemer Venture Partners Trust	-	-	-	-	-	-	1,516,431	50.00	1,516,431	50.00	1,516,431	50.00
Lightspeed Venture Partners VIII Mauritius	1,213,144	100.00	1,516,431	100.00	1,516,431	100.00	1,516,431	50.00	1,516,431	50.00	1,516,431	50.00

The above disclosure is as per beneficial ownership of the shareholders.

**VI. Details of shares issued for consideration other than cash / bonus shares / bought back**

There were no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of five years immediately preceding the respective reporting date.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure VIII: Restated Summary Statement of Reserves and surplus**
*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Securities premium account</b>						
At the beginning of the period /year	319.69	319.69	319.69	319.69	319.69	319.69
<b>Closing balance as at the end of the period/year</b>	<b>319.69</b>	<b>319.69</b>	<b>319.69</b>	<b>319.69</b>	<b>319.69</b>	<b>319.69</b>
<b>General reserve</b>						
At the beginning of the period /year	301.87	301.87	301.87	211.45	118.98	52.84
Add : Amount transferred from surplus balance in the Statement of Profit and Loss	-	-	-	90.42	92.47	66.14
<b>Closing balance as at the end of the period/year</b>	<b>301.87</b>	<b>301.87</b>	<b>301.87</b>	<b>301.87</b>	<b>211.45</b>	<b>118.98</b>
<b>Surplus</b>						
At the beginning of the period /year	1,825.09	1,784.51	1,474.65	1,694.42	973.90	447.58
Profit for the period /year	306.31	1,135.65	1,003.40	900.18	919.45	662.96
Less: Appropriations						
Final dividend on preference shares #	-	30.33	36.39	12.13	9.10	6.07
Interim dividend on preference shares	-	15.16	14.97	75.82	-	-
Corporate dividend tax on preference dividend	-	9.26	10.45	14.95	1.55	0.98
Final dividend on equity shares #	-	576.24	327.55	109.18	81.89	54.59
Interim dividend on equity shares	-	288.12	197.33	682.39	-	-
Corporate dividend tax on equity dividend	-	175.96	106.85	134.53	13.92	8.86
Depreciation adjustment as per Schedule II of the Companies Act, 2013 (net of tax)	-	-	-	0.53	-	-
Transferred to general reserve	-	-	-	90.42	92.47	66.14
<b>Closing balance as at the end of the period /year</b>	<b>2,131.40</b>	<b>1,825.09</b>	<b>1,784.51</b>	<b>1,474.65</b>	<b>1,694.42</b>	<b>973.90</b>
<b>Total reserves and surplus</b>	<b>2,752.96</b>	<b>2,446.65</b>	<b>2,406.07</b>	<b>2,096.21</b>	<b>2,225.56</b>	<b>1,412.57</b>

# Refer to Note A.2 of Annexure VI of the Restated Summary Financial Information.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.



**Annexure IX: Restated Summary Statement of Deferred tax liabilities and Deferred tax assets**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Deferred tax liabilities</b>						
Excess of depreciation/ amortisation on fixed assets under income tax law over depreciation/ amortisation provided in accounts	45.73	9.61	15.86	18.12	20.32	18.14
<b>Total</b>	<b>45.73</b>	<b>9.61</b>	<b>15.86</b>	<b>18.12</b>	<b>20.32</b>	<b>18.14</b>
<b>Deferred tax assets</b>						
Provision for employee benefits	20.34	19.11	12.26	4.79	3.11	3.45
Others	3.59	3.34	2.42	1.51	-	-
<b>Total</b>	<b>23.93</b>	<b>22.45</b>	<b>14.68</b>	<b>6.30</b>	<b>3.11</b>	<b>3.45</b>
<b>Deferred tax liabilities/ (Deferred tax assets) (net)</b>	<b>21.80</b>	<b>(12.84)</b>	<b>1.18</b>	<b>11.82</b>	<b>17.21</b>	<b>14.69</b>
<b>Deferred tax charge/ (credit) to Restated Summary Statement of Profit and Loss</b>	<b>34.64</b>	<b>(14.02)</b>	<b>(10.64)</b>	<b>(5.11)</b>	<b>2.52</b>	<b>(14.83)</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure X: Restated Summary Statement of Other long-term liabilities***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Deposit from clearing and settlement bankers	160.00	160.00	160.00	160.00	110.00	90.00
Deposits towards settlement guarantee fund	189.00	189.00	183.50	185.00	180.50	159.50
Liability against rent straight lining	10.23	9.54	7.00	4.38	-	-
Deposit from employees	0.56	0.56	0.62	0.66	0.52	0.10
<b>Total</b>	<b>359.79</b>	<b>359.10</b>	<b>351.12</b>	<b>350.04</b>	<b>291.02</b>	<b>249.60</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XI: Restated Summary Statement of Long-term provisions***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Provision for employees benefits:</b>						
Provision for gratuity	16.90	14.59	11.28	8.42	5.62	3.76
Provision for compensated absences	3.28	8.13	5.18	4.31	3.32	2.59
<b>Total</b>	<b>20.18</b>	<b>22.72</b>	<b>16.46</b>	<b>12.73</b>	<b>8.94</b>	<b>6.35</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XII: Restated Summary Statement of Short-term provisions**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Provision for employees benefits:</b>						
Provision for gratuity	0.22	0.20	0.20	0.16	0.10	0.13
Provision for compensated absences	0.34	1.22	0.97	0.95	0.12	0.16
Provision for employees variable pay	32.23	31.09	20.16	14.92	20.06	3.28
	<b>32.79</b>	<b>32.51</b>	<b>21.33</b>	<b>16.03</b>	<b>20.28</b>	<b>3.57</b>
<b>Other provisions:</b>						
Provision for contingencies	1.00	-	-	-	-	-
Provision for tax [net of advance tax Rs. 1574.07 as at 30 June 2017 , Rs. 1,476.53 as at 31 March 2017, Rs. 712.66 as at 31 March 2016, Rs. 400.78 as at 31 March 2015, Rs. 386.83 as at 31 March 2014 and Rs. 246.31 as at 31 March 2013]	73.70	43.64	46.42	35.57	21.77	34.18
Provision for wealth tax	-	-	-	0.03	0.02	-
	<b>74.70</b>	<b>43.64</b>	<b>46.42</b>	<b>35.60</b>	<b>21.79</b>	<b>34.18</b>
<b>Total</b>	<b>107.49</b>	<b>76.15</b>	<b>67.75</b>	<b>51.63</b>	<b>42.07</b>	<b>37.75</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XIII: Restated Summary Statement of Short-term borrowings**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Bank overdraft (Secured against bank deposits)	-	-	-	-	28.43	-
<b>Total</b>	-	-	-	-	<b>28.43</b>	-

**Principal terms of borrowings****As at 31 March 2014**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Name of the bank	Loan currency	Amount outstanding as on 31 March 2014	Rate of interest	Repayment terms	Details of security
HDFC Bank	INR	11.99	Rate of fixed deposit + 0.50%	On demand	Fixed deposits under lien
State Bank of India	INR	16.44	Short-term deposit rate + 0.50%	On demand	Fixed deposits under lien

There have been no defaults/ penalties charged to the Company by the banks.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XIV: Restated Summary Statement of Trade/ Customer payables***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Trade/ Customer payables</b>						
- Due to micro enterprises and small enterprises*	-	-	-	-	-	-
- Due to related party	-	-	-	0.68	4.62	0.01
- Due to others	339.32	1,709.35	552.80	339.36	266.61	334.92
- Liability towards Congestion Revenue	-	10.04	36.86	4.76	15.24	15.59
<b>Total</b>	<b>339.32</b>	<b>1,719.39</b>	<b>589.66</b>	<b>344.80</b>	<b>286.47</b>	<b>350.52</b>

\* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that Micro and Small Enterprises should mention in their correspondence with their customers the Entrepreneurs Memorandum number as allocated after filing of the Memorandum. Based on information available with the Company, there are no amounts required to be disclosed in relation to Micro and Small Enterprises as at respective Balance Sheet date.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XV: Restated Summary Statement of Other current liabilities**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
Unamortised subscription fee income	125.25	127.78	116.44	121.30	150.84	143.58
Creditors for capital goods	1.05	-	-	4.91	0.12	0.87
Other advances	1.32	1.43	4.92	2.21	1.64	1.19
Deposits towards settlement guarantee fund	535.14	446.19	368.40	525.08	326.99	297.51
Dividend payable	-	-	-	225.49	-	-
Employees related payable	9.97	0.54	0.66	1.68	0.12	0.08
Deposit from employees	0.10	0.10	0.04	-	-	-
Liability against rent straight lining	0.14	0.09	-	-	-	-
Book overdraft with bank	17.65	-	-	-	-	-
Statutory dues payable:						
-Tax deducted at source payable	5.61	12.53	10.55	5.18	5.27	3.85
-Service tax payable	2.87	-	-	0.01	0.01	0.03
-WCT & Professional tax payable	0.01	0.00 #	-	0.13	-	-
-Provident fund payable	1.39	1.19	1.02	0.87	0.70	0.29
<b>Total</b>	<b>700.50</b>	<b>589.85</b>	<b>502.03</b>	<b>886.86</b>	<b>485.69</b>	<b>447.40</b>

# Amount in absolute terms – Rs. 1,515

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XVI: Restated Summary Statement of Fixed assets**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Property, plant and equipment							Intangible assets			Grand Total
	Leasehold improvements	Office equipment	Electrical equipment	Computer hardware/equipment	Furniture and fixtures	Vehicles	Total	Computer software	Software license	Total	
<b>Gross block</b>											
As at 01 April 2012	7.63	2.32	0.87	36.59	1.47	4.46	53.34	282.54	-	282.54	335.88
Additions during the year	0.76	1.12	-	6.95	-	1.05	9.88	15.29	-	15.29	25.17
Deletions/ adjustments during the year	-	0.04	-	0.03	-	1.85	1.92	192.83	-	192.83	194.75
<b>As at 31 March 2013</b>	<b>8.39</b>	<b>3.40</b>	<b>0.87</b>	<b>43.51</b>	<b>1.47</b>	<b>3.66</b>	<b>61.30</b>	<b>105.00</b>	<b>-</b>	<b>105.00</b>	<b>166.30</b>
<b>Accumulated depreciation/ amortisation</b>											
As at 01 April 2012	5.13	0.23	0.05	10.55	0.29	1.02	17.27	94.14	-	94.14	111.41
Depreciation/ amortisation for the year	1.58	0.16	0.04	6.65	0.08	0.35	8.86	48.10	-	48.10	56.96
Deletions/ adjustments during the year	-	-	-	0.02	-	0.55	0.57	123.46	-	123.46	124.03
<b>As at 31 March 2013</b>	<b>6.71</b>	<b>0.39</b>	<b>0.09</b>	<b>17.18</b>	<b>0.37</b>	<b>0.82</b>	<b>25.56</b>	<b>18.78</b>	<b>-</b>	<b>18.78</b>	<b>44.34</b>
<b>Net block as at 31 March 2013</b>	<b>1.68</b>	<b>3.01</b>	<b>0.78</b>	<b>26.33</b>	<b>1.10</b>	<b>2.84</b>	<b>35.74</b>	<b>86.22</b>	<b>-</b>	<b>86.22</b>	<b>121.96</b>
<b>Gross block</b>											
As at 01 April 2013	8.39	3.40	0.87	43.51	1.47	3.66	61.30	105.00	-	105.00	166.30
Additions during the year	0.80	0.40	-	0.99	0.31	2.93	5.43	1.16	-	1.16	6.59
Deletions/ adjustments during the year	-	0.49	-	0.14	0.09	-	0.72	-	-	-	0.72
<b>As at 31 March 2014</b>	<b>9.19</b>	<b>3.31</b>	<b>0.87</b>	<b>44.36</b>	<b>1.69</b>	<b>6.59</b>	<b>66.01</b>	<b>106.16</b>	<b>-</b>	<b>106.16</b>	<b>172.17</b>
<b>Accumulated depreciation/ amortisation</b>											
As at 01 April 2013	6.71	0.39	0.09	17.18	0.37	0.82	25.56	18.78	-	18.78	44.34
Depreciation/ amortisation for the year	1.16	0.18	0.04	7.15	0.11	0.36	9.00	17.53	-	17.53	26.53
Deletions/ adjustments during the year	-	0.13	-	0.12	0.07	-	0.32	-	-	-	0.32
<b>As at 31 March 2014</b>	<b>7.87</b>	<b>0.44</b>	<b>0.13</b>	<b>24.21</b>	<b>0.41</b>	<b>1.18</b>	<b>34.24</b>	<b>36.31</b>	<b>-</b>	<b>36.31</b>	<b>70.55</b>
<b>Net block as at 31 March 2014</b>	<b>1.32</b>	<b>2.87</b>	<b>0.74</b>	<b>20.15</b>	<b>1.28</b>	<b>5.41</b>	<b>31.77</b>	<b>69.85</b>	<b>-</b>	<b>69.85</b>	<b>101.62</b>
<b>Gross block</b>											
As at 01 April 2014	9.19	3.31	0.87	44.36	1.69	6.59	66.01	106.16	-	106.16	172.17
Additions during the year	27.22	2.58	13.85	18.19	5.00	2.14	68.98	1.96	-	1.96	70.94
Deletions/ adjustments during the year	9.19	0.15	0.52	0.17	0.77	1.31	12.11	-	-	-	12.11
<b>As at 31 March 2015</b>	<b>27.22</b>	<b>5.74</b>	<b>14.20</b>	<b>62.38</b>	<b>5.92</b>	<b>7.42</b>	<b>122.88</b>	<b>108.12</b>	<b>-</b>	<b>108.12</b>	<b>231.00</b>



Particulars	Property, plant and equipment							Intangible assets			Grand Total
	Leasehold improvements	Office equipment	Electrical equipment	Computer hardware/equipment	Furniture and fixtures	Vehicles	Total	Computer software	Software license	Total	
<b>Accumulated depreciation / amortisation</b>											
As at 01 April 2014	7.87	0.44	0.13	24.21	0.41	1.18	34.24	36.31	-	36.31	70.55
Depreciation/ amortisation for the year	1.44	1.33	0.42	8.10	0.27	0.93	12.49	17.79	-	17.79	30.28
Deletions/ adjustments during the year	8.68	0.06	0.14	0.13	0.35	0.76	10.12	-	-	-	10.12
<b>As at 31 March 2015</b>	<b>0.63</b>	<b>1.71</b>	<b>0.41</b>	<b>32.18</b>	<b>0.33</b>	<b>1.35</b>	<b>36.61</b>	<b>54.10</b>	<b>-</b>	<b>54.10</b>	<b>90.71</b>
<b>Net block as at 31 March 2015</b>	<b>26.59</b>	<b>4.03</b>	<b>13.79</b>	<b>30.20</b>	<b>5.59</b>	<b>6.07</b>	<b>86.27</b>	<b>54.02</b>	<b>-</b>	<b>54.02</b>	<b>140.29</b>
<b>Gross block</b>											
As at 01 April 2015	27.22	5.74	14.20	62.38	5.92	7.42	122.88	108.12	-	108.12	231.00
Additions during the year	-	1.04	-	1.17	-	-	2.21	5.23	-	5.23	7.44
Deletions/ adjustments during the year	-	0.14	-	0.06	-	-	0.20	-	-	-	0.20
<b>As at 31 March 2016</b>	<b>27.22</b>	<b>6.64</b>	<b>14.20</b>	<b>63.49</b>	<b>5.92</b>	<b>7.42</b>	<b>124.89</b>	<b>113.35</b>	<b>-</b>	<b>113.35</b>	<b>238.24</b>
<b>Accumulated depreciation/ amortisation</b>											
As at 01 April 2015	0.63	1.71	0.41	32.18	0.33	1.35	36.61	54.10	-	54.10	90.71
Depreciation/ amortisation for the year	3.12	1.23	1.62	7.86	0.66	0.93	15.42	18.52	-	18.52	33.94
Deletions/ adjustments during the year	-	0.14	-	0.05	-	-	0.19	-	-	-	0.19
<b>As at 31 March 2016</b>	<b>3.75</b>	<b>2.80</b>	<b>2.03</b>	<b>39.99</b>	<b>0.99</b>	<b>2.28</b>	<b>51.84</b>	<b>72.62</b>	<b>-</b>	<b>72.62</b>	<b>124.46</b>
<b>Net block as at 31 March 2016</b>	<b>23.47</b>	<b>3.84</b>	<b>12.17</b>	<b>23.50</b>	<b>4.93</b>	<b>5.14</b>	<b>73.05</b>	<b>40.73</b>	<b>-</b>	<b>40.73</b>	<b>113.78</b>
<b>Gross block</b>											
As at 01 April 2016	27.22	6.64	14.20	63.49	5.92	7.42	124.89	113.35	-	113.35	238.24
Additions during the year	-	0.24	-	5.75	0.06	-	6.05	1.14	-	1.14	7.19
Deletions/ adjustments during the year	-	0.18	-	-	-	-	0.18	-	-	-	0.18
<b>As at 31 March 2017</b>	<b>27.22</b>	<b>6.70</b>	<b>14.20</b>	<b>69.24</b>	<b>5.98</b>	<b>7.42</b>	<b>130.76</b>	<b>114.49</b>	<b>-</b>	<b>114.49</b>	<b>245.25</b>
<b>Accumulated depreciation/ amortisation</b>											
As at 01 April 2016	3.75	2.80	2.03	39.99	0.99	2.28	51.84	72.62	-	72.62	124.46
Depreciation/ Amortisation for the year	3.11	1.30	1.62	8.18	0.58	0.92	15.71	18.92	-	18.92	34.63
Deletions/ adjustments during the year	-	0.17	-	-	-	-	0.17	-	-	-	0.17
<b>As at 31 March 2017</b>	<b>6.86</b>	<b>3.93</b>	<b>3.65</b>	<b>48.17</b>	<b>1.57</b>	<b>3.20</b>	<b>67.38</b>	<b>91.54</b>	<b>-</b>	<b>91.54</b>	<b>158.92</b>
<b>Net block as at 31 March 2017</b>	<b>20.36</b>	<b>2.77</b>	<b>10.55</b>	<b>21.07</b>	<b>4.41</b>	<b>4.22</b>	<b>63.38</b>	<b>22.95</b>	<b>-</b>	<b>22.95</b>	<b>86.33</b>

Particulars	Property, plant and equipment							Intangible assets			Grand Total
	Leasehold improvements	Office equipment	Electrical equipment	Computer hardware/equipment	Furniture and fixtures	Vehicles	Total	Computer software	Software license	Total	
<b>Gross block</b>											
As at 01 April 2017	27.22	6.70	14.20	69.24	5.98	7.42	130.76	114.49	-	114.49	245.25
Additions during the period	0.75	0.26	-	3.84	-	-	4.85	7.76	1,156.10	1,163.86	1,168.71
Deletions/ adjustments during the period	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2017</b>	<b>27.97</b>	<b>6.96</b>	<b>14.20</b>	<b>73.08</b>	<b>5.98</b>	<b>7.42</b>	<b>135.61</b>	<b>122.25</b>	<b>1156.10</b>	<b>1278.35</b>	<b>1413.95</b>
<b>Accumulated depreciation/ amortisation</b>											
As at 01 April 2017	6.86	3.93	3.65	48.17	1.57	3.20	67.38	91.54	-	91.54	158.92
Depreciation/ Amortisation for the period	0.80	0.32	0.41	2.18	0.15	0.23	4.09	4.84	5.91	10.75	14.83
Deletions/ adjustments during the period	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2017</b>	<b>7.66</b>	<b>4.25</b>	<b>4.06</b>	<b>50.35</b>	<b>1.72</b>	<b>3.43</b>	<b>71.47</b>	<b>96.38</b>	<b>5.91</b>	<b>102.29</b>	<b>173.75</b>
<b>Net block as at 30 June 2017</b>	<b>20.31</b>	<b>2.71</b>	<b>10.14</b>	<b>22.73</b>	<b>4.26</b>	<b>3.99</b>	<b>64.14</b>	<b>25.87</b>	<b>1,150.19</b>	<b>1,176.06</b>	<b>1,240.20</b>

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	Intangible assets under development	Capital work-in-progress (CWIP)
	Software under development	Computer hardware/ equipment & Leasehold Improvements
As at 01 April 2012	-	-
As at 31 March 2013	-	-
As at 01 April 2013	-	-
Additions during the year	0.79	-
Capitalised/ transfer during the year	-	-
<b>As at 31 March 2014</b>	<b>0.79</b>	<b>-</b>
As at 01 April 2014	0.79	-
Additions during the year	0.45	-
Capitalised/ transfer during the year	1.24	-
<b>As at 31 March 2015</b>	<b>-</b>	<b>-</b>
As at 1 April 2015	-	-
Additions during the year	4.02	-
Capitalised/ transfer during the year	-	-

Particulars	Intangible assets under development	Capital work-in-progress (CWIP)
	Software under development	Computer hardware/ equipment & Leasehold Improvements
<b>As at 31 March 2016</b>	<b>4.02</b>	-
<b>As at 1 April 2016</b>	4.02	-
Additions during the year	2.25	3.33
Capitalised/ transfer during the year	-	-
<b>As at 31 March 2017</b>	<b>6.27</b>	<b>3.33</b>
<b>As at 1 April 2017</b>	6.27	3.33
Additions during the period	2.74	0.78
Capitalised/ transfer during the period	6.15	1.33
<b>As at 30 June 2017</b>	<b>2.86</b>	<b>2.78</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XVII: Restated Summary Statement of Non-current investments**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
<i>Valued at cost unless otherwise stated</i>													
<b>(Non -Trade)</b>													
<b>A) In Bonds: (quoted )</b>													
7.11% Tax Free Bonds Power Finance Corporation Ltd.	1,000	5,134	5.13	5,134	5.13	5,134	5.13	-	-	-	-	-	-
7.04% Tax Free Bonds Housing And Urban Development Corporation Ltd.	1,000	15,058	15.06	15,058	15.06	15,058	15.06	-	-	-	-	-	-
7.04% Tax Free Bonds Indian Railway Finance Corporation Ltd.	1,000	11,757	11.76	11,757	11.76	11,757	11.76	-	-	-	-	-	-
7.04% Tax Bonds National Bank For Agriculture And Rural Development	1,000	10,020	10.02	10,020	10.02	10,020	10.02	-	-	-	-	-	-
			<b>41.97</b>		<b>41.97</b>		<b>41.97</b>		-		-		-
<b>B) In Fixed Deposits: (unquoted )</b>													
PNB Housing Finance Limited			-		50.00		50.00		-		-		-
<b>Total (A + B)</b>			<b>41.97</b>		<b>91.97</b>		<b>91.97</b>		-		-		-
<b>Aggregate book value of quoted investments in bonds</b>			<b>41.97</b>		<b>41.97</b>		<b>41.97</b>		-		-		-
<b>Aggregate market value of quoted investments in bonds</b>			<b>41.97</b>		<b>41.97</b>		<b>41.97</b>		-		-		-

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
Aggregate book value of unquoted investments in fixed deposits			-		50.00		50.00		-		-		-

These investments are in name of Company.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XVIII: Restated Summary Statement of Loans and advances (Long-term and Short-term)**

**A. Long-term loans and advances**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<i>Unsecured, considered good, unless otherwise stated</i>						
<b>To parties other than related parties:</b>						
Capital advances	0.09	0.61	0.07	0.90	-	-
Security deposits	22.52	16.37	16.37	16.37	11.00	11.00
Other loans and advances:						
- Prepaid expenses	0.02	0.02	0.03	0.05	0.11	0.06
- Advance to employees	-	-	-	1.07	6.41	0.66
- Advance income-tax [net of provision for income tax of Rs. 833.12 as at 30 June 2017, Rs. 833.12 as at 31 March 2017, Rs. 982.70 as at 31 March 2016, Rs. 831.94 as at 31 March 2015, Rs. 428.55 as at 31 March 2014 and Rs. 146.64 as at 31 March 2013]	1.46	11.80	14.98	16.14	11.78	6.33
<b>To related parties:</b>						
Loans and advances to employees	-	-	-	-	-	1.44
<b>Total</b>	<b>24.09</b>	<b>28.80</b>	<b>31.45</b>	<b>34.53</b>	<b>29.30</b>	<b>19.49</b>

**B. Short-term loans and advances**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<i>Unsecured, considered good, unless otherwise stated</i>						
<b>To parties other than related parties:</b>						
Prepaid expenses	9.86	8.07	8.90	3.22	2.77	16.33
Security deposits	0.20	0.27	0.23	0.45	0.03	0.03
Loans and advances to employees	0.33	0.09	0.02	0.47	2.62	0.17
Balance with statutory / government authorities	121.74	7.20	9.55	7.14	3.73	13.91
Other advances	5.68	0.10	0.34	4.26	0.05	1.27
<b>To related parties:</b>						
Loans and advances to employees	-	-	-	-	-	0.33
Prepaid expenses	-	-	-	0.02	15.25	-
<b>Total</b>	<b>137.81</b>	<b>15.73</b>	<b>19.04</b>	<b>15.56</b>	<b>24.45</b>	<b>32.04</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XIX: Restated Summary Statement of Other non-current assets***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<i>Unsecured, considered good, unless otherwise stated</i>						
Bank deposits (due to mature after 12 months from the reporting date)*	51.60	240.30	258.60	374.60	570.00	350.00
Interest accrued on bank deposit	0.14	17.97	7.39	29.71	49.22	7.90
Interest accrued on non-current investment	-	8.67	4.52	-	-	-
<b>Total</b>	<b>51.74</b>	<b>266.94</b>	<b>270.51</b>	<b>404.31</b>	<b>619.22</b>	<b>357.90</b>

\* Bank deposits includes Rs. 19.80 as at 30 June 2017, Rs. 114.00 as at 31 March 2017, Rs. 189.30 as at 31 March 2016, Rs. 149.90 as at 31 March 2015, Rs. 350.00 as at 31 March 2014 and Rs. 100.00 as at 31 March 2013 under lien with banks for overdraft facilities.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XX: Restated Summary Statement of Current Investments**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
<i>Valued at the lower of cost and fair value</i>													
<b>(Non -Trade)</b>													
<b>Quoted investments in mutual funds</b>													
BSL Interval Income Fund - Annual Plan V (368 Days) – Direct – Growth Plan	10	-	-	-	-	-	-	-	-	4,592,338	50.00	5,000,000	50.00
ICICI Prudential FMP Series - 366 D Plan B - Direct – Growth Plan	10	-	-	-	-	-	-	-	-	-	-	5,000,000	50.00
IDBI FMP Series III -366 Days (March 2013) - Direct – Growth Plan	10	-	-	-	-	-	-	-	-	-	-	5,000,000	50.00
LIC Nomura FMP Series - 61 Direct - Growth Plan	10	-	-	-	-	-	-	-	-	-	-	10,000,000	100.00
L & T FMP - VII (367 D B) - Direct - Growth Plan	10	-	-	-	-	-	-	-	-	-	-	5,000,000	50.00
Religare Fixed Maturity XVIII- Plan D -368 Days - Direct Plan - Growth	10	-	-	-	-	-	-	-	-	-	-	5,000,000	50.00
UTI Fixed Term Income Fund Series - XIV-VI - Direct Plan - Growth	10	-	-	-	-	-	-	-	-	-	-	5,000,000	50.00
UTI Fixed Term Income Fund Series -XVII-V (366 Days) - Direct - Growth Plan	10	-	-	-	-	-	-	-	-	6,000,000	60.00	-	-
SBI Debt Fund Series -366 Days 49- Direct Plan - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
HDFC FMP 372 D December 2013 (1)- Series	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-



Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
29 - Direct Growth													
Birla Sun Life Fixed Term Plan - Series JY (367 Days) - Growth - Direct	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
TATA Fixed Maturity Plan Series 45 -Scheme E - Direct Plan - Growth	10	-	-	-	-	-	-	-	-	10,000,000	100.00	-	-
ICICI Prudential FMP Series 72 -366 Days Plan K - Direct Plan - Cumulative	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
IDFC Fixed Term Plan Series 67 Direct Plan - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
SBI Debt Fund Series -366 Days 52- Direct Plan - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
IDBI FMP Series IV 368 Days - February 2014 - C - Direct Plan - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
HDFC FMP 370D February 2014 (1)- Series 29 - Direct - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
Birla Sun Life Fixed Term Plan Series KC (368 Days) - Growth - Direct	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
Axis Yearly Interval Fund Series 1 - Direct Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
IDFC Yearly Series Interval Fund -Direct Plan - Series II - Growth	10	-	-	-	-	-	-	-	-	4,578,545	50.00	-	-
IDFC Fixed Term Plan Series 73 Direct Plan - Periodic Dividend (50 Days) - Payout	10	-	-	-	-	-	-	-	-	10,002,639	100.03	-	-
UTI Fixed Term Income Fund Series XVII- XVI	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
(367 Days) - Direct - Growth Plan													
TATA Fixed Maturity Plan Series 46 Scheme P - Direct Plan - Growth	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
Birla Sun Life Fixed Term Plan Series KK (367 Days) - Growth - Direct	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
IDFC Fixed Term Plan Series 76 Direct Plan - Growth (366 Days)	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
HDFC FMP 370 D March 2014 (1) -Series 29- Direct - Growth	10	-	-	-	-	-	-	-	-	10,000,000	100.00	-	-
ICICI Prudential FMP Series 73 -366 Days Plan B Direct Plan Cumulative	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
ICICI Prudential FMP Series 73 -368 Days Plan M Direct Plan Cumulative	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
IDFC Fixed Term Plan Series 85 - Direct Plan - Growth (369 Days)	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
UTI Fixed Term Income Series XVIII-III (367 Days) - Direct - Growth Plan	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
TATA Fixed Maturity Series 47 Scheme B - Direct	10	-	-	-	-	-	-	-	-	5,000,000	50.00	-	-
HDFC FMP 366 D March 2014 (2) - Series 31- Direct - Growth	10	-	-	-	-	-	-	-	-	10,000,000	100.00	-	-
SBI Debt Fund Series A-16 -366 Days -Direct Plan - Growth	10	-	-	-	-	-	-	-	-	10,000,000	100.00	-	-

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
UTI QIP III – Direct – Scheme Code 257 – Growth	10	-	-	-	-	12,381,938	250.00	-	-	-	-	-	-
<b>Subtotal of quoted investments in mutual funds (a)</b>			-		-		<b>250.00</b>		-		<b>1,610.03</b>		<b>400.00</b>
<b>Unquoted investments in mutual funds</b>													
IDFC Dynamic Bond Fund - Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	8,187,473	86.76
SBI Magnum Dynamic Bond Fund – Qtrly Div. - Direct	10	-	-	-	-	-	-	-	-	4,320,599	51.15	-	-
Morgan Stanley Active Bond Fund - Direct Plan – Qtrly Div	10	-	-	-	-	-	-	-	-	7,182,925	90.51	-	-
DWS Money Plus Fund - Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	2,312,131	23.88
HDFC Bank Short Term Oppurtunities Fund-Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	5,982,471	60.00
Religare Short Term Plan A – Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	5,964,316	60.77
SBI SHDF – Short Term Plan – Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	4,864,138	51.40
Baroda Pioneer Liquid Fund Plan B – Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	100,393	100.46
Birla Sun Life Cash Plus – Direct Plan – DDR	100	-	-	-	-	2,397,947	240.26	2,463,811	246.86	1,654,688	165.79	-	-
DSP Blackrock Liquidity Fund - Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	90,545	90.57
DWS Insta Cash Direct -	100	-	-	-	-	-	-	-	-	-	-	802,135	80.46

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
Dividend Plan													
HSBC Cash Fund - Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	146,610	146.69
ICICI MF Liquid Fund - Direct - Dividend Plan	100	-	-	-	-	-	-	1,373,771	137.45	-	-	401,940	40.20
IDBI Liquid Fund Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	50,063	50.07
IDFC Cash Fund - Daily Dividend – Direct Plan – Reinvest	1,000	-	-	-	-	-	-	232,814	232.94	99,974	100.01	-	-
J M Floater - Short Term Fund Direct – Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	8,039,053	81.10
J P Morgan Liquid - Direct - Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	10,166,655	101.75
Peerless Liquid - Direct - Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	1,349,549	13.50
Reliance Liquid – TP - Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	29,809	45.57
Religare Liquid Fund - Direct - Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	15,690	15.70
TATA Money Market Fund DDR	1,000	-	-	-	-	-	-	-	-	85,675	85.81	-	-
Tata Liquid Fund Direct DDR	1,000	-	-	-	-	-	-	-	-	44,899	50.04	-	-
UTI Liquid Fund - Cash Plan - Direct DDR	1,000	-	-	-	-	-	-	-	-	93,362	95.18	-	-
SBI Magnum - Insta Cash Fund - Liquid Floater - Direct Plan – DDR	1,000	-	-	-	-	244,138	246.54	239,024	241.39	228,647	230.91	49,715	50.21
BOI Axa Treasury Advantage Fund - Direct – Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	20,130	20.13
J M Money Manager - Super Plan - Direct – Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	6,962,076	69.68

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
Peerless Ultra Short Term Fund - Direct – Dividend Plan	10	-	-	-	-	-	-	-	-	-	-	14,241,196	143.36
Pramerica Short Term Floating Rate Fund - Direct – Dividend Plan	1,000	-	-	-	-	-	-	-	-	-	-	55,886	55.99
UTI Floating Rate – Short Term Plan – Direct DDR	1,000	-	-	-	-	-	-	229,489	247.13	-	-	93,539	100.73
Birla Sun Life Floating Rate Fund Short Term Plan - Daily Dividend-Direct Plan – Reinvest	100	-	-	-	-	-	-	1,066,257	106.65	-	-	-	-
HDFC Cash Management Fund - Savings Plan - Direct Plan-Daily Dividend Reinvestment – Reinvest	10	-	-	-	-	-	-	20,294,377	215.86	-	-	-	-
Axis Liquid Fund - Direct Plan - Daily Dividend - Reinvest	1,000	-	-	-	-	-	-	220,178	220.25	-	-	-	-
ICICI MF Money Market - Direct - Dividend Plan	100	-	-	-	-	-	-	2,018,295	202.12	-	-	-	-
Sbi Premier Liquid Fund - Direct – DDR	1,000	-	-	-	-	99,778	100.09	-	-	-	-	-	-
Axis Treasury Advantage Fund - Direct Plan DDR	1,000	-	-	-	-	254,586	255.78	-	-	-	-	-	-
Birla Sun Life Floating Rate Fund – LTP – Direct Plan – DDR	100	-	-	-	-	2,472,763	248.11	-	-	-	-	-	-
Birla Sun Life Savings Fund - Direct Plan DDR	100	-	-	-	-	516,946	51.85	-	-	-	-	-	-
HDFC Floating Rate Income Fund - STP - Wholesale Plan - Direct DDR	10	-	-	-	-	25,114,957	253.18	-	-	-	-	-	-
HDFC Cash Management	10	-	-	-	-	20,189,732	202.51	-	-	-	-	-	-

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
Fund - Treasury Advantage - Direct – DDR													
IDFC Ultra Short Term Fund Direct Plan DDR	10	-	-	-	-	22,554,173	226.78	23,968,264	241.00	-	-	-	-
SBI Treasury Advantage Fund Direct Plan DDR	1,000	-	-	-	-	-	-	199,731	200.90	-	-	-	-
TATA Floater Direct Plan DDR	1,000	-	-	-	-	264,835	265.73	250,471	251.36	-	-	-	-
UTI Treasury Advantage Fund -Direct Plan - DDR	1,000	-	-	-	-	238,435	239.00	-	-	-	-	-	-
Tata Treasury Manager - Direct Plan – DDR	1,000	-	-	-	-	134,215	135.34	-	-	-	-	-	-
TATA Money Market Fund - Direct Plan Growth	1,000	-	-	78,053	200.00	-	-	-	-	-	-	-	-
Reliance Liquid Fund - TP - Direct Plan Growth	1,000	6,945	28.00	25,218	100.00	-	-	-	-	-	-	-	-
Axis Liquid Fund - Direct Plan Growth	1,000	35,088	64.30	68,105	122.73	-	-	-	-	-	-	-	-
Kotak Floater – STP - Direct Plan-Growth	1,000	-	-	86,213	230.01	-	-	-	-	-	-	-	-
Birla Sun Life Floating Rate Fund - LTP - Direct Plan – Growth	100	581,305	118.91	1,197,682	240.17	-	-	-	-	-	-	-	-
Birla Sunlife Savings Fund - Direct Growth	100	756,084	246.91	818,044	261.70	-	-	-	-	-	-	-	-
HDFC Floating Rate Income Fund – STP - Wholesale Plan – Direct Growth	10	5,981,053	171.59	9,133,219	258.88	-	-	-	-	-	-	-	-
HDFC Cash Management Fund -Treasury Advantage – Direct - Growth	10	4,245,803	153.35	7,459,691	264.11	-	-	-	-	-	-	-	-
ICICI Prudential Flexible Income Fund - Direct Plan -Growth	100	591,675	188.41	670,227	209.33	-	-	-	-	-	-	-	-
ICICI Ultra Short Term	10	-	-	15,689,375	268.37	-	-	-	-	-	-	-	-

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
Fund - Direct Plan Growth													
IDFC Money Manager Treasury Plan - Direct Plan Growth	10	-	-	1,172,849	30.70	-	-	-	-	-	-	-	-
IDFC Ultra Short Term Fund - Direct Plan Growth	10	9,511,975	224.30	10,572,729	244.64	-	-	-	-	-	-	-	-
Reliance Medium Term - Direct Plan Growth	10	5,658,540	200.04	7,088,201	245.67	-	-	-	-	-	-	-	-
UTI Floating Rate - Short Term Plan - Growth	1,000	98,989	273.81	98,996	268.86	-	-	-	-	-	-	-	-
UTI Treasury Advantage Fund - Direct Plan - Growth	1,000	69,150	158.81	69,156	155.88	-	-	-	-	-	-	-	-
HDFC Arbitrage Fund-Wholesale Plan- Growth-Direct Plan	10	14,529,669	180.00	14,529,669	180.00	-	-	-	-	-	-	-	-
Birla Sunlife Enhanced Arbitrage Fund-Growth-Direct Plan	10	8,133,057	140.00	8,133,057	140.00	-	-	-	-	-	-	-	-
ICICI Prudential Equity Arbitrage Fund- Direct Plan -Growth	10	8,106,465	180.00	8,106,465	180.00	-	-	-	-	-	-	-	-
Kotak Equity Arbitrage Fund- Direct Plan -Growth	10	2,094,074	50.00	2,094,074	50.00	-	-	-	-	-	-	-	-
Reliance Arbitrage Advantage Fund- Direct Growth Plan-Growth option	10	2,924,455	50.00	2,924,455	50.00	-	-	-	-	-	-	-	-
<b>Subtotal of unquoted investments in mutual funds (b)</b>			<b>2,428.43</b>		<b>3,701.05</b>		<b>2,465.17</b>		<b>2,543.91</b>		<b>869.40</b>		<b>1,488.98</b>
<b>B) Current maturities of non current investment</b>													
In Fixed Deposits: (unquoted )													

Particulars	Face Value per unit (Rs.)	Number of units as at 30 June 2017	Value as at 30 June 2017	Number of units as at 31 March 2017	Value as at 31 March 2017	Number of units as at 31 March 2016	Value as at 31 March 2016	Number of units as at 31 March 2015	Value as at 31 March 2015	Number of units as at 31 March 2014	Value as at 31 March 2014	Number of units as at 31 March 2013	Value as at 31 March 2013
PNB Housing Finance Limited			50.00										
<b>Total quoted and unquoted investments (a + b)</b>			2,478.43		3,701.05		2,715.17		2,543.91		2,479.43		1,888.98
Less : Aggregate amount of provision for diminution in the value of mutual funds			-		-		-		-		6.51		0.34
<b>Aggregate book value of quoted and unquoted investments in mutual funds</b>			2,478.43		3,701.05		2,715.17		2,543.91		2,472.92		1,888.64
<b>Aggregate market value of quoted investments in mutual funds</b>			-		-		252.26		-		1,764.09		1,630.37

Note: The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.



**Annexure XXI: Restated Summary Statement of Trade receivables**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Receivables outstanding for a period exceeding six months from the date they became due for payment</b>						
Secured, considered good	0.14	0.14	0.03	1.06	0.38	1.05
Unsecured, considered good	0.28	0.28	0.28	-	-	-
<b>Other receivables</b>						
Secured, considered good	2.78	1.67	7.06	1.70	2.30	2.25
Unsecured, considered good	-	-	0.34	0.84	-	-
<b>Total</b>	<b>3.20</b>	<b>2.09</b>	<b>7.71</b>	<b>3.60</b>	<b>2.68</b>	<b>3.30</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXII: Restated Summary Statement of Cash and bank balances***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<b>Cash and cash equivalents</b>						
- Balance with Banks						
on current accounts	0.95	71.98	43.58	50.45	0.48	108.46
on settlement accounts	15.65	744.34	16.17	49.05	0.31	108.72
	<b>16.60</b>	<b>816.32</b>	<b>59.75</b>	<b>99.50</b>	<b>0.79</b>	<b>217.18</b>
<b>Other bank balances</b>						
- in dividend accounts	-	-	-	225.49	-	-
- Bank deposits with banks with maturity period less than 12 months from balance sheet date *	514.30	458.60	855.00	510.00	421.20	170.00
	<b>514.30</b>	<b>458.60</b>	<b>855.00</b>	<b>735.49</b>	<b>421.20</b>	<b>170.00</b>
<b>Total</b>	<b>530.90</b>	<b>1,274.92</b>	<b>914.75</b>	<b>834.99</b>	<b>421.99</b>	<b>387.18</b>

\* Bank deposits includes Rs. 425.10 as at 30 June 2017, Rs. 321.90 as at 31 March 2017, Rs. 258.80 as at 31 March 2016, Rs. 230.00 as at 31 March 2015, Rs. 30.00 as at 31 March 2014 and Rs. 140.00 as at 31 March 2013 under lien with banks for overdraft facilities.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXIII: Restated Summary Statement of Other current assets***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>	<b>As at 31 March 2013</b>
<i>Unsecured, considered good, unless otherwise stated</i>						
Interest accrued on bank deposits	31.05	9.00	68.90	80.18	15.70	11.65
Interest accrued on non-current investments	1.61	0.87	0.25	-	-	-
Interest accrued on current investment	10.02	-	-	-	-	-
Other receivable *	48.66	17.00	-	-	-	-
<b>Total</b>	<b>91.34</b>	<b>26.87</b>	<b>69.15</b>	<b>80.18</b>	<b>15.70</b>	<b>11.65</b>

\* Represents amount recoverable from shareholders on account of share issue expenses.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXIV: Restated Summary Statement of Revenue from operations***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
<b>Sale of services</b>						
Transaction fees	491.60	1,777.57	1,494.49	1,185.92	1,223.00	994.70
Annual subscription fees	63.01	252.04	247.63	252.69	273.60	193.28
Admission, processing and transfer fees	0.12	9.52	8.16	9.18	29.10	24.10
<b>Total</b>	<b>554.73</b>	<b>2,039.13</b>	<b>1,750.28</b>	<b>1,447.79</b>	<b>1,525.70</b>	<b>1,212.08</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

## Annexure XXV: Restated Summary Statement of Other income

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Other income (A)	61.85	335.10	251.12	315.99	214.20	171.57
Restated Profit before tax (Refer Annexure II) (B)	468.55	1,732.05	1,466.27	1,325.06	1,328.66	928.70
Percentage of Other income to Restated Profit before tax (C = (A / B) * 100)	13.20%	19.35%	17.13%	23.85%	16.12%	18.47%

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	Nature (Recurring/Non-recurring #)	Related/ Not related to business activity #	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest income								
- From bank deposits	Recurring	Not related	11.47	73.63	94.98	87.48	72.28	35.72
- From non-current investments	Recurring	Not related	0.74	8.07	5.33	-	-	-
- From current investments	Recurring	Not related	1.35	-	-	-	-	-
- From others	Non-recurring	Not related	-	-	-	0.38	0.65	0.46
Dividend income from current investments	Recurring	Not related	0.29	27.34	148.78	79.23	106.10	122.79
Profit on sale of current investments	Recurring	Not related	46.70	224.33	0.11	147.04	35.12	11.14
Income from training and coaching (net of training expenses of Rs. 1.24 for the three months period ended 30 June 2017, Rs. 4.01 for the year ended 31 March 2017, Rs. 8.59 for the year ended 31 March 2016 and Rs. 5.99 for the year ended 31 March 2015)	Recurring	Not related	0.16	1.60	1.83	1.71	-	-
Miscellaneous income	Non-recurring	Related	1.14	0.13	0.09	0.15	0.05	1.46
<b>Total</b>			<b>61.85</b>	<b>335.10</b>	<b>251.12</b>	<b>315.99</b>	<b>214.20</b>	<b>171.57</b>

# The classification of other income as recurring/ non-recurring, related/ not related to business activity is based on the current operations and business activity of the Company as determined by the management.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXVI: Restated Summary Statement of Employee benefits***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Salaries and bonus	42.96	140.33	128.90	105.75	75.87	66.98
Contribution to provident fund	1.37	4.57	4.18	3.70	2.34	1.85
Gratuity	2.44	3.74	3.06	3.23	2.05	1.16
Compensated absences	0.13	4.19	2.21	2.18	0.80	0.41
Staff welfare expenses	0.67	2.89	2.70	2.24	1.51	1.28
<b>Total</b>	<b>47.57</b>	<b>155.72</b>	<b>141.05</b>	<b>117.10</b>	<b>82.57</b>	<b>71.68</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXVII: Restated Summary Statement of Technology expenses***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Software development and maintenance	35.06	234.24	202.02	194.06	196.70	173.29
<b>Total</b>	<b>35.06</b>	<b>234.24</b>	<b>202.02</b>	<b>194.06</b>	<b>196.70</b>	<b>173.29</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXVIII: Restated Summary Statement of Finance costs***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Interest paid on bank overdraft	0.06	0.21	0.18	0.43	0.22	0.23
Interest – others	-	1.10	2.50	1.95	0.00 #	0.00*
<b>Total</b>	<b>0.06</b>	<b>1.31</b>	<b>2.68</b>	<b>2.38</b>	<b>0.22</b>	<b>0.23</b>

# Amount in absolute terms– Rs. 1,500

\* Amount in absolute terms- Rs. 2,452

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.



**Annexure XXIX: Restated Summary Statement of Depreciation and amortisation***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Depreciation on Property, plant and equipment	4.08	15.71	15.42	11.67	9.00	8.86
Amortisation of intangible assets	10.75	18.92	18.52	17.79	17.53	48.10
<b>Total</b>	<b>14.83</b>	<b>34.63</b>	<b>33.94</b>	<b>29.46</b>	<b>26.53</b>	<b>56.96</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXX: Restated Summary Statement of Other operating expenses**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>	<b>For the year ended 31 March 2013</b>
Rent	6.16	22.69	22.54	21.68	20.11	17.56
Business promotion/development	1.07	5.79	5.57	5.66	8.60	5.96
Incentive to members	8.25	55.37	53.36	14.42	21.28	11.59
Legal and professional	21.52	71.87	33.42	15.23	16.04	14.57
Travelling and conveyance	2.83	6.43	6.30	8.02	7.02	5.93
Advertisement	0.12	1.58	2.10	3.32	2.96	3.58
Insurance	0.24	1.17	1.49	1.48	1.43	1.63
Communication	1.41	5.68	5.35	5.44	4.06	3.85
CERC regulatory fee	1.61	5.63	5.30	5.80	5.55	6.19
Provision for contingencies	1.00	-	-	-	-	-
Printing and stationery	0.51	1.13	1.14	1.54	1.13	0.99
Directors sitting fees	1.72	4.76	3.89	0.99	0.76	0.58
Repairs and maintenance - building	1.40	5.17	5.09	4.59	4.13	3.92
Repairs and maintenance - others	0.24	1.19	1.18	1.31	1.19	1.07
Electricity	0.65	2.29	2.59	1.45	1.14	1.06
Provision for diminution in value of investments	-	-	-	-	6.51	0.34
Fixed assets written off	-	-	-	1.40	0.40	-
Loss on sale of assets	-	-	-	0.22	-	0.53
Bad debts written off	-	0.01	1.12	0.02	0.42	-
Corporate social responsibility	0.20	20.66	1.70	-	-	-
Training	0.37	1.43	0.47	-	-	-
Miscellaneous	1.21	3.43	2.83	3.15	2.49	3.41
Net loss on foreign exchange transaction	-	-	-	-	-	0.66
<b>Total</b>	<b>50.51</b>	<b>216.28</b>	<b>155.44</b>	<b>95.72</b>	<b>105.22</b>	<b>83.42</b>

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXXI: Restated Summary Statement of Dividend declared and paid**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

	Particulars	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>A</b>	<b>Equity shares</b>						
<b>i)</b>	<b>Final dividend*</b>						
	Number of shares	-	28,812,193	27,295,762	27,295,762	27,295,762	27,295,762
	Face value (Rs.)	-	10	10	10	10	10
	Equity share capital	-	288.12	272.96	272.96	272.96	272.96
	Rate of dividend (%)	-	200%	120%	40%	30%	20%
	Dividend per share (Rs.)	-	20	12	4	3	2
	Amount of dividend	-	576.24	327.55	109.18	81.89	54.59
	Corporate dividend tax	-	117.31	66.68	18.56	13.92	8.86
<b>ii)</b>	<b>Interim dividend</b>						
	Number of shares	-	28,812,193	28,189,658	27,295,762	27,295,762	27,295,762
	Face value (Rs.)	-	10	10	10	10	10
	Equity share capital	-	288.12	281.90	272.96	272.96	272.96
	Rate of dividend (%)	-	100%	70%	250%	-	-
	Dividend per share (Rs.)	-	10	7	25	-	-
	Amount of dividend	-	288.12	197.33	682.39	-	-
	Corporate dividend tax	-	58.65	40.17	115.97	-	-
<b>B</b>	<b>Compulsory convertible preference shares</b>						
<b>i)</b>	<b>Final dividend*</b>						
	Number of shares	-	1,516,431	3,032,862	3,032,862	3,032,862	3,032,862
	Face value (Rs.)	-	10	10	10	10	10
	Compulsory convertible preference share capital	-	15.16	30.32	30.32	30.32	30.32
	Rate of dividend (%)	-	200%	120%	40%	30%	20%
	Dividend per share (Rs.)	-	20	12	4	3	2
	Amount of dividend	-	30.33	36.39	12.13	9.10	6.07
	Corporate dividend tax	-	6.17	7.4	2.06	1.55	0.98
<b>ii)</b>	<b>Interim dividend</b>						
	Number of shares	-	1,516,431	2,138,966	3,032,862	3,032,862	3,032,862
	Face value (Rs.)	-	10	10	10	10	10
	Compulsory convertible preference share capital	-	15.16	15.16	30.32	30.32	30.32
	Rate of dividend (%)	-	100%	70%	250%	-	-
	Dividend per share (Rs.)	-	10	7	25	-	-
	Amount of dividend	-	15.16	14.97	75.82	-	-
	Corporate dividend tax	-	3.09	3.05	12.89	-	-

\* Final equity and preference dividend proposed by the Board of Directors for years ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 has been considered as non-adjusting event as at respective year ends and has been adjusted against opening reserves and surplus as at 01 April 2012 and reserves and surplus for the years ended 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 respectively as per requirement of Revised Accounting Standard 4.

**Note:**

- 1) On 12 June 2017, the Board of Directors of the Company has recommended a final dividend of Rs. 35 per equity share and Rs. 35 per Compulsory convertible preference share for the financial year ended 31 March 2017, which has been approved by the shareholders at the Annual General Meeting held on 25 July 2017. It has been considered as non-adjusting event as per requirement of Revised Accounting Standard 4. Accordingly, the Company has not recorded Rs. 1,277.60 million as provision for proposed dividend and provision for corporate dividend tax as at 31 March 2017.
- 2) The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

## Annexure XXXII: Restated Summary Statement of Other Significant Notes to the Financial Statements

### 1. a) Contingent liabilities and Commitments (net of advances)

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Estimated amount of contract to be executed on capital account and not provided for (net of advances)	3.71	1,081.58 *	1,080.06 *	0.25	18.92	14.00
Claims against the Company not acknowledged as debt	-	-	-	-	-	1.25

\* The Company had, vide agreement dated 31 August 2015, with 63 Moon Technologies Limited (previously known as Financial Technologies (India) Limited), agreed to obtain a perpetual software license subject to various terms and conditions at a consideration of Rs. 1,080.00 (plus applicable taxes), execution of which was challenged by one of the shareholders of the Company and matter was subjudice.

On 29 March 2017, the Company has received the arbitration award in its favour. Consequently, on 16 May 2017, the Company has acquired the perpetual software license at a consideration of Rs. 1,080.00 (plus applicable taxes), and accordingly, capitalised in the books of accounts.

- b) As per the Consolidated FDI Policy on Power Exchanges, a non-resident investor/ entity cannot hold more than 5% in a power exchange. The Department of Economic Affairs (“DEA”) (FIPB Unit) vide its letter dated 29 May 2015, while stating rejection of application for extension of time as requested by the two non-resident shareholders, who were required to bring down their shareholding in the Company to align with the current FDI Policy by 30 April 2015, had also advised the Company to align the shareholding of these two non-resident shareholders with current FDI Policy immediately and apply to the Reserve Bank of India (“RBI”) for compounding. As directed, both the non-resident shareholders divested their excess equity stake in the Company and aligned their shareholding as per the applicable condition of the Consolidated FDI Policy.

The FIPB vide its letter dated 20 June, 2016 further asked the Company to align shareholding of M/s Multiples Private Equity Fund I Limited (‘Multiples’), non-resident shareholder with the threshold limit of 5% within six months of their letter. In compliance with FIPB directives, Multiples divested its excess stake in the Company and aligned its shareholding with threshold limit of 5% and the same was informed to the FIPB on 06 March 2017.

Subsequently, the Company has received a Show Cause Notice from the Directorate of Enforcement, (“ED”), regarding contravention of the provisions of FEMA Regulations due to holding of excess equity shares by Multiples exceeding the permissible limit and for not complying with the FIPB directives within the given time limit.

In response to the aforesaid show cause notice, the Company has submitted to the ED office not to initiate the adjudication proceedings as contemplated under Section 13 of the FEMA and to drop the complaint considering that Multiples had already complied with the FIPB directives. The Company further submitted that since there was a delay of about two months in complying with the FIPB directive by Multiples, the Company will apply to the RBI for compounding for the said delay.

The Company is in process of filing a compounding application with the RBI for aforesaid delays in complying with FIPB directives by its foreign shareholders. However, the Company does not foresee any material liability, based on actions taken by them coupled with the fact that no undue benefit has been derived by Company from above and all these investments were made prior to 20 September 2012, when the Press Note No. 8/2012, prescribing the guidelines for foreign investment in power exchanges was issued by the Department of Industrial Policy & Promotion. Further, prior to issuance of Press Note 8/2012, the activities of the IEX was covered by the residual entry in the FDI Policy and the Press Note 8/2012 also does not specifically extend its conditionalities on a retrospective basis i.e. to investments made prior to 20 September 2012. A provision of Rs. 1.00 has been made in the financial statements towards compounding fees, arrived at on a best estimated basis.

- c) The Company is directly or indirectly (through its members/other parties) involved in other lawsuits, claims, and proceedings, which arise in the ordinary course of business. The Company or its members/other parties have challenged these litigation with respective authorities. Based on the facts currently available, management believes that likelihood of outflow of resources is remote.

2. As at 1 April 2015, Financial Technologies (India) Limited (“FTIL”) held 28.486% (7,775,515 shares) of the equity

capital of the Company. The Central Electricity Regulatory Commission (“CERC”) vide its order dated 13 May 2014 had *inter-alia* directed the Company: a) to ensure that FTIL divests its entire shareholding in the Company; b) pending divestment of the shares, the voting rights of FTIL shall stand extinguished and any corporate benefit in lieu of such shareholding shall be kept in abeyance or withheld by the Company.

Further, CERC directed the Company to ensure divestment of FTIL’s shares by 1 June 2015, in case FTIL failed to divest its shares. It was also stated that if the Company did not comply with the aforesaid directions, CERC shall proceed to initiate action for withdrawal of permission to IEX to maintain and operate the power exchange.

The Company had taken various actions to comply with the CERC order including extinguishment of voting rights w.e.f. 22 May 2014, and subsequently the FTIL divested its 100% stake in the Company vide sale of its shares in various tranches by 20 November 2015 in compliance with the CERC’s orders.

### 3. Income in foreign currency (on accrual basis)

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Delegate Fee	-	-	-	-	-	2.39
Sponsorship Fee	-	-	-	-	-	3.20
Others	-	-	-	-	-	0.78
<b>Total</b>	-	-	-	-	-	<b>6.37</b>

### 4. Expenditure in foreign currency (on accrual basis)

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Technology expenses	-	-	-	-	-	77.28
Legal and professional	-	-	3.44	-	-	-
Travelling and conveyance	-	0.33	0.10	0.32	0.32	0.12
Business promotion / development	-	-	0.09	0.11	0.10	0.02
Training #	-	2.05	4.78	2.74	-	-
Miscellaneous	-	0.06	0.06	0.06	0.07	0.06
<b>Total</b>	-	<b>2.44</b>	<b>8.47</b>	<b>3.23</b>	<b>0.49</b>	<b>77.48</b>

# Training expenses have been netted off with income from training and coaching in Restated Summary Statement of Other income to the extent related to income from training and coaching.

5. Dividend remittances in foreign currency

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017		For the year ended 31 March 2016		For the year ended 31 March 2015		For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Equity shares</b>									
Period/year to which it relates	April 2017 to June 2017	Financial Year 2015-16	Financial Year 2016-17	Financial Year 2014-15	Financial Year 2015-16	Financial Year 2013-14	Financial Year 2014-15	Financial Year 2012-13	Financial Year 2011-12
Amount remitted during the period/year	-	131.63	65.81	73.23	46.07	13.34	83.40	10.01	6.67
Number of non-resident shareholders	-	8	8	5	8	4	4	3	3
Number of non-resident shareholders to whom dividend paid in foreign currency	-	6	6	4	6	2	2	2	2
Number of equity shares held on which dividend was paid in foreign currency	-	6,581,413	6,581,413	6,102,579	6,581,413	3,336,148	3,336,148	3,336,148	3,336,148
<b>Compulsorily convertible preference shares (“CCPS”)</b>									
Period/year to which it relates	April 2017 to June 2017	Financial Year 2015-16	Financial Year 2016-17	Financial Year 2014-15	Financial Year 2015-16	Financial Year 2013-14	Financial Year 2014-15	Financial Year 2012-13	Financial Year 2011-12
Amount remitted during the period/year	-	30.33	15.16	18.20	10.62	6.07	37.91	4.55	3.03
Number of non-resident shareholders	-	1	1	2	2	2	2	2	2
Number of non-resident shareholders to whom dividend paid in foreign currency	-	1	1	1	1	1	1	1	1
Number of CCPS held on which dividend was paid in foreign currency	-	1,516,431	1,516,431	1,516,431	1,516,431	1,516,431	1,516,431	1,516,431	1,516,431

## 6. Earnings per share

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	Reference	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Restated Profit after tax (Refer Annexure II)	<b>A</b>	306.31	1,135.65	1,003.40	900.18	919.45	662.96
Dividend on Compulsory convertible preference shares	<b>B</b>	-	45.49	51.36	87.95	9.10	6.07
Corporate dividend tax on Compulsory convertible preference shares	<b>C</b>	-	9.26	10.45	14.95	1.55	0.98
Restated Net profit attributable to equity shareholders for calculation of basic earnings per share (A-B-C)	<b>D</b>	306.31	1,080.90	941.59	797.28	908.80	655.91
Restated Net profit attributable to equity shareholders for calculation of diluted earnings per share	<b>E</b>	306.31	1,135.65	1,003.40	797.28	919.45	662.96
Number of equity shares outstanding at the end of the period/ year	<b>F</b>	29,115,480	28,812,193	28,812,193	27,295,762	27,295,762	27,295,762
Equity shares of Rs. 10 each fully paid allotted to the IEX ESOP Trust but not allotted to employees	<b>G</b>	189,882	201,132	201,132	241,442	241,442	336,382
Number of equity shares outstanding at the end of the period/ year (net) (F-G)	<b>H</b>	28,925,598	28,611,061	28,611,061	27,054,320	27,054,320	26,959,380



Particulars	Reference	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Weighted average number of equity shares outstanding at the end of period/year for calculation of basic earnings per share	I	28,722,162	28,611,061	27,685,303	27,054,320	26,989,494	26,825,930
Weighted average number of potential dilutive equity shares in respect of Compulsory convertible preference shares and stock options	J	1,428,795	1,541,420	2,444,696	36,838	3,051,515	3,091,370
Weighted average number of equity shares outstanding at the end of period/year for calculation of diluted earnings per share (I+J)	K	30,150,957	30,152,481	30,129,999	27,091,158	30,041,009	29,917,300
Basic earnings per share (Rs.) (D/I)	L	10.66	37.78	34.01	29.47	33.67	24.45
Dilutive earnings per share (Rs.) (E/K)	M	10.16	37.66	33.30	29.43	30.61	22.16

## 7. Leases

### Operating leases

The Company has taken its office premises for its employees under operating lease arrangements. The lease rental expense recognised are as follows:

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Rent	6.16	22.69	22.54	21.68	20.11	17.56

Future minimum lease payments (excluding taxes) in respect of operating lease are summarised below:

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Minimum lease payments</b>						
Not later than one year	32.47	20.22	18.88	18.88	7.98	11.59
Later than one year but not later than five year	124.17	91.66	86.90	82.54	-	4.71
Later than five year	48.57	38.20	63.18	86.43	-	-
<b>Total</b>	<b>205.21</b>	<b>150.08</b>	<b>168.96</b>	<b>187.85</b>	<b>7.98</b>	<b>16.30</b>

## 8. Segment reporting

The Company is a power exchange. The entire operations are governed by the similar set of risks and returns and hence, the same has been considered as representing a single primary segment. The Company operates within India and does not have operations in economic environments with different risks and returns; hence, it is considered operating in single geographical segment.

Since the Company's business activity falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'.

## 9. Employee benefits

### a) Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee's salaries, in respect of qualifying employees towards provident fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The amount recognised as expense towards such contribution to provident fund is as follows:

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Contribution to provident fund	1.37	4.57	4.18	3.70	2.34	1.85

### b) Defined benefit plans

The Company operates defined benefit plan that provide gratuity. The gratuity plan entitles all eligible employees to receive one half month's salary for each year of completed service at the time of retirement, superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per Company's scheme whichever is more beneficial. The following table summarizes the position of assets and obligations:

#### Changes in present value of the obligation during the period/year

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Liability at the	14.79	11.48	8.58	5.72	3.89	3.38

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
beginning of the period/year						
Current service cost	0.77	2.63	2.20	2.04	1.26	0.96
Interest cost	0.27	0.91	0.67	0.49	0.31	0.27
Benefits paid	(0.11)	(0.43)	(0.16)	(0.37)	(0.22)	(0.65)
Actuarial (gain)/loss on obligations	1.40	0.20	0.19	0.70	0.48	(0.07)
<b>Liability at the end of the period/year</b>	<b>17.12</b>	<b>14.79</b>	<b>11.48</b>	<b>8.58</b>	<b>5.72</b>	<b>3.89</b>
<b>Net liability recognised in Balance Sheet</b>						
<b>Present value of the obligation at the end of the period/year</b>	<b>17.12</b>	<b>14.79</b>	<b>11.48</b>	<b>8.58</b>	<b>5.72</b>	<b>3.89</b>
<b>Net liability recognised in Balance Sheet</b>	<b>17.12</b>	<b>14.79</b>	<b>11.48</b>	<b>8.58</b>	<b>5.72</b>	<b>3.89</b>

#### Expense recognised

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Current service cost	0.77	2.63	2.20	2.04	1.26	0.96
Interest cost	0.27	0.91	0.67	0.49	0.31	0.27
Net actuarial loss recognised during the period/year	1.40	0.20	0.19	0.70	0.48	(0.07)
<b>Gratuity expenses</b>	<b>2.44</b>	<b>3.74</b>	<b>3.06</b>	<b>3.23</b>	<b>2.05</b>	<b>1.16</b>

#### Experience adjustments

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Present value of defined benefit obligations	17.12	14.79	11.48	8.58	5.72	3.89
(Surplus)/ deficit	17.12	14.79	11.48	8.58	5.72	3.89
Experience adjustments (loss)/ gain – obligations	(0.92)	0.75	(0.42)	(0.40)	(0.48)	0.08

The principal assumption used in determining the gratuity benefit obligation is as given below:

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Discount rate (p.a.)	7.12%	7.35%	7.90%	7.75%	8.50%	8.00%
Salary escalation rate (p.a.)	8.00%	8.00%	8.00%	8.00%	8.50%	8.00%

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Demographic assumptions :</b>						
Retirement age (in years)	60	60	60	60	60	60
Mortality rate	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	LIC (1994-96(Ultimate))	LIC (1994-96(Ultimate))

The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which take into account inflation, promotion and other relevant factors.

**c) Other long-term benefit (Compensated absences)**

The Company operates compensated absences plan, where in every employee is entitled to the benefit equivalent to 15 days leave salary for every completed year of service subject to maximum of 42 days accumulation of leaves. The salary for calculation of earned leave is last drawn basic salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

An actuarial valuation of compensated absences has been carried out by an independent actuary on the basis of the following assumptions:

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Discount rate (p.a.)	7.12%	7.35%	7.90%	7.75%	8.50%	8.00%
Salary escalation rate (p.a.)	8.00%	8.00%	8.00%	8.00%	8.50%	8.00%

**10. Employee Stock Option Scheme**

During the financial year 2010-2011, the Company had framed an Employee Stock Option Scheme - 2010 ("ESOP 2010"), which was duly approved by the Shareholders and Board of Directors of the Company. Accordingly, the Company allotted 606,572 number of equity shares of Rs. 10 each to IEX ESOP Trust ("ESOP Trust") who will administer ESOP 2010 on behalf of the Company. Subsequently, ESOP 2010 has been amended by special resolution passed at the Extra-ordinary General Meeting held on 16 May 2017 by the shareholders of the Company.

Further, the Shareholders of the Company vide their special resolution passed at the Annual General Meeting held on 27 September 2013 had authorised the Board of Directors/ Compensation Committee of the Company to vary the terms of ESOP's including the vesting period for selective /specific eligible employees in respect of the options which have yet not been granted or granted but which have not been vested yet, subject to a minimum vesting period of one year from the date of grant under ESOP 2010.

Details of options (net of option lapsed) granted by the ESOP Trust is as under:

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Options granted to employees	478,190	449,190	449,190	449,530	443,920	400,280

Date of grant	Vesting period	Number of options granted	Exercise price (In Rs.)
08 July 2010	33% on completion of first year	307,100	10.00
	33% on completion of second year		
	34% on completion of third year		
07 September 2010	33% on completion of first year	17,600	10.00
	33% on completion of second year		

<b>Date of grant</b>	<b>Vesting period</b>	<b>Number of options granted</b>	<b>Exercise price (In Rs.)</b>
	34% on completion of third year		
16 December 2011	33% on completion of first year	106,100	53.00
	33% on completion of second year		
	34% on completion of third year		
16 December 2011	55% on completion of first year	100,000	53.00
	45% on completion of second year		
21 January 2014	25% on completion of second year	45,000	150.00
	25% on completion of third year		
	25% on completion of fourth year		
	25% on completion of fifth year		
24 June 2014	100% on completion of one year and successful completion of the IPO and listing of the Company's equity shares at Stock Exchange	10,000	535.00
17 April 2017	33% on completion of first year	10,000	750.00
	33% on completion of second year		
	34% on completion of third year		
19 June 2017	33% on completion of first year	19,000	750.00
	33% on completion of second year		
	34% on completion of third year		
<b>Total</b>		<b>614,800</b>	

No employee has been issued options entitling such person to subscribe to more than 1% of Equity Share Capital of the Company.

The particulars of number of options granted/ exercised, lapsed and forfeited under the aforementioned scheme are as below:

Particulars	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the period/ year	22,500	150.00	33,750	150.00	45,000	150.00	77,800	109.11	129,750	31.43	366,760	34.16
	10,000	535.00	10,000	535.00	10,000	535.00	-	-	-	-	-	-
Options exercisable at the beginning of the period/ year	11,250	150.00	-	-	340	53.00	990	53.00	340	53.00	460	10.00
Options granted during the period/ year	29,000	750.00	-	-	-	-	10,000	535.00	45,000	150.00	-	-
Options forfeited during the period/ year	-	-	-	-	-	-	-	-	-	-	-	-
Options lapsed during the period/ year	-	-	-	-	340	53.00	4390	53.00	1,360	20.75	55,850	52.04
Options exercised during the period/ year	11,250	150.00	-	-	11,250	150.00	29,060#	53.00	94,940	23.98	181,280	30.52
Options exercisable at the closing of the period/ year	-	-	11,250	150.00	-	-	340	53.00	990	53.00	340	53.00
Options outstanding at the closing of the period/ year	22,500	150.00	22,500	150.00	33,750	150.00	45,000	150.00	77,800	109.11	129,750	31.43
	10,000	535.00	10,000	535.00	10,000	535.00	10,000	535.00	-	-	-	-
	29,000	750.00	-	-	-	-	-	-	-	-	-	-
Expenses arising from stock option plan during the period/ year	-	-	-	-	-	-	-	-	-	-	-	-

# transferred subsequent to year end.

Total lapsed options available for reissuance under ESOP 2010 are as below:

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Total lapsed option available for reissuance	136,610	136,610	136,610	136,270	131,880	130,520

All the options granted by the Company are fixed and are granted at or higher than the fair value prevailing at the grant date, the Company has not recognised any compensation expense in the Financial Statements of the Company.

For option granted on 08 July 2010, 07 September 2010, 16 December 2011, 21 January 2014, 24 June 2014, 17 April 2017 and 19 June 2017 under ESOP 2010, the intrinsic value of each option is Rs. Nil. The estimated fair value is Rs. Nil, Rs. Nil, Rs. Nil, Rs. 21.24, Rs. 58.86, Rs. Nil and Rs. 75.25 for options granted on 08 July 2010, 07 September 2010, 16 December 2011, 21 January 2014, 24 June 2014, 17 April 2017 and 19 June 2017 respectively. The weighted average fair values have been determined using the Black Schole Formula considering the following parameters:

Particulars	19-June 17	17-April-17	24 June 2014	21 January 2014	16 December 2011	16 December 2011	07 September 2010	08 July 2010
Fair value of share at grant date (Rs.)	647	555	148	148	51	51	10	10
Exercise price (Rs.)	750	750	535	150	53	53	10	10
Expected volatility	25.54%	0%	0%	0%	0%	0%	0%	0%
Option life	1.5 to 3.5 Year	1.5 to 3.5 Year	1.50 Year	3.00 Year	2.51 Year	2.00 Year	3.50 Year	3.50 Year
Expected dividends	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant	Based on dividend declared prior to the date of grant
Dividend yield	3.67%	5.41%	0.75%	2.70%	7.84%	7.84%	30.00%	30.00%
Risk free interest rate	6.33%	7.35%	8.83%	8.52%	8.25%	8.25%	7.46%	6.94%

The profit after tax of the Company for the respective period/years would have been lower by amount mentioned below had the Company accounted the employee share-based payment using the Fair Value Method as per the Guidance Note on 'Accounting for Employee Share -based Payments'

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Reduction in profit after tax	0.12	0.14	0.46	0.64	0.04	-

The earnings per share as reported would be lower as indicated below:

(All amounts in Rupees Millions, except share data and unless otherwise stated)

Particulars	For the three months period ended 30 June 2017		For the year ended 31 March 2017		For the year ended 31 March 2016		For the year ended 31 March 2015		For the year ended 31 March 2014		For the year ended 31 March 2013	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Profit attributable to the equity shareholders	306.31	306.31	1,080.90	1,135.65	941.59	1,003.40	797.28	797.28	908.80	919.45	655.91	662.96
Less : Total stock based employee compensation expense determined under fair value based method	0.12	0.12	0.14	0.14	0.46	0.46	0.64	0.64	0.04	0.04	-	-
Adjusted net profit available to shareholders	306.19	306.19	1,080.76	1,135.51	941.12	1,002.94	796.64	796.64	908.76	919.41	655.91	662.96
Weighted average number of equity shares	28,722,162	30,150,957	28,611,061	30,152,481	27,685,303	30,129,999	27,054,320	27,091,158	26,989,494	30,041,009	26,825,930	29,917,300
<b>Earnings per share</b>												
As restated	10.66	10.16	37.78	37.66	34.01	33.30	29.47	29.43	33.67	30.61	24.45	22.16
As adjusted	10.66	10.16	37.77	37.66	33.99	33.29	29.45	29.41	33.67	30.61	24.45	22.16



11. The Company had constituted a separate Settlement Guarantee Fund (“SGF”) in respect of the activities carried out in various contracts being traded at the exchange platform. The members are required to contribute to the fund in the form of interest free margin money, which forms part of the SGF. The margin money is refundable, subject to adjustments, if any. Such fund is also termed as Settlement Guarantee Fund. The Company had also collected non cash portion of the Settlement Fund comprising collateral such as bank guarantees, received from the members which does not form part of the Balance Sheet. The detail of Cash Margin Money and Non Cash Margin Money forming part of SGF is given below:

**Cash Margin Money forming part of SGF**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Other current liabilities	535.14	446.19	368.40	525.08	326.99	297.51
Other long-term liabilities	189.00	189.00	183.50	185.00	180.50	159.50
<b>Total Cash Margin</b>	<b>724.14</b>	<b>635.19</b>	<b>551.90</b>	<b>710.08</b>	<b>507.49</b>	<b>457.01</b>

**Non Cash Margin Money forming part of SGF**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Bank guarantees	72.00	82.00	66.00	35.50	45.00	36.00

12. In terms of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company was required to spend on Corporate Social Responsibility (“CSR”) expenses as stated below. The actual spending by the Company on CSR during the period/year is also stated below.

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
CSR expense required to be made	30.16*	27.49	23.91	12.84	Not applicable	Not applicable
Actual spent on CSR expense	0.20	20.66	1.70	-	Not applicable	Not applicable

The Company has set up a CSR committee of Board of Directors and has already defined and adopted a CSR Policy for taking necessary action for complying with the CSR requirement as defined in its policy.

\*It is required to be spent during the year ending 31 March 2018

**13. Related party disclosures**

**(I) List of related parties and nature of relationship where control exists:**

Name of the related party	Relation					
	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
IEX ESOP Trust	Controlled Employee	Controlled Employee	Controlled Employee	Controlled Employee	Controlled Employee	Controlled Employee

Name of the related party	Relation					
	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
	Welfare Trust	Welfare Trust	Welfare Trust	Welfare Trust	Welfare Trust	Welfare Trust

(II) List of related parties and nature of relationship with whom transactions have taken place during the respective period/years:

Name of the related party	Relation					
	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	Entity having significant influence over the company (Up to 14 October 2015)	Entity having significant influence over the company	Entity having significant influence over the company	Entity having significant influence over the company
Mr. Jayant Deo	-	-	-	-	-	Key management personnel – Managing Director upto 31 August 2012
Mr. Rajesh Kumar Mediratta	-	-	-	-	Key management personnel – Manager Upto 20 January 2014	Key management personnel – Manager w.e.f. 01 March 2013
Mr. S. N. Goel	Key management personnel – Managing Director	Key management personnel – Managing Director	Key management personnel – Managing Director	Key management personnel – Managing Director	Key management personnel – Managing Director w.e.f. 21 January 2014	-
IEX ESOP Trust	Controlled Employee Welfare Trust	Controlled Employee Welfare Trust	Controlled Employee Welfare Trust	Controlled Employee Welfare Trust	Controlled Employee Welfare Trust	Controlled Employee Welfare Trust

**(III) Transactions with related parties during the respective period/year:***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Name of the related party	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Cost of capital expenditure charged by them :</b>						
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	-	-	1.77	13.73
<b>Rendering of services to the company :</b>						
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	99.60*	186.90	192.44	90.82
<b>Reimbursement of expenses charged by them :</b>						
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	0.22*	1.80	2.74	1.73
Mr. Jayant Deo	-	-	-	-	-	0.12
Mr. Rajesh Kumar Mediratta	-	-	-	-	0.01	0.00 **
Mr. S. N. Goel	-	-	-	0.86	0.18	-
<b>Rendering of services charged to them :</b>						
63 Moons Technologies Limited (previously known as	-	-	-	-	-	1.20

Name of the related party	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
Financial Technologies (India) Limited)						
<b>Reimbursement of expenses charged to them :</b>						
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	-	-	-	0.00 ***
IEX ESOP Trust	-	-	0.08	0.18	0.17	0.70
<b>Salary and allowances # :</b>						
Mr. Jayant Deo	-	-	-	-	-	10.01
Mr. Rajesh Kumar Mediratta	-	-	-	-	4.65	2.81
Mr. S. N. Goel	4.92	19.68	16.70	16.70	2.50	-
<b>Loan repayment :</b>						
IEX ESOP Trust	-	-	-	-	-	5.20
<b>Interest income on loan given :</b>						
IEX ESOP Trust	-	-	-	-	-	0.28

\* Up to 14 October 2015

\*\* Amount in absolute terms – Rs. 1,200

\*\*\* Amount in absolute terms – Rs 1,593

# Does not include gratuity and compensated absences expenses as they are provided based on Company as whole.

**(IV) Balances as at period/year end:**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Name of the related party	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Payables:</b>						
63 Moons Technologies	-	-	-	0.68	4.62	0.01

Name of the related party	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
Limited (previously known as Financial Technologies (India) Limited)						
Mr. S. N. Goel <sup>^</sup>	6.60	5.00	4.00	4.00	0.77	-
<b>Prepaid expenses:</b>						
63 Moons Technologies Limited (previously known as Financial Technologies (India) Limited)	-	-	-	0.02	15.25	-
<b>Loans and advances given to employees:</b>						
Mr. Rajesh Kumar Mediratta	-	-	-	-	-	1.77

<sup>^</sup> Provision towards variable pay as per terms of his appointment.

#### 14. Disclosure on specified bank notes

Disclosure on Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016:

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Specified Bank Notes (SBN) @	Other Denomination Notes	Total
<b>Closing cash on hand as on 08 November 2016</b>	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash on hand as on 30 December 2016</b>	-	-	-

@ For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

15. The Company had acquired OMX Software license for exchange technology for the contracts on the exchange in the year 2009. The Company had an Annual Maintenance Contract ("AMC") Agreement with OMX Technology, which was expiring on June 2013. In the meantime, the Company had acquired another exchange technology license of higher capacities and usable for multiple categories of contracts traded on IEX. As per the terms of AMC contract with OMX Technology, the Company had to pay variable fees linked to transactions as also fees (Royalties) at the end of the period of the contract, as the final payment for that contract. Pursuant to prolonged negotiation for reduction of such fees, OMX Technology had agreed to foreclose such license on upfront payment of variable and other fees payable on termination at discounted rates and the Company had paid such fees during the year ended 31 March 2013, by foreclosing the AMC contract. The foreclosure was carried out in terms of commercial expediency and in the business interests of the Company.

Accordingly during the financial year 2012-2013, the Company had paid Rs. 56.86 million (USD 1.05 million) to OMX Technology AB towards final payment on foreclosure of AMC contract.

- 16.** During the financial year 2012-2013, the Company fully shifted its exchange trading activities to a new exchange technology acquired from Financial Technologies (India) Limited (“FTIL”) and foreclosed its Annual Maintenance Contract (“AMC”) agreement with the OMX Technology AB. Pursuant to this and due to redundancy of use of OMX software, the Company had written off the balance value of OMX software in the block of assets as the OMX software had no utility and any realizable value.

Accordingly, the Company has written off the OMX Software amounting to Rs. 69.37 million and the same is disclosed as exceptional item.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXXIII: Restated Summary Statement of Capitalisation***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Pre Issue	Post Issue #
	(As at 30 June 2017)	(As adjusted for IPO)
Long term debt	-	
<b>Total Debt</b>	-	
<b>Shareholders' funds</b>		
- Equity share capital	291.15	
- Compulsory convertible preference share capital	12.13	
- Restated Reserves and surplus	2,752.96	
<b>Total shareholders' funds</b>	<b>3,056.24</b>	
Long term debt / Shareholders' funds	Not applicable	
Total Debt / Shareholders' funds	Not applicable	

# The Selling Shareholders are proposing to offer the equity shares of the Company to the public by way of an initial public offering. Hence, there will be no change in the shareholders' funds post issue.

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXXIV: Restated Summary Statement of Accounting Ratios**
*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	Reference	As at 30 June 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
<b>Basis for computation of Accounting Ratios</b>							
Restated Profit after tax (Refer Annexure II)	<b>A</b>	306.31	1,135.65	1,003.40	900.18	919.45	662.96
Restated Net profit attributable to equity shareholders for calculation of basic earnings per share	<b>B</b>	306.31	1,080.90	941.59	797.28	908.80	655.91
Restated Net profit attributable to equity shareholders for calculation of diluted earnings per share	<b>C</b>	306.31	1,135.65	1,003.40	797.28	919.45	662.96
Weighted average number of equity shares outstanding at the end of period/year for calculation of basic earnings per share	<b>D</b>	28,722,162	28,611,061	27,685,303	27,054,320	26,989,494	26,825,930
Weighted average number of equity shares outstanding at the end of period/year for calculation of diluted earnings per share	<b>E</b>	30,150,957	30,152,481	30,129,999	27,091,158	30,041,009	29,917,300
Equity share capital	<b>F</b>	291.15	288.12	288.12	272.96	272.96	272.96
Compulsory convertible preference share capital	<b>G</b>	12.13	15.16	15.16	30.32	30.32	30.32
Reserves and surplus	<b>H</b>	2,752.96	2,446.65	2,406.07	2,096.21	2,225.56	1,412.57
Net worth (F+G+H)	<b>I</b>	<b>3,056.24</b>	<b>2,749.93</b>	<b>2,709.35</b>	<b>2,399.49</b>	<b>2,528.84</b>	<b>1,715.85</b>
Net asset value (I-G)	<b>J</b>	3,044.11	2,734.77	2,694.19	2,369.17	2,498.52	1,685.53
Number of equity shares outstanding at the end of the period/year	<b>K</b>	29,115,480	28,812,193	28,812,193	27,295,762	27,295,762	27,295,762
<b>Accounting Ratios</b>							
Basic earnings per share (Rs.) (B/D)	<b>L</b>	10.66	37.78	34.01	29.47	33.67	24.45
Diluted earnings per share* (Rs.) (C/E)	<b>M</b>	10.16	37.66	33.30	29.43	30.61	22.16
Return on net worth % (A/I * 100)	<b>N</b>	10.02%	41.30%	37.03%	37.52%	36.36%	38.64%
Net asset value per equity share (Rs.) (J/K)	<b>O</b>	104.55	94.92	93.51	86.80	91.54	61.75

**Notes:**

- 1) The ratios have been computed as below:

**Basic earnings per share (Rs.)**

Net profit attributable to equity shareholders

---

Weighted average number of equity shares outstanding during the period/year



**Diluted earnings per share (Rs.)**

Net profit attributable to equity shareholders

---

Weighted average number of equity shares and dilutive equity shares outstanding during the period/year

**Return on net worth (%)**

Net profit after tax

---

Net worth at the end of the  
period/year

**Net asset value per equity share (Rs.)**

Net worth (excluding Compulsory Convertible Preference Shares) at the end of the  
period/year

---

Total number of equity shares outstanding at the end of the period/year

- 2) Net profit as appearing in the Restated Summary Statement of Profit and Loss has been considered for the purpose of computing the above ratios.
- 3) Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve). The Company does not have any revaluation reserve.
- 4) Earnings per share calculations are done in accordance with Accounting Standard 20 – “Earnings Per Share” notified under Section 133 of the Companies Act, 2013, read together with rules thereunder.
- 5) Accounting ratios are not annualized as of and for three months the period ended 30 June 2017.
- 6) Shares held by IEX ESOP Trust which have not been granted to employees of the Company have been excluded from the computation of weighted average number of equity shares outstanding at the end of period/year for calculation of diluted earnings per share

**Note:** The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

**Annexure XXXV: Restated Summary Statement of Tax Shelter**

Particulars	For the three months period ended 30 June 2017	For the year ended 31 March 2017	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Restated profit before tax (A)</b>	468.55	1,732.05	1,466.27	1,325.06	1,328.66	928.70
Tax rates (including surcharge and education cess)						
Normal tax rate (B)	34.608%	34.608%	34.608%	33.990%	33.990%	32.445%
<b>Tax thereon</b>						
Total tax expense (C)	162.17	599.43	507.44	450.39	451.61	301.31
<b>Permanent differences</b>						
Disallowance under Section 14A of the Income-tax Act, 1961 ("the IT Act")	-	9.47	12.92	8.77	6.12	9.27
Disallowance under Section 37 of the IT Act including CSR expenditure	1.20	20.66	1.70	-	-	-
Disallowance under Section 40 of the IT Act	-	1.10	2.50	1.98	-	-
Dividend income exempt under Section 10 of the IT Act	(0.29)	(27.34)	(148.78)	(79.23)	(106.10)	(122.79)
Interest income exempt under Section 10 of the IT Act	(0.74)	(2.96)	(0.25)	-	-	-
Capital gain / (loss)	-	-	-	3.64	(35.12)	(10.71)
Donation under Section 80G of the IT Act	-	(9.69)	(0.83)	-	-	-
<b>Total impact of Permanent differences (D)</b>	<b>0.17</b>	<b>(8.76)</b>	<b>(132.74)</b>	<b>(64.84)</b>	<b>(135.10)</b>	<b>(124.23)</b>
<b>Timing differences</b>						
Difference between book depreciation and tax depreciation	(104.38)	18.06	10.18	5.19	(6.83)	(9.98)
Disallowances under Section 43 B of the IT Act	3.55	19.82	21.89	3.97	2.85	0.03
Other temporary expenses disallowed / (allowed)	-	-	-	(6.51)	-	-
Disallowance under Section 37 of the IT Act	0.75	2.63	2.62	2.16	6.91	70.25
<b>Total impact of Timing differences (E)</b>	<b>(100.08)</b>	<b>40.51</b>	<b>34.69</b>	<b>4.81</b>	<b>2.93</b>	<b>60.30</b>
<b>Total net adjustments (F= (D + E))</b>	<b>(99.91)</b>	<b>31.75</b>	<b>(98.05)</b>	<b>(60.03)</b>	<b>(132.17)</b>	<b>(63.93)</b>
<b>Tax expenses / (saving) thereon (G = (F X B))</b>	<b>(34.57)</b>	<b>10.99</b>	<b>(33.93)</b>	<b>(20.40)</b>	<b>(44.92)</b>	<b>(20.74)</b>
<b>Tax provision as per restated financial (H = (C + G))</b>	<b>127.60</b>	<b>610.42</b>	<b>473.51</b>	<b>429.99</b>	<b>406.69</b>	<b>280.57</b>

**Notes:**

- The aforesaid tax shelter has been prepared as per the Restated Summary Statement of Profit and Loss of the Company.
- The permanent/ timing difference have been computed considering the income-tax computations prepared at the time of preparation of Financial Statements for the relevant period/years. Issues which are pending adjudication have not been given effect while determining permanent/ timing differences.

The above statement should be read with Annexure I to Annexure VI of the Restated Summary Financial Information.

## **Independent Auditor's Report**

### **To the Board of Directors of Indian Energy Exchange Limited**

#### **Report on the Special Purpose Interim Condensed Standalone Indian Accounting Standards (Ind AS) Financial Statements**

At your request, as per the terms of our engagement letter 18 August 2017, we have audited the accompanying Special Purpose Interim Condensed Standalone Ind AS Financial Statements of Indian Energy Exchange Limited ("the Company") which comprises the Interim Condensed Standalone Balance Sheet as at 30 June 2017, the Interim Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Interim Condensed Standalone Statement of Cash Flows and Interim Condensed Standalone Statement of Changes in Equity for the three months then ended and summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Special Purpose Standalone Condensed Ind AS Financial Statements**

The Company's Board of Directors is responsible with respect to the preparation and presentation of the accompanying special purpose interim condensed standalone Ind AS financial statements in accordance with the basis of accounting described in Note 2 therein. This responsibility also includes maintenance of internal controls relevant to preparation and presentation of the special purpose interim condensed standalone Ind AS financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these special purpose interim condensed standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose interim condensed standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the special purpose interim condensed standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose interim condensed standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the special purpose interim condensed standalone Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the special purpose interim condensed standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these special purpose interim condensed standalone Ind AS financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the special purpose interim condensed standalone Ind AS financial statements as at and for the three months ended 30 June 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the accompanying special purpose interim condensed standalone Ind AS financial statements

#### **Emphasis of Matter**

We draw attention to the Note 2 to the accompanying special purpose interim condensed standalone Ind AS financial statements, which describes the basis of accounting and presentation and further states that the comparative financial information has not been included in these standalone financial statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the state of affairs (financial position) of the Company, profit (financial performance including other comprehensive income), cash flows and the changes in equity. Our opinion is not modified in respect of this matter.

#### **Other matter**

The Company has prepared the accompanying special purpose interim condensed standalone Ind AS financial statements for the purpose of inclusion in the offer document, prepared by the Company in connection with the proposed initial public offer comprising of an offer for sale of equity shares by certain shareholders (the IPO). Accordingly, this report should not be used, quoted, referred to or distributed, in whole or in part, for any other purpose without our prior written consent.

**For B S R & Associates LLP**  
*Chartered Accountants*  
ICAI Firm Registration No.: 116231W/W-100024

Place: New Delhi  
Date : 5 September 2017

**Manish Gupta**  
*Partner*  
Membership Number: 095037

**Special Purpose Interim Condensed Standalone Balance Sheet as at 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	As at 30 June 2017
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	61.38
Capital work-in progress	2.78
Other intangible assets	1,176.06
Intangible assets under development	2.86
Financial assets	
Investments	43.58
Loans	13.13
Bank deposits	51.74
Other non-current assets	8.64
<b>Total non-current assets</b>	<b>1,360.17</b>
<b>Current assets</b>	
Financial assets	
Investments (refer to note 4.1)	2,500.17
Trade receivables	3.20
Cash and cash equivalent	16.60
Bank balances other than cash and cash equivalent	545.35
Loans	0.53
Other financial assets- other recoverable	48.66
Other current assets	138.81
<b>Total current assets</b>	<b>3,253.32</b>
<b>TOTAL ASSETS</b>	<b>4,613.49</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Equity share capital	291.15
Instrument entirely equity in nature	12.13
Other equity	2,765.70
<b>Total equity</b>	<b>3,068.98</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Financial liabilities	
Other financial liabilities	346.94
Provisions	20.19
Deferred tax liabilities (net)	27.64
Other non-current liabilities	1.09
<b>Total non-current liabilities</b>	<b>395.86</b>
<b>Current liabilities</b>	
Financial liabilities	
Trade payables	339.32
Other financial liabilities	563.81
Other current liabilities	138.04
Provisions	33.78
Current tax liabilities (net)	73.70
<b>Total current liabilities</b>	<b>1,148.65</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,613.49</b>

Significant accounting policies

See accompanying notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements As per our report of even date attached

**Special Purpose Interim Condensed Standalone Statement of Profit and Loss for the period from 01 April to 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

Particulars	For the three months period ended 30 June 2017
<b>Revenue</b>	
Revenue from operations (refer to note 4.2)	546.97
Other income	72.07
<b>Total revenue</b>	<b>619.04</b>
<b>Expenses</b>	
Employee benefits (refer to note 4.3)	46.30
Technology expenses	35.06
Finance costs	0.56
Depreciation and amortisation	14.72
Other expenses (refer to note 4.4)	43.03
<b>Total expenses</b>	<b>139.67</b>
<b>Profit before tax</b>	<b>479.37</b>
<b>Income tax expense</b>	
Current tax	127.60
Deferred tax	37.95
<b>Total Income tax expense</b>	<b>165.55</b>
<b>Profit for the period</b>	<b>313.82</b>
<b>Other comprehensive income/ (loss)</b>	
Items that will not be reclassified to profit or loss (net of tax)	
- Remeasurement of defined benefit liability	(1.40)
- Income tax relating to above	0.49
<b>Other comprehensive income/ (loss) for the period, net of income tax</b>	<b>(0.91)</b>
<b>Total comprehensive income for the period</b>	<b>312.91</b>

See accompanying notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements

Earnings per equity share (Rs.) (Par value 10/- per share)	
Basic (Rs.)	10.93
Diluted (Rs.)	10.41

As per our report of even date attached



**Special Purpose Interim Condensed Standalone Statement of Cash Flow for the period from 01 April to 30 June 2017***(All amounts in Rupees Millions, except share data and unless otherwise stated)*

<b>Particulars</b>	<b>For the three months period ended 30 June 2017</b>
<b>Net Cash flow from/ (used in) operating activities (A)</b> (refer to note 4.5)	<b>(1,096.35)</b>
<b>Net Cash flow from investing activities (B)</b>	<b>296.69</b>
<b>Net Cash from (used in) financing activities (C)</b>	<b>(0.06)</b>
Net change in cash and cash equivalents (A+B+C)	(799.72)
Cash and cash equivalents at the beginning of the period	816.32
<b>Cash and cash equivalents at the end of the period</b>	<b>16.60</b>
<b>Notes to Cash Flow Statement</b>	
<b>1. Cash and Cash Equivalent at the end of the period include</b>	
Balance with banks on current accounts	0.95
Balance with banks on settlement accounts	15.65
	<b>16.60</b>

**Special Purpose Interim Condensed Standalone Statement of Change in Equity for the period from 1 April 2017 to 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

**(A) Equity share capital**

**For the period from 1 April 2017 to 30 June 2017**

<b>Particulars</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at the beginning of the period @</b>	28,812,193	288.12
Change in equity share capital during the period:		
Add: Conversion of CCPS of Rs. 10 each into Equity Shares of Rs. 10 each	303,287	3.03
<b>Balance at the end of the period</b>	<b>29,115,480</b>	<b>291.15</b>

**(B) Instrument entirely equity in nature**

**Compulsory Convertible Preference Shares (CCPS)**

**For the period from 1 April 2017 to 30 June 2017**

<b>Particulars</b>	<b>Number of shares</b>	<b>Amount</b>
<b>Balance at the beginning of the period</b>	1,516,431	15.16
Change in CCPS during the period:		
Less: Conversion of CCPS of Rs. 10 each into Equity Shares of Rs. 10 each	303,287	3.03
<b>Balance at the end of the period</b>	<b>1,213,144</b>	<b>12.13</b>

**(C) Other equity For the period from 1 April 2017 to 30 June 2017**

<b>Particulars</b>	<b>Securities premium</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Employee Stock Options Outstanding Account</b>	<b>Other Comprehensive Income</b>	<b>Total</b>
<b>Balance as at 1 April 2017</b>	319.69	301.87	1,830.20	1.05	(0.14)	2,452.67
Profit for the period	-	-	313.82	-	-	313.82
Other comprehensive income/ (loss) for the period	-	-	-	-	(0.91)	(0.91)
Employee stock option expense	-	-	-	0.12	-	0.12
<b>Balance as at 30 June 2017</b>	<b>319.69</b>	<b>301.87</b>	<b>2,144.02</b>	<b>1.17</b>	<b>(1.05)</b>	<b>2,765.70</b>

See accompanying notes to the Special Purpose Interim Condensed Standalone Statement

As per our report of even date attached

## Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

### 1. Company Information

Indian Energy Exchange Limited (the “Company”) was incorporated on March 26, 2007 and domiciled in India as a public limited company and limited by shares (CIN: U74999DL2007PLC277039). The address of the Company’s registered office is Unit No. 3, 4, 5 and 6, Fourth Floor, TDI Centre Plot No 7, District Centre, Jasola, New Delhi-110025.

The Company is a registered national level power exchange. The Company enables price discovery and price risk management for participants of the electricity market, including industries eligible for open access.

These separate standalone financial statements were authorized by the Board of Directors for issue on 5 September 2017.

### 2. Basis

#### 2.1 Basis of preparation

The Company’s management had previously issued its audited financial statements for the year ended 31 March 2017 on 12 June 2017 that were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (‘Previous Indian GAAP’).

With effect from 1 April 2017, the Company is required to prepare its financial statements in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (‘the Act’) (including subsequent amendments thereto) and other relevant provisions of the Act. Accordingly, the Company’s management has now prepared the Special Purpose Interim Condensed Standalone Ind AS financial statements which comprise the Interim Condensed Standalone Balance Sheet as at 30 June 2017, the Interim Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Interim Condensed Standalone Statement of Cash Flows and the Interim Condensed Standalone Statement of Changes in Equity for the three months period ended 30 June 2017 and summary of the significant accounting policies and other explanatory information (together hereinafter referred to as “Special Purpose Interim Condensed Standalone Ind AS Financial Statements”).

These Special Purpose Interim Condensed Standalone Ind AS Financial Statements have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016, and accordingly, all the disclosures as required under Ind AS have not been furnished in these Standalone Financial Statements. These Special Purpose Interim Condensed Standalone Ind AS Financial Statements are prepared for the purpose of inclusion in the offer document, prepared by the Company in connection with the proposed initial public offer comprising of an offer for sale of equity shares by certain shareholders (the IPO). The Company will prepare and issue its first complete standalone Ind AS financial statements as at and for the year ending 31 March 2018. Only a complete set of standalone financial statements together with comparative financial information can provide a fair presentation of the state of affairs (financial position) of the Company, profit (financial performance including other comprehensive income), cash flows and the changes in equity. While preparing the Special Purpose Interim Standalone Condensed Financial Statements under Ind AS for the three months period ended 30 June 2017, relevant comparative financial information has not been included in these standalone financial statements.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 10. Some of the Company’s Ind AS accounting policies used in the opening standalone Balance Sheet are different from its previous GAAP policies applied as at 31 March 2016, and accordingly, the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognised directly through retained earnings as at 1 April 2016.

#### 2.2 Basis of measurement

These standalone financial statements have been prepared on the historical cost basis except for certain financial assets (mutual funds) that are measured at fair value (refer to accounting policy on financial instruments) and share-based

payments. The methods used to measure fair values are discussed further in notes to standalone financial statements.

### **2.3 Functional and presentation currency**

These standalone financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest millions (upto two decimals), except as stated otherwise.

### **2.4 Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

### **2.5 Use of estimates and judgements**

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### **2.6 Measurement of fair values**

The Company's accounting policies and disclosures require/ may require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest

level input that is significant to the entire measurement

### 3. Significant accounting policies

#### 3.1 Property, plant and equipment and depreciation

##### 3.1.1. Initial recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

##### 3.1.2. Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

##### 3.1.3 Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer to note 10).

##### 3.1.4 Derecognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

##### 3.1.5 Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated

Depreciation on the following assets is provided on their estimated useful life ascertained on technical evaluation:

Category of assets	Estimated useful life of assets	Useful life as per schedule II
Furniture and Fixtures	10 years	10 years
Office Equipment		
Mobile Phones	2 Years	5 Years
Others	5 Years	5 Years
Computers		
Servers	6 Years	6 Years
Others	3 Years	3 Years
Electrical Installation	10 years	10 years

Leasehold Improvements are amortized over the lease period or the remaining useful life, whichever is shorter. Depreciation on additions to/deductions from property, plant & equipment during the year is charged on pro-rata basis from/up to the date in which the asset is available for use/disposed.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Where it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably, subsequent expenditure on a PPE along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

### **3.2 Intangible assets and intangible assets under development and amortization**

#### **3.2.1 Recognition and measurement**

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

#### **3.2.2. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (refer to note 10)

#### **3.2.3 Derecognition**

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

#### **3.2.4. Amortization**

Amortisation is computed to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using the straight-line method, and is included in amortisation in Statement of Profit and Loss.

Computer software and software licenses are amortised over six years and fifteen years respectively considering their related useful lives.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### **3.3. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of months or less, which are subject to an insignificant risk of changes in value.

### **3.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

#### **3.4.1. Financial assets**

##### ***Initial recognition and measurement***

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

##### ***Subsequent measurement***

##### ***a. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**b. Debt instrument at FVTOCI (Fair Value through OCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**c. Debt instrument at FVTPL (Fair value through profit or loss)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**d. Equity Investments**

All equity investments in entities other than tax free bonds and fixed deposits are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Investments in tax free bonds and fixed deposits are measured at amortised cost.

**e. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**f. Impairment of financial assets**



In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables under Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

### **3.4.2. Financial liabilities**

#### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

#### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

##### ***a. Financial liabilities at amortized cost***

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to trade payables and other contractual liabilities.

##### ***b. Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### ***c. Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **3.5. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company

or the counterparty.

### **3.6. Provisions and contingent liabilities**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### **3.7 Revenue**

Revenue is measured at the fair value of the consideration received or receivable and amounts receivable for services provided in the normal course of business. The Company recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that the collectability of the related receivables is reasonably assured.

Transaction fee is charged based on the volume of transactions entered into by the respective member or client of trader/ professional member through the exchange. Fee charged in relation to transactions under the Day Ahead Market and the Renewal Energy Certificate segment, is accrued when the orders placed on the network are matched and confirmed by National Load Dispatch Centre. Fee charged in relation to transactions under the Term Ahead Market segment is accrued when orders placed on the network are matched, confirmed by Regional Load Dispatch Centre and delivered.

Admission fees and Processing fees charged from a prospective member of the exchange at the time of his joining, is recognised when the membership has been approved by the membership committee.

Annual subscription fee, in the year when the member/ client is registered for the first time, is recognised on commencement of trading that coincides with the registration of trader member/ client of trader/professional member on a pro-rata basis. Annual subscription fee, in any year subsequent to the year of registration, is recognised on an accrual basis on a pro-rata basis.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### **3.8 Employee Benefits**

#### **3.8.1 Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognized in the Statement of Profit and Loss in the period in which the employee renders the related services. Such obligations are measured on an undiscounted basis.

#### **3.8.2 Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into

separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in profit or loss in the period during which services are rendered by employees.

The Company pays fixed contribution to Provident Fund at predetermined rates to regional provident fund commissioner. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss.

### **3.8.3 Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's liability towards gratuity is in the nature of defined benefit plans.

The Company's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs. Any actuarial gains or losses are recognised in OCI in the period in which they arise.

### **3.8.4 Other long term employee benefits**

Benefits under the Company's compensated absences constitute other long term employee benefit.

Cost of long-term benefit by way of accumulating compensated absences arising during the tenure of the service is calculated taking into account the pattern of availment of leave. In respect of encashment of leave, the defined benefit is calculated taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long-term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method as at period end.

### **3.8.5 Share based payment transactions**

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in other equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome

## **3.9 Impairment of non-financial assets**

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to

determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **3.10 Foreign currency transactions and translation**

Transactions in foreign currencies are translated at the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of equity investments at fair value through OCI (FVOCI), which are recognised in OCI.

### **3.11 Lease**

#### **3.11.1 Accounting for operating leases- As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

The Company has taken office premises under operating lease arrangements. The lease period for office premises taken under non-cancellable lease agreement is 9 years with lock-in-period of 3 years, thereafter the same can be cancelled by lessee by giving notice of three months to the lessor.

#### **3.11.2 Accounting for finance leases- As a lessor**

The Company has given certain vehicle on finance lease to its employees under scheme. The lease period for vehicles given is sixty months from the date of purchase or as long as the official is employee of the company, whichever is earlier.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. The amounts due from lessees under finance leases are recorded in the balance sheet as financial assets, classified as finance lease receivables, at the amount of the net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **3.12 Income Tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced

to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

Minimum Alternative Tax (MAT) under the provisions of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as deferred tax assets only to the extent it is probable that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognized as deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **3.13 Earning per share**

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### **3.14 Operating segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance.

The Managing Director along with the Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three month period ended 30 June 2017

(All amounts in Rupees Millions, except share data and unless otherwise stated)

4. Composition of certain items of Balance Sheet / Statement of Profit and Loss / Cash Flow Statement

4.1 Current investments

Particulars	As at 30 June 2017
Investment in mutual funds (unquoted)	2,440.15
Fixed deposits with a company (unquoted)	60.02
<b>Total</b>	<b>2,500.17</b>

4.2 Revenue from operations

Particulars	For the three months period ended 30 June 2017
Sale of services	
Transaction fees	483.35
Annual subscription fees	63.01
Admission, processing and transfer fees	0.12
Other operating revenue:	
Amortisation of deferred Settlement guarantee fund	0.49
<b>Total</b>	<b>546.97</b>

4.3 Employee benefits expense

Particulars	For the three months period ended 30 June 2017
Salaries and bonus	42.96
Contribution to provident fund	1.37
Gratuity	1.04
Compensated absences	0.13
Employee Stock Option Compensation	0.12
Staff welfare expense	0.68
<b>Total</b>	<b>46.30</b>

4.4 Other expenses

Particulars	For the three months period ended 30 June 2017
Rent	5.69
Business promotion/ development	1.07
Training and coaching	1.24
Legal and professional	21.52
Travelling and conveyance	2.84
Advertisement	0.12
Insurance	0.24
Communication	1.41
CERC regulatory fee	1.61
Provision for contingency	1.00
Printing and stationery	0.51
Directors sitting fees	1.72
Repairs and maintenance - building	1.40
Repairs and maintenance - others	0.25
Electricity	0.65
Corporate social responsibility	0.20
Training	0.36

Particulars	For the three months period ended 30 June 2017
Miscellaneous	1.20
<b>Total</b>	<b>43.03</b>

**4.5 Net Cash flow from/ (used in) operating activities**

Particulars	For the three months period ended 30 June 2017
<b>Profit before tax</b>	479.37
<b>Adjustment for:</b>	
Non cash and non operating activities	(55.74)
<b>Operating cash flow before working capital changes</b>	<b>423.63</b>
<b>Adjustment for:</b>	
(Increase)/ decrease in trade receivables and other receivables	(161.02)
Increase/ (decrease) in liabilities and provisions	(1,271.76)
<b>Cash generating from (used in) operating activities before taxes</b>	<b>(1,009.15)</b>
Income tax paid	(87.20)
<b>Net cash flow Cash from (used in) operating activities</b>	<b>(1,096.35)</b>

**Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three month period ended 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

**5. Contingent liabilities and commitments**

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.3.71
- (b) As per the Consolidated FDI Policy on Power Exchanges, a non-resident investor/ entity cannot hold more than 5% in a power exchange. The Department of Economic Affairs (“DEA”) (FIPB Unit) vide its letter dated 29 May 2015, while stating rejection of application for extension of time as requested by the two non-resident shareholders, who were required to bring down their shareholding in the Company to align with the current FDI Policy by 30 April 2015, had also advised the Company to align the shareholding of these two non-resident shareholders with current FDI Policy immediately and apply to the Reserve Bank of India (RBI) for compounding. As directed, both the non-resident shareholders divested their excess equity stake in the Company and aligned their shareholding as per the applicable condition of the Consolidated FDI Policy.

The FIPB vide its letter dated 20 June 2016 further asked the Company to align shareholding of M/s Multiples Private Equity Fund I Limited (‘Multiples’), non-resident shareholder with the threshold limit of 5% within six months of their letter. In compliance with FIPB directives, Multiples divested its excess stake in the Company and aligned its shareholding with threshold limit of 5% and the same was informed to the FIPB on 06 March 2017.

Subsequently, the Company has received a Show Cause Notice from the Directorate of Enforcement, (“ED”), regarding contravention of the provisions of FEMA Regulations due to holding of excess equity shares by Multiples, exceeding the permissible limit and for not complying with the FIPB directives within the given time limit.

In response to the aforesaid show cause notice, the Company has submitted to the ED office not to initiate the adjudication proceedings as contemplated under Section 13 of the FEMA and to drop the complaint considering that Multiples had already complied with the FIPB directives. The Company further submitted that since there was a delay of about two months in complying with the FIPB directive by Multiples, the Company will apply to the RBI for compounding for the said delay.

The Company is in the process of filing a compounding application with the RBI for aforesaid delays in complying with FIPB directives by its foreign shareholders. However, the Company does not foresee any material liability, based on actions taken by them coupled with the fact that no undue benefit has been derived by Company from above and all these investments were made prior to 20 September 2012, when the Press Note No. 8/2012, prescribing the guidelines for foreign investment in power exchanges was issued by the Department of Industrial Policy & Promotion. Further, prior to issuance of Press Note 8/2012, the activities of the IEX was covered by the residual entry in the FDI Policy and the Press Note 8/2012 also does not specifically extend its conditionalities on a retrospective basis i.e. to investments made prior to 20 September 2012. A provision of Rs. 1.00 has been made in the financial statements towards compounding fees, arrived at on a best estimated basis.

- (c) The Company is directly or indirectly (through its members/other parties) involved in other lawsuits, claims, and proceedings, which arise in the ordinary course of business. The Company or its members/other parties have challenged these litigation with respective authorities. Based on the facts currently available, management believes that likelihood of outflow of resources is remote.

**6. Provision for pending litigations**

The Company’s pending litigations comprise proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. Based on current knowledge of applicable laws, the Company carries a provision of Rs. 2.20 in its financial statements which is pertaining to various assessment years.

**7. Segment Reporting**

The Company is a power exchange. The entire operations are governed by the similar set risk and returns. Accordingly, the Company’s activities/ business is reviewed regularly by the Company’s Managing Director alongwith the Board of Directors of the Company, from an overall business perspective, rather than reviewing its activities as individual standalone components. Thus, the Company has only one operating segment, and no reportable segments in accordance with Ind AS 108 - Operating Segments.



## 8. Earnings per Share

### (a) Basic and diluted earnings per share (in Rs.)

	For the three months period ended 30 June 2017
Basic earnings per share	10.93
Diluted earnings per share	10.41
Nominal value per share	10.00

### (b) Profit attributable to equity shareholders (used as numerator)

	For the three months period ended 30 June 2017
Profit attributable to equity holders for basic earnings	313.82
Less: Dividend on compulsory convertible preference shares	-
Less: Dividend distribution tax on compulsory convertible preference shares	-
<b>Profit attributable to equity holders</b>	<b>313.82</b>

### (c) Weighted average number of equity shares (used as denominator) (in Nos.)

	For the three months period ended 30 June 2017
<b>Number of equity shares outstanding at the end of the period (net)*</b>	<b>28,925,598</b>
<b>Weighted average number of equity shares outstanding at the end of period for calculation of basic earnings per share</b>	<b>28,722,162</b>
Add: Number of potential dilutive equity shares in respect of Compulsory Convertible Preference shares and stock options	1,428,795
<b>Weighted average number of equity shares for calculation of diluted earnings per share</b>	<b>30,150,957</b>

## 9. Related Party Disclosures

### (a) List of Related parties:

#### (i) List of related parties and nature of relationship where control exists:

Name	Relationship
Controlled Employee Welfare Trust	IEX ESOP Trust

#### (ii) Key Managerial Personnel (KMP):

Name	Relationship
Satyanarayan Goel	Managing director & CEO
Dinesh Kumar Mehrotra	Independent Director
Kayyalathu Thomas Chacko	Independent Director
Vallabh Bhanshali	Independent Director

### (b) Transactions with the related parties are as follows:

Transactions during the period	For the three months period ended 30 June 2017
<b>(i) Compensation to Key managerial personnel ( S.N Goel)</b>	
Short term employee benefits	4.92
Post employment benefits #	-
Share based payment	0.11
Other long term benefits #	-

Transactions during the period	For the three months period ended 30 June 2017
<b>(ii) Sitting fees *</b>	
Dinesh Kumar Mehrotra	0.90
K.T.Chacko	0.72
Vallabh Bhanshali	0.09

\* Amount is exclusive of service tax.

# Does not include gratuity and leave liability as they are provided based on the Company as whole.

(c) **Outstanding balances with related parties are as follows:**

Particulars	As at 30 June 2017
Payable to key managerial personnel @	6.60

@ Provision towards variable pay as per terms of his appointment Rs. 5.00 for FY 2016-17 & 1.10 for June 17.

**Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three month period ended 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

**10. First-time Adoption of Ind AS**

With effect from 1 April 2017, the Company is required to prepare its financial statements in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') (including subsequent amendments thereto) and other relevant provisions of the Act. Accordingly, the Company's management has now prepared the Special Purpose Interim Condensed Standalone Ind AS financial statements which comprise the Balance Sheet as at 30 June 2017, the Interim Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Interim Condensed Standalone Statement of Cash Flows and the Interim Condensed Standalone Statement of Changes in Equity for the three months period ended 30 June 2017 and summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Interim Condensed Standalone Ind AS Financial Statements"). The accounting policies set out in Note 2 have been applied in preparing the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the period ended 30 June 2017.

In preparing these Special Purpose Interim Condensed Standalone Ind AS Financial Statements, the Company's Opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS.

According to Ind AS 101, the first Ind AS Financial Statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 30 June 2017, the date of first-time preparation of Financial Statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS Financial Statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2016 compared with those presented in the Indian GAAP Balance Sheet as of 31 March 2016, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

Following notes explain the principal adjustments made by the Company in restating Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

**Optional exemptions availed and mandatory exceptions**

In the Ind AS Opening Balance Sheet as at 1 April 2016, the carrying amounts of assets and liabilities from the Indian GAAP as at 31 March 2016 are generally recognized and measured according to Ind AS in effect as on 30 June 2017. For certain individual cases, however, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its Ind AS Opening Balance Sheet:

**(i) Property, plant and equipment and other intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and other intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment and other intangible assets at their previous GAAP carrying value.

**(ii) Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in mutual funds carried at FVTPL;

(iii) **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iv) **Classification and measurement of financial liabilities**

Ind AS 101 requires an entity to assess classification of financial liabilities on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial liabilities accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial liabilities based on facts and circumstances that exist on the date of transition. Measurement of the financial liabilities accounted at amortised cost has been done retrospectively except where the same is impracticable.

**Reconciliation of equity as at 1 April 2016 and as at 31 March 2017**

Particulars	Note	1 April 2016			31 March 2017		
		Previous GAAP*	Adjustments	Ind ASs	Previous GAAP*	Adjustments	Ind ASs
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	g	73.05	(3.30)	69.75	63.38	(2.87)	60.51
Capital work in progress		-	-	-	3.33	-	3.33
Other Intangible assets		40.73	-	40.73	22.95	-	22.95
Intangible fixed assets under development		4.02	-	4.02	6.27	-	6.27
Financial assets							
Investments		96.74	-	96.74	101.51	-	101.51
Loans	a	16.36	(8.39)	7.97	16.37	(7.58)	8.79
Bank Deposits		265.99	-	265.99	258.27	-	258.27
Deferred tax assets (net)	d	-	-	-	12.84	(3.01)	9.83
Other non-current assets	a	15.08	6.80	21.88	12.43	5.76	18.19
		<b>511.97</b>	<b>(4.89)</b>	<b>507.08</b>	<b>497.35</b>	<b>(7.70)</b>	<b>489.65</b>
<b>Current Assets</b>							
Financial assets							
Investment	c	2,715.17	2.69	2,717.86	3,701.05	2.93	3,703.98
Trade receivables		7.71	-	7.71	2.09	-	2.09
Cash and cash equivalents		59.75	-	59.75	816.32	-	816.32
Bank balances other than cash and cash equivalent		923.90	-	923.90	467.60	-	467.60
Loans		0.26	-	0.26	0.36	-	0.36
Other financial assets - other recoverables		-	-	-	17.00	-	17.00
Other current assets	a	18.79	1.04	19.83	15.37	1.04	16.41
		<b>3,725.58</b>	<b>3.73</b>	<b>3,729.31</b>	<b>5,019.79</b>	<b>3.97</b>	<b>5,023.76</b>
<b>Total Assets</b>		<b>4,237.55</b>	<b>(1.16)</b>	<b>4,236.39</b>	<b>5,517.14</b>	<b>(3.73)</b>	<b>5,513.41</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share capital	h	288.12	-	288.12	288.12	-	288.12
Instrument entirely equity in nature	h	15.16	-	15.16	15.16	-	15.16
Other equity	e	1,678.51	735.53	2,414.04	2,446.65	6.02	2,452.67
<b>Total equity</b>		<b>1,981.79</b>	<b>735.53</b>	<b>2,717.32</b>	<b>2,749.93</b>	<b>6.02</b>	<b>2,755.95</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Financial liabilities							

Particulars	Note	1 April 2016			31 March 2017		
		Previous GAAP*	Adjustments	Ind ASs	Previous GAAP*	Adjustments	Ind ASs
Other financial liabilities	b	344.12	(4.12)	340.00	349.56	(2.55)	347.01
Provisions		16.46	-	16.46	22.72	-	22.72
Deferred tax liabilities (Net)	d	8.85	0.59	9.44	-	-	-
Other non-current liabilities	b,g	7.00	(5.59)	1.41	9.54	(8.58)	0.96
<b>Total non-current liabilities</b>		<b>376.43</b>	<b>(9.12)</b>	<b>367.31</b>	<b>381.82</b>	<b>(11.13)</b>	<b>370.69</b>
<b>Current liabilities</b>							
Financial liabilities							
Trade payables		590.19	-	590.19	1,719.39	-	1,719.39
Other financial liabilities		369.06	-	369.06	446.73	-	446.73
Other current liabilities	b,g	132.97	2.48	135.45	143.12	1.38	144.50
Provisions	e	751.38	(730.05)	21.33	32.51	-	32.51
Current Tax Liabilities (Net)		35.73	-	35.73	43.64	-	43.64
<b>Total current liabilities</b>		<b>1,879.33</b>	<b>(727.57)</b>	<b>1,151.76</b>	<b>2,385.39</b>	<b>1.38</b>	<b>2,386.77</b>
<b>Total equity and liabilities</b>		<b>4,237.55</b>	<b>(1.16)</b>	<b>4,236.39</b>	<b>5,517.14</b>	<b>(3.73)</b>	<b>5,513.41</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

#### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note	Previous GAAP*	Adjustments	Ind ASs
<b>Revenue</b>				
Revenue from operations	b	1,983.76	2.74	1,986.50
Other income	a,c	339.12	1.05	340.17
<b>Total Revenue</b>		<b>2,322.88</b>	<b>3.79</b>	<b>2,326.67</b>
<b>Expenses</b>				
Employee benefits	f	155.72	(0.07)	155.65
Technology expenses		234.24	-	234.24
Finance costs	b	1.31	2.85	4.16
Depreciation and amortization	g	34.63	(0.44)	34.19
Other expenses	a,g	164.40	(1.58)	162.82
<b>Total expenses</b>		<b>590.30</b>	<b>0.76</b>	<b>591.06</b>
<b>Profit before tax</b>		<b>1,732.58</b>	<b>3.03</b>	<b>1,735.61</b>
<b>Income tax expense</b>				
Current tax				
Current period		610.60	-	610.60
Earlier years		10.51	-	10.51
Deferred tax charge/ (credit)	d	(21.69)	2.49	(19.20)
<b>Total income tax expense</b>		<b>599.42</b>	<b>2.49</b>	<b>601.91</b>
<b>Profit for the year</b>		<b>1,133.16</b>	<b>0.54</b>	<b>1,133.70</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss (net of tax)</b>				
- restatement of defined benefit liability	i	-	(0.14)	(0.14)
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>(0.14)</b>	<b>(0.14)</b>
<b>Total comprehensive income for the year</b>		<b>1,133.16</b>	<b>0.40</b>	<b>1,133.56</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

#### Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Note	As at 31 March 2017	As at 1 April 2016
Total equity (shareholder's funds) as per Indian GAAP		2,749.93	1,981.79
<b>Adjustments:</b>			
Dividend on equity shares and corporate tax on dividend on equity shares	e	-	36.50
Dividend on preference shares and corporate dividend tax on preference shares	e	-	693.55

Particulars	Note	As at 31 March 2017	As at 1 April 2016
Recognition of financial assets (Security deposit given)/ liabilities (settlement guarantee fund) at amortised cost	a,b	(0.66)	(0.32)
Derecognition of lease equalisation reserve	g	5.79	3.17
Recognition of current investments at fair value	c	2.93	2.69
Reversal of depreciation charged on lease equalisation capitalized under the head leasehold improvement	g	0.97	0.53
Deferred tax on temporary differences	d	(3.08)	(0.59)
Recognition of employee stock compensation expense		(1.05)	(0.91)
Recognition of employee stock options outstanding account		1.05	0.91
Reversal of employee benefit expense on account of remeasurement of defined benefit liability	f	0.21	-
Actuarial loss on defined benefit plans recognised in other comprehensive income (net of tax)	i	(0.14)	-
<b>Total adjustments</b>		<b>6.02</b>	<b>735.53</b>
<b>Total equity as per Ind AS</b>		<b>2,755.95</b>	<b>2,717.32</b>

#### Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note	For the year ended 31 March 2017
Profit after tax as per Indian GAAP		1,133.16
<b>Adjustments:</b>		
Derecognition of rent in respect of lease equalisation reserve	g	2.62
Reversal of depreciation charged on lease equalisation capitalized under the head leasehold improvement	g	0.44
Actuarial loss on defined benefit plans recognised in other comprehensive income (net of tax)	f	0.21
Recognition of financial assets/ liabilities at amortised cost	a,b	(0.34)
Gain on revaluation of current investments	c	0.24
Employee stock option compensation expenses		(0.14)
Deferred tax on temporary differences	d	(2.49)
<b>Total adjustments</b>		<b>0.54</b>
<b>Profit after tax as per Ind AS</b>		<b>1,133.70</b>
<b>Other comprehensive income (net of tax):</b>		
Restatement of defined benefit liability	k	(0.14)
<b>Total comprehensive income as per Ind AS</b>		<b>1,133.56</b>

#### Notes to first-time adoption:

##### (a) Financial assets (Loans): Security deposits

Under Indian GAAP, interest free security deposits (that are refundable in cash on completion of the term as per the contract) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change the amount of security deposit as on 31 March 2017 has decreased by Rs. 7.58 (1 April 2016: Rs. 8.39) with a creation of deferred rent (included in other non-current and current assets) of Rs. 6.80 (1 April 2016: Rs. 7.84). The other equity (net) decreased by Rs. 0.55 as at 1 April 2016. The unwinding of security deposit happens by recognition of a notional interest income in Statement of Profit and Loss at effective interest rate. The deferred rent gets amortised on a straight line basis over the term of the security deposits. The profit and other equity for the year ended 31 March 2017 decreased by Rs. 0.23 due to amortisation of deferred rent by Rs. 1.04 (included in other expenses), and increase in notional interest income of Rs. 0.81 recognised on security deposits (included in other income).

##### (b) Financial liabilities

Under Indian GAAP, interest free long term liabilities for which the Company has contractual obligation to deliver cash or another financial asset to another entity such as settlement guarantee fund (SGF) are recorded at their transaction value. Under Ind AS, such financial liabilities are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value

of the SGF has been recognised as deferred income. Consequent to this change the amount of SGF as on 31 March 2017 has decreased by Rs. 2.55 (1 April 2016: Rs. 4.12) with a creation of deferred income (included in other non-current and current liability) of Rs. 2.43 (1 April 2016: Rs. 3.89). The other equity increased by Rs. 0.23 as at 1 April 2016. The unwinding of SGF happens by recognition of a notional interest expense in Statement of Profit and Loss at effective interest rate. The deferred income gets recognized on a straight line basis over the term of the security deposits. The profit and other equity for the year ended 31 March 2017 decreased by Rs. 0.11 due to recognition of deferred income by Rs. 2.74 (included in revenue from operation), and increase in notional interest expense of Rs. 2.85 recognised on SGF (included in finance cost).

**(c) Fair valuation of Investments**

Under Indian GAAP, investments in mutual funds were classified as current investments, respectively, based on intended holding period and realisability. The current investments were carried at lower of cost of fair value. Under Ind AS, these investments are required to be measured at fair value, the resulting fair value changes of these investments amounting to Rs. 2.69 have been recognised in retained earnings as at the date of transition (i.e. 1 April 2016) and subsequently in the profit and loss for the year ended 31 March 2017. This has increased the profit by Rs. 0.24 as at 31 March 2017.

**(d) Deferred taxes**

Under Indian GAAP accounting for deferred tax, using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

In addition, the various transitional adjustments lead to temporary differences. On the date of transition (i.e. 1 April 2016), the net impact on deferred tax liabilities is of Rs. 0.59 [31 March 2017: Rs. (3.01)]. The profit and other equity for the year ended 31 March 2017 have decreased by Rs. 2.49 due to differences in temporary differences.

**(e) Provisions: Proposed dividend**

Under Indian GAAP upto 31 March 2016, dividend proposed by the Board of Directors after the reporting period but before the approval of the financial statements were considered as adjusting events. Accordingly, the provision for proposed dividend was recognised as liability. Under Ind AS such dividends are recognised when the same is approved by the shareholders in the annual general meeting. Accordingly, the total liability recorded for proposed dividend and corporate dividend tax of Rs. 730.05 as at 1 April 2016 included in the provisions has been reversed with corresponding adjustment to reserves and surplus. Consequently, the other equity increased by Rs. 730.05 as at 1 April 2016.

The Ministry of Corporate Affairs, Government of India, vide Notification No. G.S.R. 739(E), dated 7th December, 2006, notified Companies (Accounting Standards) Rules 2006, Amended the AS 4 (effective from 1 April 2016), stating that dividends declared after the balance sheet date but before the financial statements are approved for issue, are not recognised as a liability at the balance sheet date because no obligation exists at that time unless a statute requires otherwise, therefore, for the year ended 31 March 2017 no provision was considered in the books of accounts in relation to the proposed dividend as per previous Indian GAAP also.

**(f) Employee benefits:**

Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under Indian GAAP these were forming part of the statement of profit and loss for the year. As a result of this change, the employee benefit expense to the extent of actuarial loss amounting to Rs. 0.21 for the year ended 31 March 2017 has been reduced with corresponding impact on Other Comprehensive Income. There is no impact on the other equity as at 31 March 2016.

**(g) Lease equalisation reserves**

Under Indian GAAP, operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term and lease equalisation reserve ('LER') is to be amortized over the lease term. In case operating lease charges are related to pre-construction period then the same should be capitalized as part of leasehold improvement and to be depreciated over the lease term.

However, under Ind AS, Lease payments under an operating lease shall be recognised as an expense on a straight line basis over lease term only if the payments to the lessor are not structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since,

escalation allowed in lease arrangement in respect of office premises taken by the Company represents general inflation. Hence, lease payments under an operating lease shall not be required to be recognised on a straight line basis over lease term.

The effect of the adjustments resulted in reversal in the value of lease equalisation reserves of Rs. 7.00 (31 March 2017: Rs. 9.63) with corresponding decrease in leasehold improvements by Rs. 3.30 (31 March 2017: 2.87) and increase in retained earnings by Rs. 3.17 on transition date.

During the year ended 31 March 2017, reversal of the value of lease equalisation reserves of Rs 2.62 with corresponding decrease in rent expenses and reversal of accumulated depreciation on leasehold improvement with corresponding decrease in depreciation of Rs. 0.44 resulted in increase in profit and loss by Rs. 3.06.

**(h) Other equity:**

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments. Refer 'Reconciliation of total equity as at 31 March 2017 and 1 April 2016' as given above for details.

**(i) Other comprehensive income**

Under previous GAAP, the Company has not presented other comprehensive income (OCI) separately. Items that have been reclassified from statement of profit and loss to other comprehensive income includes remeasurement of defined benefit plans. Hence, previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

**(j) Statement of cash flows**

The impact of transition from previous GAAP to Ind AS on the statement of cash flow is due to reclassification adjustments recorded under Ind AS balance sheet and statement of profit and loss. The transition from previous GAAP to Ind AS does not have a material impact of the statement of cash flow of the Company.



**Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three month period ended 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

**11. Share based payment arrangements**

**(a) Description of share-based payment arrangements**

During the financial year 2010-2011, the Company had framed an Employee Stock Option Scheme - 2010 (“ESOP 2010”), which was duly approved by the Shareholders and Board of Directors of the Company. Accordingly, the Company allotted 606,572 number of equity shares of Rs. 10 each to IEX ESOP Trust (“ESOP Trust”) who will administer ESOP 2010 on behalf of the Company. Subsequently, ESOP 2010 has been amended by special resolution passed at the Extra-ordinary General Meeting held on 16 May 2017 by the shareholders of the Company. Further, the Shareholders of the Company vide their special resolution passed at the Annual General Meeting held on 27 September 2013 had authorised the Board of Directors/ Compensation Committee of the Company to vary the terms of ESOP’s including the vesting period for selective/specific eligible employees in respect of the options which have yet not been granted or granted but which have not been vested yet, subject to a minimum vesting period of one year from the date of grant under ESOP 2010.

Out of total shares allotted to IEX ESOP Trust, ESOP Trust has granted 478,190 (net of 136,610 option lapsed) number of options to employees. Details of options granted by the IEX ESOP Trust (“ESOP Trust”) is as under:

S no.	Grant Date	No. of Options	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
1	8 July 2010	307,100	10	33% on completion of first year 33% on completion of second year 34% on completion of third year	33% on completion of first year 33% on completion of second year 34% on completion of third year	12 months from the date of vesting
2	September 7, 2010	17,600	10	33% on completion of first year 33% on completion of second year 34% on completion of third year	33% on completion of first year 33% on completion of second year 34% on completion of third year	12 months from the date of vesting
3	December 16, 2011	106,100	53	33% on completion of first year 33% on completion of second year 34% on completion of third year	33% on completion of first year 33% on completion of second year 34% on completion of third year	12 months from the date of vesting
4	December 16, 2011	100,000	53	55% on completion of first year 45% on completion of second year	55% on completion of first year 45% on completion of second year	12 months from the date of vesting
5	January 21, 2014	45,000	150	25% on completion of second year 25% on completion of third year 25% on completion of fourth year 25% on completion of fifth year	25% on completion of second year 25% on completion of third year 25% on completion of fourth year 25% on completion of fifth year	12 months from the date of vesting
6	June 24, 2014	10,000	535	100% on completion of one year and successful completion of the IPO and listing of the Company’s equity shares at Stock Exchange	100% on completion of one year and successful completion of the IPO and listing of the Company’s equity shares at Stock Exchange	12 months from the date of vesting
7	April 17, 2017	10,000	750	33% on completion of first year 33% on completion of second year 34% on completion of third year	33% on completion of first year 33% on completion of second year 34% on completion of third year	12 months from the date of vesting
8	June 19, 2017	19,000	750	33% on completion of first year 33% on completion of second year	33% on completion of first year 33% on completion of second year	12 months from the date of vesting

S no.	Grant Date	No. of Options	Exercise Price	Vesting Conditions	Vesting Period	Contractual period
				34% on completion of third year	34% on completion of third year	
	<b>Total</b>	<b>614,800</b>				

No employee has been issued options entitling such person to subscribe to more than 1% of Equity Share Capital of the Company.

**(b) Measurement of fair values**

The weighted average fair value of stock options as on grant date

Particulars (grant date)	Method of Valuation	Weighted average fair value as on the grant date (Rs.)
<b>Employee stock option plan -2010</b>		
January 21, 2014	Black Scholes option pricing model	21.24
June 24, 2014	Black Scholes option pricing model	58.86
April 17, 2017	Black Scholes option pricing model	Nil
June 19, 2017	Black Scholes option pricing model	75.25

The inputs used in the measurement of grant date fair value are as follows:

Particulars	Share Price (Rs.)	Exercise Price (Rs.)	Expected Volatility	Expected Life (in years)	Expected Dividend	Risk free Interest Rate
<b>Employee stock option plan -2010</b>						
January 21, 2014	148	150	0.00%	1.5 to 4.5 years	Based on dividend declared prior to the date of grant	8.52%
June 24, 2014	148	535	0.00%	1.50 years	Based on dividend declared prior to the date of grant	8.83%
April 17, 2017	555	750	0.00%	1.5 to 3.5 Year	Based on dividend declared prior to the date of grant	7.35%
June 19, 2017	647	750	25.54%	1.5 to 3.5 Year	Based on dividend declared prior to the date of grant	6.33%

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-yield curve for Government Securities. Expected volatility calculation is based on historical net asset method of valuation.

**(c) Effect of employee stock option scheme on the Statement of Profit and loss:**

Particulars						For the three months period ended 30 June 2017

Employee stock option scheme expense						0.12
<b>Total</b>						<b>0.12</b>

(d) **Reconciliation of outstanding share options**

The number and weighted-average exercise prices of share options under the share option programmes were as follows

	30 June 2017	
	Number of options	Weighted average exercise price (Rs.)
Options outstanding as at the beginning of the period	22,500	150
	10,000	535
Options exercisable at the beginning of the period	11,250	150
Add: Options granted during the period	29,000	750
Less: Options forfeited and expired during the period	-	-
Less: Options exercised during the period	11,250	150
Options outstanding as at the period end	22,500	150
	10,000	535
	29,000	750
Exercisable at the end of the period	-	-

The options outstanding at 30 June 2017 have an exercise price in the range of Rs 150 to Rs 750 and a weighted average remaining contractual life of 4.46 years

The weighted average share price at the date of exercise for share options exercised during the period Rs. 150

**Notes to the Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three month period ended 30 June 2017**

*(All amounts in Rupees Millions, except share data and unless otherwise stated)*

**12. Fair Value Measurements and financial instruments**

**(a) Financial instruments by category and fair values hierarchy**

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy

Particulars	As at 30 June 2017				
	Carrying value		Fair value measurement using		
	FVTPL	Amortised Cost	Level 1	Level 2	Level 3
<b>Financial assets</b>					
<b>Non Current</b>					
Investments (bonds and fixed maturity plan mutual funds)	-	43.58	-	-	43.58
Loans (security deposits)#	-	13.13	-	-	13.13
Bank deposits*	-	51.74	-	-	-
<b>Current</b>					
Investments					
– Mutual funds	2,440.15	-	-	2,440.15	-
– Fixed deposits ( PNB Housing Finance)*	-	60.02	-	-	-
Trade receivables*	-	3.20	-	-	-
Loans (current security deposit and advances to employees)*	-	0.53	-	-	-
Cash and cash equivalents*	-	16.60	-	-	-
Bank balances other than cash and cash equivalents*	-	545.35	-	-	-
Other financial assets- other recoverable*	-	48.66	-	-	48.66
	<b>2,440.15</b>	<b>782.81</b>	<b>-</b>	<b>2,440.15</b>	<b>105.37</b>
<b>Financial liabilities</b>					
<b>Non Current</b>					
Other financial liabilities					
– Settlement guarantee fund #	-	186.38	-	-	186.38
– Others (deposits from employees and deposits from clearing and settlement bankers)	-	160.56	-	-	160.56
<b>Current</b>					
Trade payables*	-	339.32	-	-	-
Other financial liabilities*	-	563.81	-	-	-
	<b>-</b>	<b>1,250.07</b>	<b>-</b>	<b>-</b>	<b>346.94</b>

\*The carrying amounts of trade receivables, trade payables, other current financial liabilities, cash and cash equivalent, bank balances other than cash and cash equivalents, loans (security deposits) and other current financial assets (other recoverable), approximates the fair values, due to their short-term nature. In case of the non current bank deposits (due to maturity after twelve months from reporting date) and interest accrued but not due on bank deposits, and fixed deposit (in PNB Housing Finance) and interest accrued on the same, again the carrying value approximates the fair values as on the date.

#The fair values for security deposits given and deposit for settlement guarantee fund were calculated based on cash flows discounted using a current lending rate/borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk/own credit risk.

**Valuation technique used to determine fair value:**

Specific valuation techniques used to fair value of financial instruments include:

- the use of quoted market prices for quoted mutual funds
- the use of NAV for unquoted mutual funds.
- the fair value of the remaining financial instruments are discounted at appropriate discounting rate.

- 13.** The Company has filed the Draft Red Herring Prospectus (“DRHP”) with Securities and Exchange Board of India (“SEBI”), the National Stock Exchange of India Limited (“NSE”), the BSE Limited (“BSE”) and to such other authorities and persons as may be necessary under law. It comprises a Proposed Initial Public Offering (“IPO”) of 6,065,009 Equity shares of the Company of face value Rs. 10 each (“Equity Shares”) through an Offer For Sale of Equity shares by certain selling shareholders in terms of the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”).

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

*You should read the following discussion in conjunction with our Restated Financial Statements as of and for the financial years ended March 31, 2015, 2016, 2017 and for the three months ended June 30, 2017, including the related notes, schedules and annexures. These Restated Financial Statements are based on our audited financial statements and are restated in accordance with the SEBI ICDR Regulations and Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI. Our audited financial statements are prepared in accordance with Previous Indian GAAP, which differs in certain material respects with Ind AS, IFRS and U.S. GAAP. Our Company is required to prepare annual and interim financial statements under Ind AS commencing from April 1, 2017. See "Risk Factors – External Risk Factors – Risks Related to India – Certain companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under Income Computation and Disclosure Standards notified by the Government of India ("ICDS"). The transition to Ind AS and ICDS in India is very recent and the implementation of Ind AS may be subject to additional notifications and guidelines." from page 35 to 36.*

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.*

*This discussion may contain forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors", "Forward-looking Statements" and "– Significant Factors Affecting Our Results of Operations" included in this Red Herring Prospectus.*

### Overview

We are the largest exchange for the trading of a range of electricity products in India, in terms of traded contract volumes in the financial year 2017 according to the Central Electricity Regulatory Commission. Electricity products traded over our electronic trading platform comprise (i) electricity contracts in blocks of 15 minutes in the day-ahead-market, (ii) electricity contracts for fixed terms in the future, such as intra-day contracts, day ahead contingency contracts and contracts up to 11 days ahead, known as the term-ahead-market and (iii) renewable energy certificates. We expect to commence the trading of energy saving certificates on our Exchange by October 2017.

We are one of two exchanges in India that offer an electronic platform for the trading of electricity products and have a substantial majority market share among the power exchanges in India. The DAM constitutes the substantial majority of the energy contracts that are traded on our Exchange. In the financial years 2016 and 2017, we commanded a 99.6% and 99.4% market share, respectively, of electricity contracts in the DAM, in terms of volume, according to the CERC. According to the CERC, in the financial years 2016 and 2017, 93.7% and 94.8% of the traded contract volumes of electricity contracts in the DAM, TAM and RECs combined, were conducted over our Exchange.

The Indian power market, in terms of electricity generated, consisted of 89.7% of long term and medium terms electricity contracts (contracts for periods of one year or over) and 10.3% of short term electricity market (contracts for periods of under one year) for the financial year 2017, according to the CERC. The short term electricity market includes contracts through licensed traders, direct bilateral contracts, deviation settlement mechanism and contracts traded over power exchanges. The share of electricity contracts traded over power exchanges has grown from 23.8% to 34.5% of the short term market between the financial year 2013 and the financial year 2017, according to the CERC. Further, according to CRIS, the short term electricity market in India is expected to grow to 21.1% of electricity generated in India by the financial year 2022, of which 43.0% is expected to be traded over power exchanges.

Our Exchange is an online platform which is accessible to registered participants throughout India. It promotes efficient price discovery and offers participants on our Exchange the opportunity to trade in a variety of electricity products. Our Exchange increases the accessibility and transparency of the power market in India and enhances the speed and efficiency of trade execution. In addition to trade execution, our Exchange offers settlement services, including electronic trade confirmation, access to clearing services and risk management functionality.

Trading in the DAM and TAM product categories through our Exchange provides participants with a means to meet their power requirements and manage, among other things, availability and price of electricity. Our Exchange primarily brings together sellers of power, such as independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, such as distribution companies and industrial, commercial and institutional power consumers, and provides them with a transparent, neutral and automated platform for trading of electricity. Trading on our Exchange is done by our members on their own behalf and on behalf of their clients, who are together known as participants on our Exchange. Trades with respect to electricity contracts traded in the DAM and TAM are physically settled, meaning that settlement is made through physical delivery of electricity itself. We do not own or trade electricity products for our own account.

We are a professionally managed company. In August 2016, we received three ISO Certifications: ISO 9001:2008 for quality management, ISO 27001:2013 for information security management and ISO 14001:2004 for environment management. We were recognized as the 'Leader in Power Market Development' by Council of Power Utilities in 2015 and awarded the 'Exchange of the Year' Award by Power Business View in 2014. For further details of our awards see "– Awards and Recognitions" on page 125.

As of August 31, 2017, we had over 5,900 participants registered on our Exchange of which over 3,200 participants were active. Over 4,300 registered participants were eligible to trade electricity contracts and over 4,000 registered participants were eligible to trade RECs, as of August 31, 2017. Our participants registered to trade electricity contracts are located across 29 states and five union territories in India, and include 50 distribution companies, over 400 electricity generators and over 3,900 open access consumers. In the financial year 2017, participants traded and cleared 40,528 million kWh of power on our Exchange. The volumes for the financial year 2017 represent a growth of 77.5% from 22,827 million kWh of power traded on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 19,715 million kWh of power on our Exchange.

As of August 31, 2017 in addition to the participants registered to trade electricity contracts, participants registered to trade RECs on our Exchange included over 1,000 renewable energy generators and over 2,900 industry and corporate customers. In the financial year 2017, participants traded and cleared 4.62 million RECs on our Exchange. The volumes for the financial year 2017 represent growth of 132.0% from 1.99 million RECs traded and cleared on our Exchange in the financial year 2013. For the five months ended August 31, 2017, participants traded and cleared 0.91 million RECs on our Exchange.

### **Significant Factors Affecting Our Results of Operations**

Our business and results of operations have historically been affected by a number of important factors that are expected to continue to affect our business and results of operations in the future. These factors include the following:

#### ***Trading volumes and number of participants on our Exchange***

We derive a substantial majority of our revenues from (i) transaction fees, which we earn from participants who execute transactions on our Exchange, and (ii) annual subscription fees, which are subscription fees we charge participants for trading on our Exchange, which combined accounted for 81.56%, 87.05%, 85.48% and 89.95% of our total revenues for the financial years 2015, 2016, 2017, and three months ended June 30, 2017, respectively. The volume of electricity contracts and other products traded on our Exchange determine revenues from transaction fees and are a key factor in the amount of annual subscription fees we generate. As a result, trading volumes and market activity on our Exchange directly affects our level of profitability. The success of our business depends substantially on our ability to maintain and increase the volume of electricity contracts and other power products traded and the number of participants on our Exchange and our resultant revenue from transaction, subscription and admission fees. See "Our Business – Description of Our Business – Transaction, Subscription and Admission Fees" on pages 122 to 123 for details on the current fees payable by our participants for trading on our Exchange.

In the financial year 2017, participants on our Exchange traded 40,528 million kWh of power and cleared 4.62 million RECs, respectively. In the five months ended August 31, 2017, participants on our Exchange traded 19,715 million kWh of power and cleared 0.91 million RECs, respectively. The volumes for the financial year 2017 represent a growth of 77.5% and 132.0%, for electricity contracts and RECs, respectively, from financial year 2013. Trading volumes on our Exchange are affected by economic and market conditions. Changes in the supply or demand for power in India impact our revenues. Also, factors such as broad trends in business and finance, amount of power consumption, the price of power, the transmission capacity on the regional Indian grids, availability of surplus power, prevailing applicable regulations, interest rates, inflation, dependence of power generation companies in India on coal-fired power as well as growing infrastructure to support alternative forms of energy, introduction or withdrawal of open access in inter-state transmission, transmission losses, poor billing and revenue collection efficiency in the power distribution sector, all affect our trading volumes. Particularly, availability of inter-regional transmission capacity and congestion affects clearing volumes on our Exchange and affects our participants' confidence in our Exchange and consequently our trading volumes.

Further, our trading volumes are affected by the number of active participants on our Exchange. We earn annual subscription fees from our active participants together with admission fees which are one-time fees which we charge our members at the time of their admission. See "Our Business – Description of Our Business – Our Participants" from pages 121 to 122 for details on the historical growth of participants on our Exchange. Factors affecting participants on our Exchange, which include sellers of power, including independent power producers, captive power plants, distribution companies and Government owned power generation companies, and buyers of power, including distribution companies and industrial and institutional power consumers, affect trading volumes on our Exchange. See also "Risk Factors – Internal Risk Factors – Our business and results of operations may be adversely affected if we are unable to maintain or grow the volume of the electricity contracts traded on our Exchange and retain our current participants or attract new participants to our Exchange" on page 19.

#### ***Technology expenses and upgradation of technology, and employee benefit expenses***

Our business depends on our use and deployment of technology to provide fast, reliable and secure trading of electricity contracts and other power products on our Exchange. Our electronic systems for trade execution and post-trade services,

including clearing, settlement and risk management, provide reliable and consistent transaction execution and settlement, which helps us to maintain our competitive position and attract participants to our Exchange. Our technology expenses account for a significant portion of our total expenses and constituted 44.2%, 37.8%, 36.5% and 23.7% of our total expenses for the financial year 2015, 2016, 2017 and three months ended June 30, 2017, respectively.

We utilize a trading software, which is critical to maintaining the anonymity of bids, the integrity of our price discovery mechanism, the implementation of our risk management procedures and caters to the requirements of all pre and post trade functionalities on our Exchange. Our historical technology expenses have included payments to 63 Moons, the developer of such trading software, comprising an annual license fee, an annual maintenance charge and a variable charge equal to 10.0% of the gross revenue received by our Company from transaction fees paid by participants on our Exchange. On May 16, 2017, we acquired exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement. As a result of such purchase, our capital expenditure has increased to include such purchase costs for the quarter ended June 30, 2017. Further, we also expect our technology expenses to decrease in the future as a result of the cessation of recurring payments to 63 Moons partially offset by (i) an increase in amortization costs relating to such purchase, (ii) an expected increase in employee costs due to an expected increase in number of employees to address technology matters related to such software, and (iii) an expected increase in research and development costs to address the maintenance and upgradation of such software. See “Risk Factors – Internal Risk Factors – Any adverse finding by NCLT in relation to the Perpetual License Agreement could result in a material adverse effect on our reputation, business, financial condition and results of operations” on page 20.

Further, in order to improve market efficiency and transparency, enhance user access and provide flexibility for future business growth and market needs, we allocate substantial resources towards upgrading our information technology systems and infrastructure. We continue to improve our core IT capabilities, platform infrastructure and the user-friendly interface of our trading systems. We also incur expenses towards our experienced team of IT professionals, supported by select third-party IT vendors, to operate and support our infrastructure and software and create and implement new technologies.

Our employee benefit expenses also account for a significant portion of our total expenses and constituted 26.7%, 26.4%, 24.2% and 32.1% of our total expenses for the financial year 2015, 2016, 2017 and three months ended June 30, 2017, respectively. We expect our employee benefit expenses to increase as our business and operations grow in the future.

#### ***Performance of financial markets, interest rates and funds available for investment***

We earn a significant amount of income from investment activity, namely from revenues derived from investing deposits received from participants and the revenue derived from investing our reserves and surplus funds from treasury, which we classify under other income. We invest these funds primarily in liquid instruments such as bonds and mutual funds as well as bank deposits. The investment income that we receive depends primarily on two factors, namely (i) the prevailing interest rates in the case of investments we make in interest bearing assets and market rates of return and dividends in the case of investments that we make in non-interest bearing securities; and (ii) the levels of cash surplus that we have available for investment. These, in turn, depend on external factors such as the prevailing interest rate and macroeconomic environment in India, and levels of market activity, and internal factors such as dividends declared and paid, amount of deposits received from participants and extraordinary expenses, such as costs incurred to acquire the exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons. Interest rates are sensitive to many factors beyond our control, including general economic conditions and governmental, monetary and tax policies. See also “Risk Factors – Internal Risk Factors – Declines in interest rates and performance of mutual funds we have invested in may adversely affect our results of operations and financial condition” on page 27.

We invest our own funds, as well as deposits that we receive from participants and earn interest and dividend income on such investments. The deposits that we receive from participants is interest free, so any income that we earn on investments made with such funds accrues to our benefit and we recognize income from such investments as interest income and dividend income from investments on our statement of profit and loss. For the financial years 2015, 2016, 2017 and three months ended June 30, 2017, our interest income, dividend income and profit on sale of current investments (including training income) collectively accounted for 17.9%, 12.5%, 14.1% and 9.8% of our total revenues, respectively.

#### ***Regulatory restrictions***

Regulatory changes relating to the operations of our Exchange, transactions, pricing structures, participants or reporting or compliance requirements affect our business. The power trading industry is subject to significant regulatory oversight and may be subject to increased regulatory scrutiny in the future. We are regulated by the CERC in terms of the CERC Power Market Regulations and several rules and regulations made under the Electricity Act, among others, apply to us. The CERC, and the CERC Power Market Regulations we are subject to, place restrictions on the type of electricity contracts and other power products that can be traded, the trade modalities to be followed and the type of participants that can trade on our Exchange.

Participants on our Exchange, our business activities as well as our ownership, governance structure and shareholding pattern must comply with the provisions of the CERC Power Market Regulations. In addition, at present, the CERC Power Market Regulations stipulate, among others, the following: transparency with regard to our price discovery methodology; nature of



investments in our Settlement Guarantee Fund; and manner of implementation of IT infrastructure and our electronic trading platform, all which impact our business and operations. See also “Risk Factors – Internal Risk Factors – Regulatory restrictions, and changes in regulations, applicable to us, may restrict our ability to conduct our business and may have an adverse effect on our business.” on page 21.

### ***India’s economic condition, changes in the Indian power market and conducive Government policies***

All of our operations and all participants are currently located in India, and our business relates solely to the trading of power in India. Therefore, general economic and industrial conditions in India can have a significant impact on our results of operations. Changes in general economic conditions or factors determining supply and demand for power in India significantly impact the volume of transactions on our Exchange and the number of our active participants. According to the Draft National Electricity Plan, December 2016, prepared by the Central Electricity Authority of India, demand for power and the amount of power generated in India is expected to grow which, in turn, is expected to increase the amount of power that can be traded through energy exchanges. See “Industry Overview – Overview of the Indian Power Sector” on page 88 for further details.

Our business benefits from conducive Government policies. Most state electricity regulatory commissions have allowed open access to their state grids, which has facilitated wider participation in energy trading and has increased the liquidity of electricity products in the market. According to CRIS, the Government’s UDAY scheme for the revival and financial turnaround of Government owned electricity distribution companies in India, the ‘24x7 Power for All’ and the ‘Make in India’ initiative to encourage manufacturing and design in India and initiatives for augmentation in electricity transmission capacity and power from renewable sources and the implementation of open access, are expected to positively affect the demand for electricity and the market for electricity contract trading in India, and consequently our business. See “Industry Overview – Key Drivers for short term market” from pages 99 to 102 for further details.

### ***Competition in the power trading industry***

Our ability to maintain and enhance our competitiveness has a direct effect on our business. The Indian power market consists of 89.7% of long and medium term electricity contracts (contracts for periods of one year or over) and 10.3% of short term electricity contracts (contracts for periods of under one year) for the financial year 2017, according to the CERC. In the short term market for electricity contracts we compete with contracts through licensed traders, direct bilateral contracts, deviation settlement mechanism (“DSM”) and other power exchanges. The market share of contracts traded over power exchanges represents 34.5% of the short term power market in India for the financial year 2017, according to the CERC. In addition, competition within the Indian power market may intensify as new power exchanges or other power marketplaces are established. We may be required to adjust pricing in response to actions by our competitors, which can impact our operating results. The competitiveness of our electricity contracts, power products, services and more generally our Exchange affects our business and results of operations. See “Risk Factors – Internal Risk Factors – We may face competition from existing players and new entrants in the industry” on pages 30 to 31.

## **Our Significant Accounting Policies**

### ***Basis of preparation***

Our restated summary financial information has been prepared by applying necessary adjustments to our audited financial statements. The financial statements are prepared and presented under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (“**Previous Indian GAAP**”) and the requirements of the Companies Act, 1956, and notified sections, schedules and rules of the Companies Act, 2013, including the Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, to the extent applicable.

Our restated summary financial information has been prepared to comply in all material respects with the requirements of Chapter III to the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI, as amended from time to time.

Appropriate re-classifications and adjustments have been made in the restated summary financial information wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the presentation and recognition as per our audited financial statements and the requirements of the SEBI Regulations, as amended.

### ***Use of estimates***

The preparation of restated summary financial information in conformity with Previous Indian GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the restated summary financial information. Actual results could differ from those estimates used in preparing the accompanying restated summary financial information. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

### ***Current and non-current classification***

All assets and liabilities are classified into current and non-current.

#### *Assets*

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, our normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

#### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in our normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- we not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

### ***Operating cycle***

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

### ***Property, plant and equipment and depreciation***

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/ or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

A fixed asset is eliminated from the Financial Statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

Till the year ended March 31, 2014, depreciation on assets other than leasehold improvements was provided for on a straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, whereas leasehold improvements were depreciated on a straight line method over a period of lease. Depreciation in respect of assets acquired during the year whose actual cost does not exceed ₹ 5,000 has been provided at 100.0%.

After the applicability of Schedule II of the Companies Act, 2013, with effect from April 1, 2014, depreciation on assets, other than leasehold improvements, is provided for on a straight line method at the rates prescribed in Schedule II to the Companies Act, 2013, whereas leasehold improvements were depreciated on a straight line method over a period of lease.

Depreciation on assets sold, discarded or demolished during the year, if any, is being provided pro-rata up to the date on which such assets are sold, discarded or demolished.

Pursuant to the Companies Act, 2013 being effective from April 1, 2014, our Company has revised depreciation rates on certain fixed assets as per the useful life specified in Part 'C' of Schedule II to the Companies Act, 2013. As a result of this change,

the depreciation charge for the year ended March 31, 2015 is higher by ₹ 2.17 million and an amount of ₹ 0.53 million (net of deferred tax of ₹ 0.28 million) in respect of assets whose useful life is already exhausted as on April 1, 2014 has been adjusted from retained earnings.

The cost of tangible assets not ready for use as at the balance sheet date are disclosed as capital work-in-progress.

#### ***Intangible fixed assets and amortization***

Intangible fixed assets are stated at cost of acquisition and are carried at cost less accumulated amortization and impairment loss, if any. Intangible fixed assets are recognized only if it is probable that the economic benefits that are attributable to the assets will flow to the enterprises and the cost of assets can be measured reliably. Expenditure on an intangible item is expensed when incurred unless it forms part of the cost of intangible assets that meet the recognition criteria.

Computer software is amortized over six years considering their related useful lives.

#### ***Intangible assets under development***

Cost of intangible assets under development as at the balance sheet date are disclosed as intangible assets under development.

#### ***Revenue recognition***

##### *Service income*

Transaction fees are charged based on the volume of transactions entered into by the respective member or client of trader or professional member through the exchange. Fees charged in relation to transactions under the Day Ahead Market and the Renewal Energy Certificate trading, are accrued when the orders placed on the network are matched and confirmed by National Load Despatch Centre. Fees charged in relation to transactions under the Term Ahead Market are accrued when orders placed on the network are matched, confirmed by Regional Load Despatch Centre and delivered.

Revenue from services is recognized when the same have been rendered and no significant uncertainty exists regarding the collection of the consideration.

Admission fees and processing fees charged from a prospective member of the exchange at the time of his joining, is recognized when the membership has been approved by the membership committee.

Annual subscription fee, in the year when the member or client is registered for the first time, is recognized on commencement of trading that coincides with the registration of trader member or client of trader or professional member on a pro-rata basis. Annual subscription fee, in any year subsequent to the year of registration, is recognized on an accrual basis on a pro-rata basis.

##### *Dividend*

Dividend income is recognized when our right to receive dividend is established.

##### *Interest income*

Interest income is recognized on time proportion basis taking into account the amount outstanding and the interest rate applicable.

##### *Sale of mutual funds*

In case of mutual funds, the profit or loss from the transaction is determined on the first in first out basis of carrying amount of investments disposed of or redemption of mutual fund units.

#### ***Investments***

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current and non-current classification scheme.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments in mutual funds.

### ***Foreign currency transactions***

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the period are recognized in the Restated Summary Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year or period end rates. The resultant exchange differences are recognized in the Restated Summary Statement of Profit and Loss.

### ***Employee benefits***

Our obligations towards various employee benefits have been recognized as follows:

#### *Short-term employee benefits*

All employee benefits payable wholly within twelve months of rendering service are classified as short-term employee benefits. Benefits such as salaries, allowances, short-term compensated absences and the expected cost of other benefits are recognized in the period in which the employee renders the related service.

#### *Post-employment benefits*

##### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. We make specified monthly contributions towards employee provident fund to a Government administered provident fund scheme which is a defined contribution plan. Our contribution is recognized as an expense in the Restated Summary Statement of Profit and Loss during the period in which the employee renders the related service.

##### Defined benefit plans

Our gratuity scheme is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried at the year or period end using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date.

##### Other long-term benefits

The cost of long-term benefits by way of accumulating compensated absences arising during the tenure of the service is calculated by taking into account the pattern of availment of leave. In respect of encashment of leave, the defined benefit is calculated by taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long-term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the projected unit credit method as at period end.

##### Treatment of actuarial gains and losses

Actuarial gains and losses are recognized immediately in the Restated Summary Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

### ***Taxation***

Income taxes are accrued in the same period in which the related revenue and expense arise. Income tax expenses comprise current tax (i.e., the amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the year or period end date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each year or period end date and written down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

### ***Operating lease***

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with lessor are classified as operating lease. Lease rental in respect of assets taken on operating lease are charged to the Restated Summary Statement of Profit and Loss on a straight-line basis over the lease term.

### ***Provisions, contingent liabilities and contingent assets***

A provision is created when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on the management's best estimate of the amount of obligation required at the year end. These are reviewed at each year or period end date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within our control. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

We do not recognize assets which are of contingent nature until there is virtual certainty of realizability of such assets. However, subsequently, if it becomes virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the restated financial information of the period in which the change occurs.

### ***Impairment***

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exist and for intangible assets mandatorily tested annually for impairment, the assets recoverable amount is estimated. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount.

Impairment losses are recognized in the Restated Summary Statement of Profit and Loss. If at balance sheet date there is an indication that a previously assessed impairment loss no longer exist or has decreased, the assets recoverable amount is estimated. The impairment loss is reversed to the extent that the assets carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Such a reversal is recognized in the Restated Summary Statement of Profit and Loss.

### ***Employee Stock Options Plan***

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e., the difference between the market price of our shares on the date of grant of options and the exercise price to be paid by the option holders.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances on hand, balance with bank, and highly liquid investments with maturity period of three months or less from the date of investment.

### ***Segment Information***

The primary and secondary reportable segments considered are business segments and geographical segments respectively. Our Company is a power exchange. The entire operations of our Company are governed by a similar set of risk and returns and, hence, have been considered as representing a single primary segment. Our Company operates within India and does not have operations in economic environments with different risks and returns; hence, it is considered as operating in single geographical segment. Since our Company's business activity falls within a single business and geographical segment, there are no additional disclosures provided.

### ***Revenue and Expenses***

#### ***Revenue***

*Total Revenue.* Our total revenue consists of net revenue from operations and other income.

*Revenue from Operations.* Our revenue from operations consists of transaction fees, annual subscription fees and admission, processing and transfer fees.

Transaction fees are collected based on the volume of transactions entered into by our members or participants on our Exchange.

Annual subscription fee is levied for the year a member or participant is registered on our Exchange to be eligible for trading.

Admission fees, processing fees and transfer fees are charged from a prospective member of our Exchange at the time of their joining or transfer, payable when the membership has been approved by our membership committee.

*Other income.* Our other income consists of interest income from our bank deposits and non-current investments, dividend income from investments in mutual funds and bonds, profit on sale of current investments, income from training and coaching services rendered and other miscellaneous income.

### Expenses

*Employee benefits.* Our employee benefits expenses consist primarily of employee salaries and bonus, and to a lesser extent, contributions to provident funds, gratuity, compensated absences and staff welfare expenses. See also “– Significant Factors Affecting Our Results of Operations – Technology expenses and upgradation of technology, and employee benefit expenses” on pages 285 to 286.

*Technology expenses.* Our technology expenses comprise of software development and maintenance expenses towards the maintenance and development of our Exchange and historically payments towards purchase of software and licenses for the software we utilize. See also “– Significant Factors Affecting Our Results of Operations – Technology expenses and upgradation of technology, and employee benefit expenses” on pages 285 to 286.

*Finance costs.* Our finance costs comprise interest expense on bank overdraft and other interest cost. As we did not have any loans for the financial years 2016 or 2017 or the three months ended June 30, 2017, our finance costs were not material for such periods.

*Depreciation and amortization.* Our depreciation and amortization expenses include depreciation on tangible fixed assets and amortization of intangible fixed assets. See also “– Significant Factors Affecting Our Results of Operations – Technology expenses and upgradation of technology, and employee benefit expenses” on pages 285 to 286.

*Other operating expenses.* Our other expenses include legal and professional fees, rent towards our registered, corporate and branch offices, Directors’ sitting fees, CERC regulatory fees, business promotion and development expenses, incentives provided to members, travelling and conveyance fees, communication expenses, repairs and maintenance of buildings, corporate social responsibility expenses, training expenses for employee training, bad debts written off and advertisement expenses.

### Our Results of Operations

The following table sets out financial data from our restated summary statement of profit and loss for the three months ended June 30, 2017 and the financial years 2017, 2016 and 2015, the components of which are also expressed as a percentage of total revenue for such years:

	<i>Three months ended June 30, 2017</i>		<i>Financial Year</i>					
			<i>2017</i>		<i>2016</i>		<i>2015</i>	
	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>
<b>Revenue:</b>								
Revenue from operations	554.73	90.0%	2,039.13	85.9%	1,750.28	87.5%	1,447.79	82.1%
Other income	61.85	10.0%	335.10	14.1%	251.12	12.5%	315.99	17.9%
<b>Total revenue</b>	<b>616.58</b>	<b>100.0%</b>	<b>2,374.23</b>	<b>100.0%</b>	<b>2,001.40</b>	<b>100.0%</b>	<b>1,763.78</b>	<b>100.0%</b>
<b>Expenses:</b>								
Employee benefits	47.57	7.7%	155.72	6.6%	141.05	7.0%	117.10	6.6%
Technology expenses	35.06	5.7%	234.24	9.9%	202.02	10.1%	194.06	11.0%
Finance costs	0.06	0.0%	1.31	0.1%	2.68	0.1%	2.38	0.1%
Depreciation and amortization	14.83	2.4%	34.63	1.5%	33.94	1.7%	29.46	1.7%
Other operating expenses	50.51	8.2%	216.28	9.1%	155.44	7.8%	95.72	5.4%
<b>Total expenses</b>	<b>148.03</b>	<b>24.0%</b>	<b>642.18</b>	<b>27.0%</b>	<b>535.13</b>	<b>26.7%</b>	<b>438.72</b>	<b>24.9%</b>
<b>Profit before tax</b>	<b>468.55</b>	<b>76.0%</b>	<b>1,732.05</b>	<b>73.0%</b>	<b>1,466.27</b>	<b>73.3%</b>	<b>1,325.06</b>	<b>75.1%</b>
<b>Tax expense:</b>								
Current tax	127.60	20.7%	610.42	25.7%	473.51	23.7%	429.99	24.4%

	<i>Three months ended June 30, 2017</i>		<i>Financial Year</i>					
			<i>2017</i>		<i>2016</i>		<i>2015</i>	
	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>	<i>(₹ in millions)</i>	<i>(% of Total Revenue)</i>
Deferred tax (credit)	34.64	5.6%	(14.02)	(0.6)%	(10.64)	(0.5)%	(5.11)	(0.3)%
<b>Profit for the period/year</b>	<b>306.31</b>	<b>49.7%</b>	<b>1,135.65</b>	<b>47.8%</b>	<b>1,003.40</b>	<b>50.1%</b>	<b>900.18</b>	<b>51.0%</b>

### *Three months ended June 30, 2017*

Our results of operations for the three months ended June 30, 2017 were particularly affected by the following factors:

- transaction volumes of electricity contracts traded on our Exchange of 11,888 million kwh and transaction volumes of RECs traded on our Exchange of 0.45 million for the three months ended June 30, 2017; and
- our acquisition of exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement, on May 16, 2017.

**Total Revenue.** Our total revenue was ₹616.58 million for the three months ended June 30, 2017.

**Revenue from Operations.** Our revenue from operations was ₹554.73 million for the three months ended June 30, 2017, which comprised of transaction fees of ₹491.60 million, revenue from subscription fees of ₹63.01 million and admission, processing and transfer fees of ₹0.12 million.

**Other income.** Our other income was ₹61.85 million for the three months ended June 30, 2017, primarily comprising of profit from sale of current investments and interest income from bank deposits.

### **Expenses**

**Employee benefits.** Our employee benefits expenses were ₹47.57 million for the three months ended June 30, 2017. We had 108 employees (including 22 employees transferred from 63 Moons) as of June 30, 2017.

**Technology expenses.** Our technology expenses were ₹35.06 million for the three months ended June 30, 2017, on account of payments made towards software development and maintenance. Of such amount, ₹32.24 million was paid in connection with the trading software for the period until May 16, 2017, prior to the acquisition of the trading software from 63 Moons.

**Finance costs.** Our finance costs were ₹0.06 million for the three months ended June 30, 2017 towards interest paid on bank overdraft.

**Depreciation and amortization.** Our depreciation and amortization expenses were ₹14.83 million for the three months ended June 30, 2017, comprising of amortization of intangible fixed assets of ₹10.75 million and depreciation on property plant and equipment of ₹4.08 million. We commenced amortizing the trading software acquired from 63 Moons subsequent to the completion of the acquisition.

**Other operating expenses.** Our other operating expenses were ₹50.51 million for the three months ended June 30, 2017, primarily comprising of legal and professional fees of ₹21.52 million and incentives paid to our members of ₹8.25 million.

**Profit before tax.** Our profit before tax was ₹468.55 million for the three months ended June 30, 2017.

**Tax expense.** Our tax expenses was ₹162.24 million for the three months ended June 30, 2017 comprising of current tax of ₹127.60 million and a deferred tax charge of ₹34.64 million. Our effective tax rate for the three months ended June 30, 2017 was 34.6%.

**Profit for the Period.** Our profit for the period was ₹306.31 million for the three months ended June 30, 2017. The profit after tax for the period represented 49.7% of our total revenues for the three months ended June 30, 2017.

### **Financial Year 2017 Compared to Financial Year 2016**

Our results of operations for the financial year 2017 were particularly affected by the following factors:

- an increase in transaction volumes of electricity contracts traded on our Exchange to 40,528 million kwh for the financial year 2017 from 34,286 million kwh for the financial year 2016 and increase in transaction volumes of RECs traded on our Exchange to 4.62 million for the financial year 2017 from 3.14 million for the financial year 2016;

- an increase in our software development and maintenance expenses to ₹234.24 million for the financial year 2017 from ₹202.02 million for the financial year 2016 consistent with the growth of our business; and
- an increase in our legal and professional fees to ₹71.87 million for the financial year 2017 from ₹33.42 million for the financial year 2016, due to payments made for consultancy services received in the financial year 2017 and legal services towards arbitration proceedings in connection with the software license agreement.

**Total Revenue.** Our total revenue increased by 18.6% to ₹2,374.23 million for the financial year 2017 from ₹2,001.40 million for the financial year 2016, due to an increase in our revenue from operations and other income.

**Revenue from Operations.** Our revenue from operations increased by 16.5% to ₹2,039.13 million for the financial year 2017 from ₹1,750.28 million for the financial year 2016, on account of an increase in revenue from transaction fees by 18.9% to ₹1,777.57 million for the financial year 2017 from ₹1,494.49 million for the financial year 2016, an increase in revenue from annual subscription fees by 1.8% to ₹252.04 million for the financial year 2017 from ₹247.63 million for the financial year 2016 and an increase in admission, processing and transfer fees by 16.7% to ₹9.52 million for the financial year 2017 from ₹8.16 million for the financial year 2016. The growth in our transaction fees was due to an increase in transaction volumes of electricity contracts traded on our Exchange and an increase in transaction volumes of RECs traded on our Exchange.

**Other income.** Our other income increased by 33.4% to ₹335.10 million for the financial year 2017 from ₹251.12 million for the financial year 2016, primarily due to the change in our investment strategy from investing into dividend option (tax exempted income) mutual funds to growth option mutual funds (taxable income) and hence the recognition of returns on gross basis (pre tax) from net basis (tax exempt), and an increase in total amount of investments made, partially offset by a decrease in interest rates.

### **Expenses**

**Employee benefits.** Our employee benefits expenses increased by 10.4% to ₹155.72 million for the financial year 2017 from ₹141.05 million for the financial year 2016, primarily as a result of an increase in salaries and bonus to ₹140.33 million for the financial year 2017 from ₹128.90 million for the financial year 2016, due to an increase in the number of our employees, together with increments in salaries paid to our employees. We had 85 employees as of March 31, 2017 as compared to 74 employees as of March 31, 2016.

**Technology expenses.** Our technology expenses increased by 15.9% to ₹234.24 million for the financial year 2017 from ₹202.02 million for the financial year 2016, primarily on account of payment of higher variable fees due to higher trading volumes to a software vendor consistent with the growth of our business.

**Finance costs.** Our finance costs decreased by 51.1% from ₹2.68 million for the financial year 2016 to ₹1.31 million for the financial year 2017, primarily on account of a decrease in other interest of ₹1.10 million for the financial year 2017 from ₹2.50 million for the financial year 2016, towards interest paid to tax authorities in India in connection with our advance income tax obligations.

**Depreciation and amortization.** Our depreciation and amortization expenses increased by 2.0% to ₹34.63 million for the financial year 2017 from ₹33.94 million for the financial year 2016, as amortization of intangible fixed assets increased to ₹18.92 million for the financial year 2017 from ₹18.52 million for the financial year 2016 and depreciation on tangible fixed assets increased to ₹15.71 million for the financial year 2017 from ₹15.42 million for the financial year 2016, primarily due to an increase in our asset base.

**Other operating expenses.** Our other operating expenses increased by 39.1% to ₹216.28 million for the financial year 2017 from ₹155.44 million for the financial year 2016, primarily on account of:

- an increase in legal and professional fees paid to ₹71.87 million for the financial year 2017 from ₹33.42 million for the financial year 2016, as a result of payments made for several non recurring consultancy services received in the financial year 2017 and legal services towards arbitration proceedings in connection with a perpetual software license agreement; and
- an increase in corporate social responsibility expenses to ₹20.66 million for the financial year 2017 from ₹1.70 million for the financial year 2016 under our CSR policy.

**Profit before tax.** Our profit before tax increased by 18.1% to ₹1,732.05 million for the financial year 2017 from ₹1,466.27 million for the financial year 2016.

**Tax expense.** Our tax expenses increased to ₹596.40 million for the financial year 2017 from ₹462.87 million for the financial year 2016. This was primarily on account of an increase in current tax by 28.9% to ₹610.42 million for the financial year 2017 from ₹473.51 million for the financial year 2016 and an increase in deferred tax credit to ₹ (14.02) million for the financial year 2017 from ₹ (10.64) million for the financial year 2016, due to an increase in our profit before tax. Our effective tax rate for the financial year 2017 was 34.4%.



*Profit for the Year.* Our profit for the year increased by ₹132.25 million, or 13.2%, to ₹1,135.65 million for the financial year 2017 from ₹1,003.40 million for the financial year 2016. The profit after tax for the year represented 47.83% and 50.13% our total revenues for the financial year 2017 and 2016, respectively.

### **Financial Year 2016 compared to Financial Year 2015**

Our results of operations for the financial year 2016 were particularly affected by an increase in transaction volumes of electricity contracts traded on our Exchange to 34,286 million kwh for the financial year 2016 from 28,346 million kwh for the financial year 2015 and an increase in transaction volumes of RECs traded on our Exchange to 3.14 million for the financial year 2016 from 1.55 million for the financial year 2015.

*Total Revenue.* Our total revenue increased by 13.47% to ₹2,001.40 million for the financial year 2016 from ₹1,763.78 million for the financial year 2015, on account of an increase in revenue from operations, which was partially offset by a decrease in other income.

*Revenue from Operations.* Our revenue from operations increased by 20.9% to ₹1,750.28 million for the financial year 2016 from ₹1,447.79 million for the financial year 2015, on account of an increase in revenue from transaction fees by 26.0% to ₹1,494.49 million for the financial year 2016 from ₹1,185.92 million for the financial year 2015, which was partially offset by a decrease in revenue from annual subscription fees by 2.0% from ₹252.69 million for the financial year 2015 to ₹247.63 million for the financial year 2016 and a decrease in admission, processing and transfer fees by 11.1% from ₹9.18 million for the financial year 2015 to ₹8.16 million for the financial year 2016. The growth in our transaction fees was due to an increase in transaction volumes of electricity contracts traded on our Exchange and an increase in transaction volumes of RECs traded on our Exchange.

*Other income.* Our other income decreased by 20.53% from ₹315.99 million for the financial year 2015 to ₹251.12 million for the financial year 2016 on account of a decrease in interest rates partially offset by a decrease in total amount of investments made.

### **Expenses**

*Employee benefits.* Our employee benefits expenses increased by 20.46% to ₹141.05 million for the financial year 2016 from ₹117.10 million for the financial year 2015, primarily as a result of:

- an increase in salaries and bonus to ₹128.90 million for the financial year 2016 from ₹105.75 million for the financial year 2015, due to an increase in the number of our employees, together with increments in salaries paid to our employees; we had 74 employees as of March 31, 2016 as compared to 72 employees as of March 31, 2015; and
- an increase in staff welfare expenses to ₹2.70 million for the financial year 2016 from ₹2.24 million for the financial year 2015.

*Technology expenses.* Technology expenses increased by 4.1% to ₹202.02 million for the financial year 2016 from ₹194.06 million for the financial year 2015, primarily on account of payment of higher variable fees due to higher trading volumes to a software vendor partially offset by the transfer of all IT managed services to us from a third party provider.

*Finance costs.* Our finance costs increased by 12.6% to ₹2.68 million for the financial year 2016 from ₹2.38 million for the financial year 2015, primarily due to an increase in other interest paid to ₹2.50 million for the financial year 2016 from ₹1.95 million for the financial year 2015, towards interest paid to tax authorities in India in connection with our advance income tax obligations, which was partially offset by a decrease in interest paid on bank overdraft facilities to ₹0.18 million for the financial year 2016 from ₹0.43 million for the financial year 2015.

*Depreciation and amortization expense.* Our depreciation and amortization expenses increased by 15.2% to ₹33.94 million for the financial year 2016 from ₹29.46 million for the financial year 2015, on account of an increase in depreciation on tangible fixed assets to ₹15.42 million for the financial year 2016 from ₹11.67 million for the financial year 2015 and an increase in amortization of intangible fixed assets to ₹18.52 million for the financial year 2016 from ₹17.79 million for the financial year 2015, primarily due to an increase in our asset base on account of office furnishing costs and installation of IT systems due to the transfer of IT managed services to us.

*Other operating expenses.* Our other operating expenses increased by 62.4% to ₹155.44 million for the financial year 2016 from ₹95.72 million for the financial year 2015, primarily on account of:

- an increase in incentives to members to ₹53.36 million for the financial year 2016 from ₹14.42 million for the financial year 2015, due to RECs traded by our members in order to promote trading of RECs on our Exchange; and
- an increase in legal and professional fees paid to ₹33.42 million for the financial year 2016 from ₹15.23 million for the financial year 2015, due to legal fees paid towards arbitration proceedings in connection with a perpetual software license agreement and legal and professional fees paid in relation to an order dated April 17, 2015 issued by the CERC.

*Profit before tax.* Our profit before tax increased by 10.7% to ₹1,466.27 million for the financial year 2016 from ₹1,325.06 million for the financial year 2015.

*Tax expense.* Our tax expenses increased to ₹462.87 million for the financial year 2016 from ₹424.88 million for the financial year 2015. This was primarily on account of an increase in current tax by 10.1% to ₹473.51 million for the financial year 2016 from ₹429.99 million for the financial year 2015 and an increase in deferred tax credit to ₹ (10.64) million for the financial year 2016 from ₹ (5.11) million for the financial year 2015, due to an increase in our profit before tax. Our effective tax rate for the financial year 2016 was 31.6%.

*Profit for the Year.* Our profit for the year increased by ₹103.22 million, or 11.5%, to ₹1,003.40 million for the financial year 2016 from ₹900.18 million for the financial year 2015. The profit for the year represented 50.13% and 51.04% our total revenues for the financial year 2016 and 2015, respectively.

## Liquidity and Capital Resources

### Cash Flows

The table below summarizes our cash flows for the periods indicated:

	Three months ended June 30, 2017	Financial year		
		2017	2016	2015
	(₹ in millions)	(₹ in millions)	(₹ in millions)	(₹ in millions)
Net cash generated/(used in) from Operating Activities	(1,096.35)	2,059.52	886.20	919.66
Net cash generated from/(used in) Investing Activities	296.69	(206.57)	(229.73)	238.87
Net cash (used in) Financing Activities	(0.06)	(1,096.38)	(696.22)	(1,059.82)
Cash and cash equivalents at the beginning of the period/year	816.32	59.75	99.50	0.79
Cash and cash equivalents at the end of the period/year	16.60	816.32	59.75	99.50

### Operating Activities

Net cash used in operating activities was ₹1,096.35 million for the three months ended June 30, 2017. While our net profit before tax was ₹468.55 million for the three months ended June 30, 2017, our operating cash flow before working capital changes was ₹423.89 million. Changes in working capital for the three months ended June 30, 2017, primarily consisted of a decrease in liabilities and provisions of ₹1,272.02 million mainly due to pay-outs of REC obligations resulting from timing of trading and increase in trade receivables of ₹161.02 million due to cyclicity.

Net cash generated from operating activities was ₹2,059.52 million for the financial year 2017. While our net profit before tax was ₹1,732.05 million for the financial year 2017, our operating cash flow before working capital changes was ₹1,434.63 million, primarily as a result of exclusion of profit on sale of current investments of ₹224.33 million from operating cash flow. Changes in working capital for the financial year 2017, primarily consisted of an increase in liabilities and provisions of ₹1,242.97 million due to the increase in liability on account of trade in RECs and income tax paid of ₹610.01 million.

Net cash generated from operating activities was ₹886.20 million for the financial year 2016. While our net profit before tax was ₹1,466.27 million for the financial year 2016, our operating cash flow before working capital changes was ₹1,254.81 million, primarily as a result of interest income of ₹100.31 million. Changes in working capital for the financial year 2016, primarily consisted of an increase in liabilities and provisions of ₹100.51 million and income tax paid of ₹461.50 million.

Net cash generated from operating activities was ₹919.66 million for the financial year 2015. While our net profit before tax was ₹1,325.06 million for the financial year 2015, our operating cash flow before working capital changes was ₹1,044.41 million, primarily as a result of exclusion of profit on sale of current investments of ₹147.04 million from operating cash flow. Changes in working capital for the financial year 2015, primarily consisted of an increase in liabilities and provisions of ₹287.79 million and income tax paid of ₹420.54 million.

### Investing Activities

Net cash generated from investing activities was ₹296.69 million for the three months ended June 30, 2017, primarily as a result of redemption or sale of investments of ₹1,319.33 million which was partially offset by purchase of fixed assets of ₹1,163.17 million comprising of intangible assets.

Net cash used in investing activities was ₹206.57 million for the financial year 2017, primarily as a result of purchase of investments (net) of ₹761.55 million comprising of mutual funds and bonds and purchase of fixed assets of ₹13.31 million, which was partially offset by redemption of bank deposits of ₹414.70 million and interest income of ₹126.25 million.

Net cash used in investing activities was ₹229.73 million for the financial year 2016, primarily as a result of purchase of investments (net) of ₹263.12 million, investments in bank deposits of ₹229.00 million, which was partially offset by dividend income from current investments of ₹148.78 million and interest income of ₹129.14 million.

Net cash generated from investing activities was ₹238.87 million for the financial year 2015, primarily as a result of redemption of bank deposits of ₹106.60 million.

#### *Financing Activities*

Net cash used in financing activities was ₹0.06 million for the three months ended June 30, 2017, due to finance costs incurred of ₹0.06 million.

Net cash used in financing activities was ₹1,096.38 million for the financial year 2017, primarily as a result of dividend paid of ₹909.85 million and dividend distribution tax of ₹185.22 million.

Net cash used in financing activities was ₹696.22 million for the financial year 2016, primarily as a result of dividend paid of ₹576.24 million and dividend distribution tax of ₹117.30 million.

Net cash used in financing activities was ₹1,059.82 million for the financial year 2015, primarily as a result of dividend paid of ₹654.04 million, deposit in unpaid dividend account of ₹225.49 million and dividend distribution tax of ₹149.48 million.

#### **Indebtedness**

We had no outstanding loans or borrowings as of June 30, 2017.

#### **Capital and Other Commitments**

As of June 30, 2017, our estimated amount of contracts remaining to be executed on capital account and not provided for was ₹3.71 million. The following table sets forth a summary of the maturity profile of our contractual obligations, excluding tax paid, as of June 30, 2017:

(₹ in millions)

Other contractual obligations	Payments due by period			
	Total	Less than 1 year	1 -5 years	More than 5 years
Software development cost	3.71	3.71	-	-
<b>Total</b>	3.71	3.71	-	-

#### **Capital Expenditures**

Our historical capital expenditures for the financial years 2015, 2016, 2017 and the three months ended June 30, 2017 were ₹71.39 million, ₹11.46 million, ₹12.77 million and ₹1,172.23 million, respectively.

#### **Contingent Liabilities**

Our financial statements do not quantify any contingent liabilities. Our Company is directly or indirectly, through its members or other parties, involved in lawsuits, claims, and proceedings, which arise in the ordinary course of business. Our Company or its members or other parties have challenged such lawsuits and claims. Based on the facts currently available, our management believes that likelihood of outflow of resources from our Company is remote. See “Financial Statements” on page 227 to 228.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

#### **Quantitative and Qualitative Analysis of Market Risks**

We are exposed to various types of market risks during the normal course of business. Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to credit risk, interest rate risk, commodity risk and inflation risk in the normal course of our business.

#### **Credit Risk**

We provide a performance and settlement guarantee to each party on every trade executed on our Exchange. Even though we take upfront margin from our participants, this guarantee exposes us to risks associated with any failure by our members or participants to make payment or delivery of electricity in accordance with the terms of the relevant trade. We manage our credit

risk through the margin requirements that we have established for our members and clients and the maintenance of our Settlement Guarantee Fund collected from our members.

### ***Interest rate risk***

We are exposed to the effects of fluctuations in the prevailing levels of market rates on our financial position and cash flows, which primarily arises out of fluctuations on the yield of debt investments, primarily consisting of bank deposits and bonds, we hold. In the long term, the yield on debt investments we hold is primarily affected by interest rates set by Indian banks, the interest rates on Indian government securities and the condition of India's financial markets. Given that our investment portfolio constitutes a significant portion of our assets, our exposure to fluctuations in the yield on debt instruments we hold is material, and we expect that any changes in such yield may have an effect on our financial condition and results of operations. For the financial years 2015, 2016, 2017 and the three months ended June 30, 2017, our interest income from bank deposits, non current investments and current investments was ₹87.48 million, ₹100.31 million, ₹81.70 million and ₹13.56 million, respectively.

### ***Commodity Risk***

Commodity risk is caused by the fluctuation in the prices of commodities. The price of power affects the trading of electricity contracts and other products on our Exchange and changes in the supply or demand for power in India affect our revenues. Other factors described under “– Significant Factors Affecting Our Results of Operations” and the uncertainties described in “Risk Factors” on pages 285 to 287 and 18, respectively, also affect the price of power.

### ***Inflation risk***

India has experienced high inflation in the past, which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in our employee benefit payments or other expenses as a result of increase in inflation in India, which we are unable to pass on to our participants, whether entirely or in part, may adversely affect our business and financial condition.

### **Unusual or Infrequent Events or Transactions**

To our knowledge, except as disclosed in this Red Herring Prospectus, there have been no transactions or events which, in our judgment, would be considered unusual or infrequent.

### **Known Trends or Uncertainties**

Our business has been affected and we expect that it will continue to be affected by the trends identified above in “– Significant Factors Affecting Our Results of Operations” and the uncertainties described in “Risk Factors” on pages 285 to 287 and 18, respectively. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

### **Future Relationship between Cost and Revenue**

Other than as described in “Risk Factors” on page 18 and this section, there are no known factors that might affect the future relationship between cost and revenue.

### **Competitive Conditions**

We expect competition in our industry from existing and potential competitors to intensify. For details, see the discussions of our competition in the sections “Risk Factors” and “Our Business” from pages 30 to 31 and 126, respectively.

### **Seasonality of Business**

While there is variation in demand of power from state electricity distribution companies within a financial year, our business is not seasonal in nature.

### **Dependence on a Few Customers**

A limited number of participants account for a substantial portion of power traded on our Exchange, and we expect that a limited number of participants will continue to represent a substantial portion of our revenues from operations in the foreseeable future. Our top ten participants accounted for 30.6%, 29.7%, 23.5% and 35.0% of our revenues from DAM operations for financial year 2015, 2016, 2017 and five months ended August 31, 2017, respectively. See “Risk Factors – Internal Risk Factors – We depend on a limited number of participants, and any decrease in revenues or trading volume from any one of our major participants may adversely affect our Exchange” on page 27.

## New Products or Business Segments

We have commenced the trading of ESCerts on our Exchange on September 26,, 2017. We do not expect to add any business segments in the financial year 2018.

## Significant Developments Occurring after June 30, 2017

In the opinion of our Board of Directors, no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus 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 liabilities within the next 12 months.

Our Company, pursuant to a regulatory compliance application dated February 15, 2017 filed with the CERC, had proposed an amendment to our bye-laws, rules and business rules. Such amendment, requiring the approval of the CERC, was made available on the website of the CERC in July 2017, for comments and suggestions from stakeholders (i.e., persons dealing with us). Certain stakeholders have provided their comments and suggestions. We submitted our response to the CERC on the comments received from various stakeholders on September 20, 2017. Our response clarifies the following:

S. No.	Comments from stakeholders	Our response
1.	Payment of interest to our members on the security deposits provided by them.	Security deposit is a part of Settlement Guarantee Fund (“SGF”). As per the CERC Power Market Regulations, SGF investment returns shall be retained by the power exchange.
2.	No need to maintain separate account for each client by members.	As per the proposal, single client account for all clients is to be opened by the members to ensure transparency in the fund transfer mechanism.
3.	Circular issued by our Company for registration of members/clients should be with the intimation/approval of the CERC.	Such circular includes normal KYC details and the copy of the same shall be sent to the CERC as and when any change in the circular is made.
4.	No need of inspection for trader member and mechanism for verifying service change of professional members should be put in place.	Proposed changes are only for inspection of professional members and not for trader members. Further, verification of service change of professional members is proposed, as per the provisions of CERC orders/ regulations.
5.	MPLS and VPN connectivity should be made optional.	Considering security MPLS is a preferred option, however, members can also opt for VPN at their risk.
6.	Procedure for real time curtailment should be approved by the CERC.	The Company has included proposed procedure for real time curtailment, for CERC approval.
7.	Mechanism for working out penalty for non-delivery of power to be defined.	Mechanism has already been defined in the proposed amendments.
8.	Fee for installation of Exchange trading software at premises of the members to be defined.	Necessary fee has been now defined.
9.	Professional member category as per the Electricity Act not permissible and should be deleted by the CERC.	Professional member category is as per the CERC Power Market Regulations.
10.	Substantial reduction of the transaction fees charged by our Company is requested.	<p>i) The CERC vide its order dated June 9, 2008, while approving the rules and bye-laws of our Exchange and granting permission for commencing operations had clarified that power exchanges are allowed to decide their fees structure and the same has been considered as a commercial matter between the power exchanges and their participants.</p> <p>ii) The CERC by its order dated April 8, 2015 in petition no. 006/SM//2015 had reiterated that the CERC Power Market Regulations currently do not impose any cap on the transaction fees levied by power exchanges and that power exchanges are allowed to levy transaction fees as prescribed by them in accordance with their business rules approved by the CERC.</p> <p>iii) The issue of transaction fees is to be governed by the power exchanges through their bye-laws and business rules and it is</p>

		<p>purely a commercial arrangement between the power exchanges and their participants. Further, this point is extraneous to the amendments proposed by our Company to the CERC.</p> <p>iv) The CERC had allowed power exchanges to fix their fees structure for trading at exchange platform, which we believe is similar to the approach being followed by other regulators.</p>
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For risks in relation to comments on the proposed amendment to our bye-laws, rules and business rules from various stakeholders, see “Risk Factors – Internal Risk Factors - Our Exchange may face unanticipated regulatory changes and the implementation of these changes may have an adverse effect on our business, financial condition and results of operations.” on page 22.

### **Recent Accounting Pronouncements**

Our Company prepares its annual and interim financial statements under Previous Indian GAAP. Our Company will be required to prepare annual and interim financial statements under Ind AS for financial periods commencing April 1, 2017. Given that Ind AS is different in many respects from Previous Indian GAAP, under which we currently prepare our financial statements, the transition to Ind AS may have a significant effect on our financial condition and results of operations. For details on the significant differences between Previous Indian GAAP and Ind AS, see “Ind AS Financial Information” and “Summary of Significant Differences between Previous Indian GAAP and Ind AS” from pages 299 to 300 and 314, respectively. For further details, see “Risk Factors – External Risk Factors – Certain companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under the Income Computation and Disclosure Standards, notified by the Government of India (“ICDS”). The transition to Ind AS and ICDS in India is very recent and the implementation of Ind AS may be subject to additional notifications and guidelines” on page 35 to 36.

## IND AS FINANCIAL INFORMATION

*You should read the following discussion in conjunction with our Special Purpose Interim Condensed Standalone Ind AS Financial Statements as of and for the three months ended June 30, 2017, including the related notes. These Special Purpose Interim Condensed Standalone Ind AS Financial Statements are based on our audited financial statements and are prepared in accordance with the recognition and measurement principles of Ind AS, which differs in certain material respects with Current Indian GAAP, IFRS and U.S. GAAP. See “Risk Factors – External Risk Factors – Risks Related to India – Certain companies in India, including us, are required to prepare financial statements under Ind AS and compute income tax under Income Computation and Disclosure Standards notified by the Government of India (“ICDS”). The transition to Ind AS and ICDS in India is very recent and the implementation of Ind AS may be subject to additional notifications and guidelines.” on page 35 to 36.*

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.*

*This discussion may contain forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Risk Factors”, “Forward-looking Statements” and “– Significant Factors Affecting Our Results of Operations” included in this Red Herring Prospectus.*

*We will prepare our annual Ind AS financial statements as at and for the year ending March 31, 2018 and until then the numbers included in the Special Purpose Interim Condensed Standalone Ind AS Financial Statements can change if (a) there are any new Ind AS standards issued through March 31, 2018, or (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2018 effecting the Ind AS balances included in the Special Purpose Interim Condensed Standalone Ind AS Financial Statements. Further, our auditors have included an emphasis of matter in their report in relation to Special Purpose Interim Condensed Standalone Ind AS Financial Statements since we have not included comparative financial information for June 30, 2016 or for our statement of asset and liabilities as on April 1, 2016 and March 31, 2017, which could provide a fair comparative presentation of our financial position, financial performance, cash flows and changes in equity. For further details, see our Special Purpose Interim Condensed Standalone Ind AS Financial Statements on page 250 to 283.*

### **Our Significant Accounting Policies**

#### ***Basis of preparation***

We had previously issued our audited financial statements for the financial year 2017 that were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (“**Previous Indian GAAP**”).

With effect from April 1, 2017, we are required to prepare our financial statements in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (including subsequent amendments thereto) and other relevant provisions. Accordingly, we have now prepared the Special Purpose Interim Condensed Standalone Ind AS financial statements which comprise the Interim Condensed Standalone Balance Sheet as at June 30, 2017, the Interim Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Interim Condensed Standalone Statement of Cash Flows and the Interim Condensed Standalone Statement of Changes in Equity for the three months period ended June 30, 2017 and summary of the significant accounting policies and other explanatory information (the “**Special Purpose Interim Condensed Standalone Ind AS Financial Statements**”).

The Special Purpose Interim Condensed Standalone Ind AS Financial Statements have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016, and accordingly, all the disclosures as required under Ind AS have not been furnished in the Financial Statements. We will prepare and issue our first complete Ind AS financial statements as at and for the year ending March 31, 2018. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of the state of affairs (financial position) of the Company, profit (financial performance including other comprehensive income), cash flows and the changes in equity. While preparing the Special Purpose Interim Condensed Standalone Financial statements under Ind AS for the three months period ended June 30, 2017, relevant comparative financial information has not been included in the financial statements.

In preparation of the Special Purpose Interim Condensed Standalone Ind AS Financial Statements Ind AS 101, First-time Adoption of Indian Accounting Standards have been applied. Some of our Ind AS accounting policies used in the opening Balance Sheet are different from its previous GAAP policies applied as at March 31, 2016, and accordingly, the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at April 1, 2016.

#### ***Basis of measurement***

The Special Purpose Interim Condensed Standalone Ind AS Financial Statements have been prepared on the historical cost

basis except for certain financial assets that are measured at fair value (refer to accounting policy on financial instruments) and share-based payments. The methods used to measure fair values are discussed further in notes to financial statements.

### ***Current and non-current classification***

We present assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets/liabilities are classified as non-current.

### ***Use of estimates and judgements***

In preparing the financial statements, we have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

### ***Property, plant and equipment and depreciation***

#### ***Initial recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

#### ***Subsequent costs***

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

#### ***Derecognition***

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

#### ***Depreciation***

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognized in the statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that we will obtain ownership by the end of the lease term. Freehold land is not depreciated.

### ***Intangible assets and intangible assets under development and amortization***

#### ***Recognition and measurement***

Intangible assets that are acquired by us, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready



for its intended use.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

#### *Derecognition*

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

#### *Amortization*

Amortization is computed to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using the straight-line method, and is included in amortization in the statement of profit and loss. Computer software and software licenses are amortized over six years and fifteen years respectively considering their related useful lives. Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

#### **Financial assets**

##### *Initial recognition and measurement*

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

##### *Subsequent measurement*

##### **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met: (a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and (b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

##### *Debt instrument at FVTOCI ("Fair Value through OCI")*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met: (a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and (b) the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, we recognize interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### *Debt instrument at FVTPL ("Fair value through profit or loss")*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, we may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

#### *Equity Investments*

All equity investments in entities other than tax free bonds and fixed deposits are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, we have decided to classify the same either as at FVTOCI or FVTPL. We make such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If we decide to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profits and loss, even on sale of investment. However, we may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss. Investments in tax free bonds and fixed deposits are measured at amortised cost.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from our balance sheet) when:

- the rights to receive cash flows from the asset have expired, or
- we have transferred our rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) we have transferred substantially all the risks and rewards of the asset, or (b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

#### *Impairment of financial assets*

In accordance with Ind AS 109, we apply expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: (a) financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance; and (b) trade receivables under Ind AS 18.

For recognition of impairment loss on other financial assets and risk exposure, we determine that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

#### **Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at amortized cost*

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to trade payables and other contractual liabilities.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by us that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. The gains/losses are not subsequently transferred to profit and loss. However, we may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. We have not designated any financial liability as at fair value through profit and loss.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### ***Provisions and contingent liabilities***

A provision is recognized if, as a result of a past event, we have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within our control. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

### ***Revenue***

Revenue is measured at the fair value of the consideration received or receivable and amounts receivable for services provided in the normal course of business. We recognize revenue when the amount of revenue and related cost can be reliably measured and it is probable that the collectability of the related receivables is reasonably assured.

Transaction fee is charged based on the volume of transactions entered into by the respective member or client of trader or professional member through the exchange. Fee charged in relation to transactions under the Day Ahead Market and the Renewal Energy Certificate segment, is accrued when the orders placed on the network are matched and confirmed by National Load Dispatch Centre. Fee charged in relation to transactions under the Term Ahead Market segment is accrued when orders placed on the network are matched, confirmed by Regional Load Dispatch Centre and delivered.

Admission fees and Processing fees charged from a prospective member of the exchange at the time of their joining, is recognized when the membership has been approved by the membership committee.

Annual subscription fee, in the year when the member or client is registered for the first time, is recognized on commencement of trading that coincides with the registration of trader member or client of trader or professional member on a pro-rata basis. Annual subscription fee, in any year subsequent to the year of registration, is recognized on an accrual basis on a pro-rata basis.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Dividend income is recognized in profit or loss on the date that our right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### ***Employee Benefits***

#### ***Short term employee benefits***

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, bonus, among others, are recognized in the statement of profit and loss in the period in which the employee renders the related services. Such obligations are measured on an undiscounted basis.

#### ***Defined contribution plan***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in profit or loss in the period during which services are rendered by employees.

We pay fixed contribution to provident fund at predetermined rates to regional provident fund commissioner. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss.

#### ***Defined benefit plan***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Our liability towards gratuity is in the nature of defined benefit plans.

Our net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that

employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of our obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to us, the recognized asset is limited to the total of any unrecognized past service costs. Any actuarial gains or losses are recognized in OCI in the period in which they arise.

#### *Other long term employee benefits*

Benefits under our compensated absences constitute other long term employee benefit.

Cost of long-term benefit by way of accumulating compensated absences arising during the tenure of the service is calculated taking into account the pattern of availment of leave. In respect of encashment of leave, the defined benefit is calculated taking into account all types of decrements and qualifying salary projected up to the assumed date of encashment. The present value of obligations under such long-term benefit plan is determined based on actuarial valuation carried out by an independent actuary using the projected unit credit method as at period end.

#### *Share based payment transactions*

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome.

#### ***Accounting for operating leases- As a lessee***

Leases in which a significant portion of the risks and rewards of ownership are not transferred to us as lessee are classified as operating lease. Payments made under operating leases are recognized as an expense over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Initial direct costs incurred specifically for an operating lease are deferred and charged to the statement of profit and loss over the lease term.

We have taken office premises under operating lease arrangements. The lease period for office premises taken under non-cancellable lease agreement is nine years with lock-in-period of three years, thereafter it can be cancelled by the lessee by giving notice of three months to the lessor.

#### ***Income Tax***

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized.

Minimum Alternative Tax ("MAT") under the provisions of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as deferred tax assets only to the extent it is probable that we will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognized as deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## ***First-time Adoption of Ind AS***

### ***Optional exemptions availed and mandatory exceptions***

In the Ind AS opening balance sheet as at April 1, 2016, the carrying amounts of assets and liabilities from the Previous Indian GAAP as at March 31, 2016 are generally recognized and measured according to Ind AS. For certain individual cases, however, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. We have made use of the following exemptions and exceptions in preparing its Ind AS opening balance sheet:

#### ***Property, plant and equipment and other intangible assets***

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and other intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per Previous Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, we have elected to measure all of its property, plant and equipment and other intangible assets at their Previous Indian GAAP carrying value.

#### ***Estimates***

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

#### ***Classification and measurement of financial assets***

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, we have determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

## **Our Results of Operations**

The following table sets out financial data from our Special Purpose Interim Condensed Standalone Ind AS statement of profit and loss for the three months ended June 30, 2017, the components of which are also expressed as a percentage of total revenue for such period:

	<b><i>Three months ended June 30, 2017</i></b>	
	<b><i>(₹ in millions)</i></b>	<b><i>(% of Total Revenue)</i></b>
<b>Revenue</b>		
Revenue from operations	546.97	88.36%
Other income	72.07	11.64%
<b>Total revenue</b>	<b>619.04</b>	<b>100.00%</b>
<b>Expenses:</b>		
Employee benefits	46.30	7.48%
Technology expenses	35.06	5.66%
Finance costs	0.56	0.09%
Depreciation and amortization	14.72	2.38%
Other expenses	43.03	6.95%
<b>Total expenses</b>	<b>139.67</b>	<b>22.56%</b>
<b>Profit before tax</b>	<b>479.37</b>	<b>77.44%</b>
Current tax	127.60	20.61%
Deferred tax (credit)	37.95	6.13%
<b>Total income tax expense</b>	<b>165.55</b>	<b>26.74%</b>
<b>Profit for the period</b>	<b>313.82</b>	<b>50.69%</b>
Other comprehensive loss for the period, net of income tax	(0.91)	(0.15)%
<b>Total comprehensive income for the period</b>	<b>312.91</b>	<b>50.55%</b>

### ***Three months ended June 30, 2017***

Our results of operations for the three months ended June 30, 2017 were particularly affected by the following factors:

- transaction volumes of electricity contracts traded on our Exchange of 11,888 million kwh and transaction volumes of RECs traded on our Exchange of 0.45 million for the three months ended June 30, 2017; and

- our acquisition of exclusive rights to the source code (together with modification rights) for the trading software from 63 Moons along with the transfer of 22 employees of 63 Moons to our Company for an aggregate consideration of ₹1,306.80 million (including applicable taxes), pursuant to the Perpetual License Agreement, on May 16, 2017.

**Total Revenue.** Our total revenue was ₹619.04 million for the three months ended June 30, 2017.

**Revenue from Operations.** Our revenue from operations was ₹546.97 million for the three months ended June 30, 2017, which primarily comprised of transaction fees of ₹483.35 million and revenue from annual subscription fees of ₹63.01 million.

**Other income.** Our other income was ₹72.07 million for the three months ended June 30, 2017, primarily comprising of profit from sale of certain investments and interest income from bank deposits.

### **Expenses**

**Employee benefits.** Our employee benefits expenses were ₹46.30 million for the three months ended June 30, 2017 comprising primarily of salaries and bonus paid of ₹42.96 million. We had 108 employees (including 22 employees transferred from 63 Moons) as of June 30, 2017.

**Technology expenses.** Our technology expenses were ₹35.06 million for the three months ended June 30, 2017, on account of payments made towards software development and maintenance. Of such amount, ₹32.24 million was paid in connection with the trading software for the period until May 16, 2017.

**Finance costs.** Our finance costs were ₹0.56 million for the three months ended June 30, 2017 primarily towards interest paid on bank overdraft.

**Depreciation and amortization.** Our depreciation and amortization expenses were ₹14.72 million for the three months ended June 30, 2017, comprising of amortization of intangible fixed assets and depreciation on property plant and equipment. We commenced amortizing the trading software acquired from 63 Moons subsequent to the completion of the acquisition.

**Other expenses.** Our other expenses were ₹43.03 million for the three months ended June 30, 2017, primarily comprising of legal and professional fees of ₹21.52 million and rent paid for our corporate office and other properties of ₹5.69 million.

**Profit before tax.** Our profit before tax was ₹479.37 million for the three months ended June 30, 2017.

**Total Income Tax Expense.** Our tax expenses was ₹165.55 million for the three months ended June 30, 2017 comprising of current tax of ₹127.60 million and a deferred tax charge of ₹37.95 million.

**Profit for the Period.** Our profit for the period was ₹313.82 million for the three months ended June 30, 2017. The profit after tax for the period represented 50.69% of our total revenues for the three months ended June 30, 2017.

**Total Comprehensive Income for the Period.** Our total comprehensive income for the period was ₹312.91 million for the three months ended June 30, 2017. The total comprehensive income after tax for the period represented 50.55% of our total revenues for the three months ended June 30, 2017.

### **Liquidity and Capital Resources**

#### **Cash Flows**

The table below summarizes our cash flows for the three months ended June 30, 2017:

	<b>For the three months ended June 30, 2017</b>
	(₹ in millions)
Net cash used in Operating Activities	(1,096.35)
Net cash generated from Investing Activities	296.69
Net cash used in Financing Activities	(0.06)
Cash and cash equivalents at the beginning of the period	816.32
Cash and cash equivalents at the end of the period/year	16.60

#### **Operating Activities**

Net cash used in operating activities was ₹1,096.35 million for the three months ended June 30, 2017. While our profit before tax was ₹479.37 million for the three months ended June 30, 2017, our operating cash flow before working capital changes was ₹423.63 million. Changes in working capital for the three months ended June 30, 2017, primarily consisted of a decrease in liabilities and provisions of ₹1,271.76 million primarily due to payments of REC obligations resulting from timing of trading and increase in trade receivables of ₹161.02 million due to cyclicalities.

#### **Investing Activities**

Net cash generated from investing activities was ₹296.69 million for the three months ended June 30, 2017, primarily as a result of redemption or sale of investments which was partially offset by purchase of fixed assets comprising of intangible assets.

## Financing Activities

Net cash used in financing activities was ₹0.06 million for the three months ended June 30, 2017, due to finance costs incurred.

### Contingent Liabilities and Commitments

As of June 30, 2017, our estimated amount of contracts remaining to be executed on capital account and not provided for was ₹3.71 million. See also, “Risk Factors – Internal Risk Factors – We and certain of our Directors are involved in certain legal proceedings; any adverse outcome in any of these proceedings may adversely affect our profitability, reputation, business, financial condition and results of operations”, “Risk Factors – Internal Risk Factors – Any adverse finding by the NCLT in relation to the Perpetual License Agreement could result in an adverse effect on our reputation, business, financial condition and results of operations” and “Risk Factors – Internal Risk Factors – We are required to file a compounding application with RBI pursuant to the directions given by FIPB and it may have an adverse effect on our reputation and financial condition” on pages 18 to 19, 20 and 22 to 23, respectively.

### Transition from Previous Indian GAAP to Ind AS

The following table sets forth the reconciliation of equity as reported under Previous Indian GAAP to Ind AS, as at April 1, 2016:

	Notes	Previous Indian GAAP* (in ₹ million)	Adjustments (in ₹ million)	Ind AS (in ₹ million)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(g)	73.05	(3.30)	69.75
Capital work in progress		-	-	-
Other Intangible assets		40.73	-	40.73
Intangible fixed assets under development		4.02	-	4.02
<b>Financial assets</b>				
Investments		96.74	-	96.74
Loans	(a)	16.36	(8.39)	7.97
Bank Deposits		265.99	-	265.99
Deferred tax assets (net)	(d)	-	-	-
Other non-current assets	(a)	15.08	6.80	21.88
		511.97	(4.89)	507.08
<b>Current Assets</b>				
<b>Financial assets</b>				
Investment	(c)	2,715.17	2.69	2,717.86
Trade receivables		7.71	-	7.71
Cash and cash equivalents		59.75	-	59.75
Bank balances other than cash and cash equivalent		923.90	-	923.90
Loans		0.26	-	0.26
Other financial assets - other recoverables		-	-	-
Other current assets	(a)	18.79	1.04	19.83
		<b>3,725.58</b>	<b>3.73</b>	<b>3,729.31</b>
<b>Total Assets</b>		<b>4,237.55</b>	<b>(1.16)</b>	<b>4,236.39</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	(h)	288.12	-	288.12
Instrument entirely equity in nature	(h)	15.16	-	15.16
Other equity	(e)	1,678.51	735.53	2,414.04
Total equity		1,981.79	735.53	2,717.32
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Other financial liabilities	(b)	344.12	(4.12)	340.00
Provisions		16.46	-	16.46
Deferred tax liabilities (Net)	(d)	8.85	0.59	9.44
Other non-current liabilities	(b),(g)	7.00	(5.59)	1.41
Total non-current liabilities		376.43	(9.12)	367.31
<b>Current liabilities</b>				
<b>Financial liabilities</b>				

	Notes	Previous Indian GAAP* (in ₹ million)	Adjustments (in ₹ million)	Ind AS (in ₹ million)
Trade payables		590.19	-	590.19
Other financial liabilities		369.06	-	369.06
Other current liabilities	(b),(g)	132.97	2.48	135.45
Provisions	(e)	751.38	(730.05)	21.33
Current Tax Liabilities (Net)		35.73	-	35.73
Total current liabilities		1,879.33	(727.57)	1,151.76
<b>Total equity and liabilities</b>		<b>4,237.55</b>	<b>(1.16)</b>	<b>4,236.39</b>

\* The Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements.

The following table sets forth the reconciliation of equity as reported under Previous Indian GAAP to Ind AS, as at March 31, 2017:

Particulars	Notes	Previous Indian GAAP* (in ₹ million)	Adjustments (in ₹ million)	Ind AS (in ₹ million)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(g)	63.38	(2.87)	60.51
Capital work in progress		3.33	-	3.33
Other Intangible assets		22.95	-	22.95
Intangible fixed assets under development		6.27	-	6.27
<b>Financial assets</b>				
Investments		101.51	-	101.51
Loans	(a)	16.37	(7.58)	8.79
Bank Deposits		258.27	-	258.27
Deferred tax assets (net)	(d)	12.84	(3.01)	9.83
Other non-current assets	(a)	12.43	5.76	18.19
		497.35	(7.70)	489.65
<b>Current Assets</b>				
<b>Financial assets</b>				
Investment	(c)	3,701.05	2.93	3,703.98
Trade receivables		2.09	-	2.09
Cash and cash equivalents		816.32	-	816.32
Bank balances other than cash and cash equivalent		467.60	-	467.60
Loans		0.36	-	0.36
Other financial assets - other recoverables		17.00	-	17.00
Other current assets	(a)	15.37	1.04	16.41
		5,019.79	3.97	5,023.76
<b>Total Assets</b>		<b>5,517.14</b>	<b>(3.73)</b>	<b>5,513.41</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	(h)	288.12	-	288.12
Instrument entirely equity in nature	(h)	15.16	-	15.16
Other equity	(e)	2,446.65	6.02	2,452.67
Total equity		2,749.93	6.02	2,755.95
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Other financial liabilities	(b)	349.56	(2.55)	347.01
Provisions		22.72	-	22.72
Deferred tax liabilities (Net)	(d)	-	-	-
Other non-current liabilities	(b),(g)	9.54	(8.58)	0.96
<b>Total non-current liabilities</b>		<b>381.82</b>	<b>(11.13)</b>	<b>370.69</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Trade payables		1,719.39	-	1,719.39
Other financial liabilities		446.73	-	446.73
Other current liabilities	(b),(g)	143.12	1.38	144.50



Particulars	Notes	Previous Indian GAAP* (in ₹ million)	Adjustments (in ₹ million)	Ind AS (in ₹ million)
Provisions	(e)	32.51	-	32.51
Current Tax Liabilities (Net)		43.64	-	43.64
<b>Total current liabilities</b>		<b>2,385.39</b>	<b>1.38</b>	<b>2,386.77</b>
<b>Total equity and liabilities</b>		<b>5,517.14</b>	<b>(3.73)</b>	<b>5,513.41</b>

\* The Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements.

The following table sets forth the reconciliation of our total equity as reported under Previous Indian GAAP to Ind AS, as at March 31, 2017 and April 1, 2016:

	Notes	As at March 31, 2017 (in ₹ million)	As at Apr 1, 2016 (in ₹ million)
Total equity (shareholder's funds) as per Indian GAAP		2,749.93	1,981.79
<b>Adjustments:</b>			
Dividend on equity shares and corporate tax on dividend on equity shares	(e)	-	36.50
Dividend on preference shares and corporate dividend tax on preference shares	(e)	-	693.55
Recognition of financial assets (Security deposit given)/ liabilities (settlement guarantee fund) at amortised cost	(a),b	(0.66)	(0.32)
Derecognition of lease equalisation reserve	(g)	5.79	3.17
Recognition of current investments at fair value	(c)	2.93	2.69
Reversal of depreciation charged on lease equalisation capitalized under the head leasehold improvement	(g)	0.97	0.53
Deferred tax on temporary differences	(d)	(3.08)	(0.59)
Recognition of employee stock compensation expense		(1.05)	(0.91)
Recognition of employee stock options outstanding account		1.05	0.91
Reversal of employee benefit expense on account of rereasurement of defined benefit liability	(f)	0.21	-
Actuarial loss on defined benefit plans recognised in other comprehensive income (net of tax)	(i)	(0.14)	-
<b>Total adjustments</b>		<b>6.02</b>	<b>735.53</b>
<b>Total equity as per Ind AS</b>		<b>2,755.95</b>	<b>2,717.32</b>

The following table sets forth the reconciliation of our statement of profit and loss as reported under Previous Indian GAAP to Ind AS, for the financial year 2017:

	Notes	Previous Indian GAAP* (in ₹ million)	Adjustments (in ₹ million)	Ind AS (in ₹ million)
<b>Revenue</b>				
Revenue from operations	(b)	1,983.76	2.74	1,986.50
Other income	(a),c	339.12	1.05	340.17
<b>Total Revenue</b>		<b>2,322.88</b>	<b>3.79</b>	<b>2,326.67</b>
<b>Expenses</b>				
Employee benefits	(f)	155.72	(0.07)	155.65
Technology expenses		234.24	-	234.24
Finance costs	(b)	1.31	2.85	4.16
Depreciation and amortization	(g)	34.63	(0.44)	34.19
Other expenses	(a), (g)	164.40	(1.58)	162.82
Total expenses		590.30	0.76	591.06
Profit before tax		1,732.58	3.03	1,735.61
<b>Income tax expense</b>				
<b>Current tax</b>				
Current period		610.60	-	610.60
Earlier years		10.51	-	10.51
Deferred tax charge/ (credit)	(d)	(21.69)	2.49	(19.20)
<b>Total income tax expense</b>		<b>599.42</b>	<b>2.49</b>	<b>601.91</b>

<b>Profit for the year</b>		<b>1,133.16</b>	<b>0.54</b>	<b>1,133.70</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss (net of tax) - restatement of defined benefit liability	(i)	-	(0.14)	(0.14)
Other comprehensive income for the year, net of income tax		-	(0.14)	(0.14)
<b>Total comprehensive income for the year</b>		<b>1,133.16</b>	<b>0.40</b>	<b>1,133.56</b>

\* The Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements.

The following table sets forth the reconciliation of our profit after tax and total comprehensive income as reported under Previous Indian GAAP to Ind AS, for the financial year 2017:

	Notes	For the financial year 2017
<b>Profit after tax as per Indian GAAP</b>		<b>1,133.16</b>
<b>Adjustments:</b>		
Derecognition of rent in respect of lease equalisation reserve	(g)	2.62
Reversal of depreciation charged on lease equalisation capitalized under the head leasehold improvement	(g)	0.44
Actuarial loss on defined benefit plans recognised in other comprehensive income (net of tax)	(f)	0.21
Recognition of financial assets/ liabilities at amortised cost	(a),b	(0.34)
Gain on revaluation of current investments	(c)	0.24
Employee stock option compensation expenses		(0.14)
Deferred tax on temporary differences	(d)	(2.49)
<b>Total adjustments</b>		<b>0.54</b>
<b>Profit after tax as per Ind AS</b>		<b>1,133.70</b>
<b>Other comprehensive income (net of tax):</b>		
Restatement of defined benefit liability	(i)	(0.14)
<b>Total comprehensive income as per Ind AS</b>		<b>1,133.56</b>

#### Notes to First Time Adoption of Ind AS

##### (a) *Financial assets (Loans): Security Deposits*

Under Previous Indian GAAP, interest free security deposits (that are refundable in cash on completion of the term as per the contract) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change the amount of security deposit as on March 31, 2017 has decreased by ₹7.58 million (April 1, 2016: ₹8.39 million) with a creation of deferred rent (included in other non-current and current assets) of ₹6.80 million (April 1, 2016: ₹7.84 million). The other equity (net) decreased by ₹0.55 million as at April 1, 2016. The unwinding of security deposit happens by recognition of a notional interest income in statement of profit and loss at effective interest rate. The deferred rent was amortised on a straight line basis over the term of the security deposits. The profit and other equity for the financial year 2017 decreased by ₹0.23 million due to amortisation of deferred rent by ₹1.04 million (included in other expenses), and increase in notional interest income of ₹0.81 million recognised on security deposits (included in other income).

##### (b) *Financial Liabilities*

Under Previous Indian GAAP, interest free long term liabilities for which we had contractual obligations to deliver cash or another financial asset to another entity such as our settlement guarantee fund are recorded at their transaction value. Under Ind AS, such financial liabilities are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the settlement guarantee fund has been recognised as deferred income. Consequent to this change the amount of settlement guarantee fund as on March 31, 2017 has decreased by ₹2.55 million (April 1, 2016: ₹ 4.12 million) with a creation of deferred income (included in other non-current and current liability) of ₹2.43 million (April 1, 2016: ₹3.89 million). Other equity increased by ₹ 0.23 million as at April 1, 2016. The unwinding of settlement guarantee fund happens by recognition of a notional interest expense in statement of profit and loss at effective interest rate. The deferred income gets recognized on a straight line basis over the term of the security deposits. The profit and other equity for the financial year 2017 decreased by ₹0.11 million due to recognition of deferred income by ₹2.74 million (included in revenue from operation), and increase in notional interest expense of ₹2.85 million recognised on the settlement guarantee fund (included in finance cost).

##### (c) *Fair valuation of Investments*

Under Previous Indian GAAP, investments in mutual funds were classified as current investments, respectively, based on intended holding period and realisability. The current investments were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value, the resulting fair value changes of these investments amounting to

₹2.69 million have been recognised in retained earnings as at the date of transition (i.e. April 1, 2016) and subsequently in the profit and loss for the financial year 2017. This has increased profit by ₹0.24 million as at March 31, 2017.

(d) *Deferred Taxes*

Previous Indian GAAP required accounting for deferred tax, using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences. On the date of transition (i.e., April 1, 2016), the net impact on deferred tax liabilities is of ₹0.59 million (March 31, 2017: ₹ (3.01) million). The profit and other equity for the financial year 2017 have decreased by ₹2.49 million due to differences in temporary differences.

(e) *Provisions: Proposed Dividend*

Under the Previous Indian GAAP up to March 31, 2016, dividend proposed by our Board of Directors after the reporting period but before the approval of the financial statements were considered as adjusting events. Accordingly, the provision for proposed dividend was recognised as a liability. Under Ind AS such dividends are recognised when approved by the shareholders in the annual general meeting. Accordingly, the total liability recorded for proposed dividend and corporate dividend tax of ₹730.05 million as at April 1, 2016 included in the provisions has been reversed with corresponding adjustment to reserves and surplus. Consequently, the other equity increased by ₹730.05 million as at April 1, 2016.

The Ministry of Corporate Affairs, Government of India, vide Notification No. G.S.R. 739(E), dated December 7, 2006, notified Companies (Accounting Standards) Rules 2006, Amended the AS 4 (effective from April 1, 2016), stating that dividends declared after the balance sheet date but before the financial statements are approved for issue, are not recognised as a liability at the balance sheet date because no obligation exists at that time unless a statute requires otherwise, therefore, for the financial year 2017 no provision was considered in the books of accounts in relation to the proposed dividend as per Previous Indian GAAP as well.

(f) *Employee Benefits*

Under Ind AS, re-measurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under Previous Indian GAAP these formed part of the statement of profit and loss for the year. As a result of this change, the employee benefit expense to the extent of actuarial loss amounting to ₹0.21 million for the financial year 2017 has been reduced with corresponding impact on other comprehensive income. There is no impact on the other equity as at March 31, 2016.

(g) *Lease equalisation reserves*

Under Previous Indian GAAP, operating lease charges are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term and lease equalisation reserve is to be amortized over the lease term. In case operating lease charges are related to pre-construction period then the same should be capitalized as part of leasehold improvement and to be depreciated over the lease term. However, under Ind AS, lease payments under an operating lease are recognised as an expense on a straight line basis over lease term only if the payments to the lessor are not structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Since, escalation allowed in lease arrangement in respect of office premises taken by us represents general inflation, lease payments under an operating lease are not required to be recognised on a straight line basis over the lease term. The effect of the adjustments resulted in reversal in the value of lease equalisation reserves of ₹7.00 million (March 31, 2017: ₹9.63 million) with corresponding decrease in leasehold improvements by ₹3.30 million (March 31, 2017: ₹2.87 million) and increase in retained earnings by ₹3.17 million on the transition date.

During the financial year 2017, reversal of the value of lease equalisation reserves of ₹ 2.62 million with corresponding decrease in rent expenses and reversal of accumulated depreciation on leasehold improvement with corresponding decrease in depreciation of ₹0.44 million resulted in increase in profit and loss by ₹3.06 million.

(h) *Other equity*

Retained earnings as at April 1, 2016 have been adjusted consequent to Ind AS transition adjustments.

(i) *Other Comprehensive Income*

Under Previous Indian GAAP, we have not presented other comprehensive income separately. Items that have been reclassified from statement of profit and loss to other comprehensive income include re-measurement of defined benefit plans. Consequently, Previous Indian GAAP profit or loss has been reconciled to total comprehensive income as per Ind AS.

(j) *Statement of Cash Flows*

The impact of transition from previous GAAP to Ind AS on the statement of cash flow is due to reclassification adjustments recorded under Ind AS balance sheet and statement of profit and loss. The transition from previous GAAP to Ind AS does not have a material impact on our statement of cash flows.

## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PREVIOUS INDIAN GAAP AND IND AS

*The Restated Financial Statements of our Company included in this Red Herring Prospectus are presented in accordance with Previous Indian GAAP and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, together with the schedules, notes and annexures thereto. Previous Indian GAAP differs from Ind AS in certain respects. The matters described below cannot necessarily be expected to reveal all material differences between Previous Indian GAAP and Ind AS which are relevant to us. This is not an exhaustive list of differences between Previous Indian GAAP and Ind AS; rather, it indicates only those differences that we believe will be more relevant to our financial position and results of operations, and to the presentation of our financial statements. Consequently, there can be no assurance that these are the only material differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. In making an investment decision, investors must rely upon their own examination of our business, the terms of the offerings and the financial information included in this Red Herring Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the principal differences between existing Previous Indian GAAP and Ind AS and how these differences might affect the financial information included in this document.*

The MCA via its notification dated February 16, 2015 states that an “Entity” (which means a ‘company’ as defined in sub-section (20) of section 2 of the Companies Act, 2013 or as defined in section 3 of the Companies Act, 1956, as the case may be) shall comply with Ind AS for accounting periods beginning on or after April 1, 2017 (Second Phase), with comparatives for the periods ending on March 31, 2017. Therefore we will be subject to this notification. For the purpose of this Red Herring Prospectus, we have prepared our Restated Financial Statements under Previous Indian GAAP and have also prepared Special Purpose Interim Condensed Standalone Ind AS Financial Statements of our Company which comprises the Interim Condensed Standalone Balance Sheet as at June 30, 2017, the Interim Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Interim Condensed Standalone Statement of Cash Flows and Interim Condensed Standalone Statement of Changes in Equity for the three months then ended and summary of significant accounting policies and other explanatory information.

Areas of Difference	Previous Indian GAAP	Ind AS
<b>Primary literature</b>	<b>AS 1 – Disclosure of Accounting Policies / Schedule III to the Companies Act, 2013 AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies</b>	<b>Ind AS 1 – Presentation of Financial Statements</b>
Statement of profit or loss and other comprehensive income (statement of comprehensive income)	Statement of profit and loss is the Previous Indian GAAP equivalent of separate statement of profit or loss under Ind AS. Some items such as revaluation surplus, which are treated as “other comprehensive income” under Ind AS, are recognised directly in equity under Previous Indian GAAP. There is no concept of “other comprehensive income” in Previous Indian GAAP.	The statement of profit or loss and other comprehensive income includes all items of income and expense – (i.e. all “non-owner” changes in equity) including: <ul style="list-style-type: none"> <li>a. components of profit or loss; and</li> <li>b. other comprehensive income (i.e. items of income and expense that are not recognised in profit and loss as required or permitted by other accounting standards under Ind AS).</li> </ul> An entity is required to present all items of income and expense including components of other comprehensive income in a period in a single statement of profit and loss.
Statement of changes in equity	A statement of changes in equity is not presented. Movements in share capital, retained earnings and other reserves are presented in the notes to accounts.	The statement of changes in equity includes the following information: <ul style="list-style-type: none"> <li>• total comprehensive income for the period;</li> <li>• the effects on each component of equity of retrospective application or retrospective restatement in accordance with Ind AS 8; and</li> <li>• for each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.</li> </ul>
Critical judgments	Does not require disclosure of judgments that management has made in the summary of significant accounting policies or other notes.	Requires disclosure of critical judgments made by management in applying accounting policies.
Estimation uncertainty	Does not require an entity to disclose information about the assumptions that it makes about the future and other major sources of estimation uncertainty at the end of the reporting period though other standards may require certain disclosures of the same.	Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Areas of Difference	Previous Indian GAAP	Ind AS
		The nature of the uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed.
<b>Primary literature</b>	<b>AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies</b>	<b>Ind AS 8– Accounting Policies, Changes in Accounting Estimates and Errors</b>
Changes in accounting policies	Changes in accounting policies should be made only if required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
<b>Primary Literature</b>	<b>AS 22 – Accounting for Taxes on Income</b>	<b>Ind AS 12 – Income Taxes</b>
Deferred income Taxes	Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.
<b>Primary literature</b>	<b>AS 6 – Depreciation Accounting AS 10 – Accounting for Fixed Assets</b>	<b>Ind AS 16 – Property, Plant and Equipment</b>
Change in method of depreciation	Requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is affected. Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Changes in depreciation method are considered as changes in accounting estimate and applied prospectively.
<b>Primary Literature</b>	<b>AS 19 – Leases</b>	<b>Ind AS 17 – Leases</b>
Operating Lease Rentals	Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit.	Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term unless either of the below: a) another systematic basis is more representative of the time pattern of the user's benefit, or b) the payments to the lessor are structured to increase in line with expected general.
Determining whether an arrangement contains a lease	No specific guidance. Payments under such arrangements are recognised in accordance with the nature of expense incurred.	Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which convey the right to use the assets is accounted for as lease.
<b>Primary literature</b>	<b>AS – 15 – (Revised 2005) – Employee Benefits</b>	<b>Ind AS 19 – Employee Benefits</b>
Actuarial gains and losses	All actuarial gains and losses should be recognised immediately in the statement of profit and loss.	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognised in other comprehensive income and not reclassified to profit or loss in a subsequent period.
<b>Primary literature</b>	<b>AS 29 – Provisions, Contingent Liabilities and Contingent Assets</b>	<b>Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets</b>
Recognition of provisions	Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably.

<b>Areas of Difference</b>	<b>Previous Indian GAAP</b>	<b>Ind AS</b>
Discounting	Discounting of liabilities is not permitted and provisions are carried at their full values. However, as per recent amendments in AS 29, discounting of decommissioning, restoration and other similar liabilities to present value will be required.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.
<b>Primary literature</b>	<b>AS 26 – Intangible Assets</b>	<b>Ind AS 38 – Intangible Assets</b>
Measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amounts.
Useful Life	The useful life not be indefinite. There is rebuttable presumption that the useful life of an intangible asset will not exceed 10 years from the date when asset is available for use.	Useful life may be finite or indefinite.
<b>Primary literature</b>	<b>AS 17 – Segment Reporting</b>	<b>Ind AS 108 – Operating Segments</b>
Determination of segments	AS 17 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
<b>Primary literature</b>	<b>AS 13 – Accounting for Investments</b> <b>AS 30 – Financial Instruments: Recognition and Measurement</b>	<b>Ind AS 109 Financial Instruments</b>
Investments, deposits loans and advances	Investments are classified as long-term or current. Long term investments are carried at cost less provision for diminution in value, which is other than temporary. Previous investments carried at lower of cost and fair value. Deposits, loans and advances are measured at cost less valuation allowance.	All financial assets are classified as measured at amortised cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, or recognised in other comprehensive income. Debt instruments held within a business model : a. Collect contractual cash flows - amortised cost. b. Collect contractual cash flows and selling financial assets – measured at fair value through other comprehensive income. Ind AS 109 provides an option to irrevocably designate, at initial recognition, financial assets as measured at fair value through profit or loss if doing so eliminates an accounting mismatch. Certain equity instruments – option to irrevocably designate them so that subsequent changes in fair value are in other comprehensive income. Dividend income from such instruments.
<b>Primary literature</b>	<b>Guidance Note on Accounting for Employee Share Based Payments</b>	<b>Ind AS 102 Shares Based Payments</b>
ESOPs	Guidance note on accounting for employee share-based payments prescribes either intrinsic value method or fair value for valuing ESOPs.	For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) actions taken by statutory or regulatory authorities or (iii) litigation determined to be material in terms of the Materiality Policy (as defined below) against our Company or Directors, or (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company, pending or taken, during the last five years immediately preceding the year of this Red Herring Prospectus, or (v) prosecutions filed (whether pending or not) fines imposed or compounding of offences by our Company in the last five years immediately preceding the year of this Red Herring Prospectus. All taxation matters have been disclosed in a consolidated manner (separately in relation to direct and indirect taxes).

In relation to (iii) above, our Board in its meeting held on June 12, 2017, has adopted a policy for identification of Group Companies, material creditors and material legal proceedings ("**Materiality Policy**") pursuant to which all pending litigation involving our Company and our Directors, other than criminal proceedings, tax matters, and statutory or regulatory actions, would be considered 'material' if (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 5% of the profit after tax of our Company as per the audited financial statements of our Company for the Financial Year ended March 31, 2017, as restated; or (ii) outcome of any such pending proceedings may have a material adverse effect on the business, operations, prospects or reputation of our Company.

Further, pre-litigation notices received by our Company and Directors (excluding those notices issued by statutory/regulatory/tax authorities or notices) shall, unless otherwise decided by our Board, not be evaluated for materiality until such time that our Company and the Directors are impleaded in litigation proceedings before any judicial forum.

Further, pursuant to the Materiality Policy, dues owed by our Company to micro, small and medium enterprises and other creditors exceeding ₹ 85.97 million being 5% of the trade/ customer payables as per the restated financial statements of our Company, in this case, as at and for the Financial Year ended March 31, 2017 shall be considered as material dues of our Company.

Further, except as stated in this Red Herring Prospectus, there are no (i) material frauds committed against our Company in the five years preceding the date of this Red Herring Prospectus; (ii) pending proceedings initiated against our Company for economic offences; and (iii) details of defaults and non-payment of statutory dues by our Company.

#### Litigation involving our Company

##### Litigation against our Company

###### A. Criminal Proceedings

Nil

###### B. Civil Proceedings

1. Jindal Steel and Power Limited filed a petition (no. 29/MP/2017) before the CERC against State Load Despatch Centre, Orissa and our Company under the Electricity Act for seeking directions to our Company to schedule its power in accordance with the CERC Open Access Regulations. The amount involved is not ascertainable. This matter is currently pending.
2. ACC Limited filed a writ petition (no. 44616 and 54446-54466 of 2015) before the High Court of Karnataka against Gulbarga Electricity Supply Company Limited, our Company and others to direct not to levy the tax under section 3 of the Karnataka Electricity (Taxation on Consumption Act) 1959 on consumption of electricity sourced by ACC Limited through open access from power generating companies situated in states other than Karnataka. The amount involved is not ascertainable. This matter is currently pending.

###### C. Actions taken by regulatory and statutory authorities

1. Show cause notices issued by CERC

CERC has issued a show cause notice (No. 12/SM/2016) dated December 30, 2016 under Section 142 of the Electricity Act read with Regulation 14(b)(1) of the CERC Trading License Regulations to Manikaran Power Limited ("**MPL**") which was originally registered as a professional member with the Exchange and our Company in relation to non-compliance with certain provisions of the CERC Trading License Regulations and the CERC Power Market Regulations ("**Show Cause Notice**"). MPL was granted a category IV trading license on June 29, 2012 for carrying out inter-state trading in electricity in accordance with the provisions of the CERC Trading License Regulations. MPL filed a petition with CERC for further up-gradation of its license. MPL was directed by CERC to submit the details of volume of power traded by it on the power exchange during 2012-13 and 2013-14 in order to consider the case of further up-gradation of license. On

examination of the data submitted by MPL, the CERC noticed that MPL had been segregating its transactions between member (clearing) and member (group/self clearing) and reporting only the transactions carried out as member (clearing) in its monthly reports under the provisions of the CERC Trading License Regulations. MPL was directed to explain as to why action should not be taken against it for revocation of license for contravention of the applicable provisions of CERC Power Market Regulations and CERC Trading License Regulations and the terms and conditions of its trading license. Further, our Company was directed to explain as to how MPL was allowed to maintain separate accounts as member (clearing) and member (group/ self clearing) simultaneously and whether our Company had put in place mechanism to detect such abnormalities and undertake corrective actions with suitable penalties.

Our Company has filed responses dated January 16, 2017 and July 26, 2017 to the Show Cause Notice stating, *inter alia*, that our Company was not aware that MPL was maintaining two separate accounts and that our Company has considered all trades and settlements by MPL against its trader membership once its license as a professional member terminated. Our Company further submitted that it does not maintain any mechanism to detect such abnormalities. This matter is currently pending.

## 2. Compounding directive by FIPB

On September 30, 2010, BVP and Lightspeed (“**Investors**”) acquired 1,516,431 Equity Shares each, constituting 5.0% of the then paid-up Equity Share capital of our Company (on a fully diluted basis) and also subscribed to 1,516,431 CCPS each, subsequent to which BVP and Lightspeed held 10.0% each, of the then paid-up equity share capital of our Company on a fully diluted basis. At the time of the aforesaid investments by the Investors in 2010, there were no specific provisions regulating foreign investment in power exchanges.

Based on the Form FC-GPR filed by our Company in relation to the issuance of the CCPS, the RBI by its letters dated January 21, 2011, April 25, 2011 and December 16, 2011 required our Company to seek written clarification from the DIPP regarding sectoral cap applicable to foreign investments in our Company. Our Company reached out to DIPP on this matter but no communication was received from DIPP. Subsequently, Multiples Private Equity Fund I Limited acquired 6.0% of the then fully diluted paid up Equity Share capital of our Company in reliance on an approval received from the FIPB, permitting it to hold up to 10.1% of the fully diluted paid-up Equity Share capital of our Company.

Subsequently, the DIPP issued Press Note No. 8 dated September 20, 2012, defining conditionalities for foreign investment in power exchanges, which *inter alia* included that “no non-resident investor/entity, including persons acting in concert, will hold more than 5% of the equity shareholding” in a power exchange.

In view of above, the Investors, jointly with our Company, made an application to the FIPB dated January 30, 2013, seeking such post-facto approval for their investments. In response, the FIPB pursuant to its letter dated May 1, 2013 required our Company to bring the shareholding pattern in line with the extant FDI policy by April 30, 2014. Thereafter, on application made by the Investors to the FIPB seeking extension of time, the FIPB extended the time to dilute their shareholding in our Company by April 30, 2015.

The Investors informed our Company that they had filed a joint application with the FIPB on November 28, 2014 seeking a further extension of two years for divesting their shareholding in our Company which was declined by the FIPB and the Investors have jointly applied to the FIPB to re-consider their application for extension vide their letter dated April 14, 2015. Further, the Investors were willing to provide an undertaking to the FIPB to not convert their CCPS into Equity Shares if such conversion would entitle them to more than 5% of voting rights in our Company.

The FIPB rejected the Investors’ application and issued a letter dated May 29, 2015 (“**May 2015 Letter**”) to our Company directing it to align its equity shareholding and fulfil all conditions prescribed under the applicable provisions of the 2014 FDI Circular and thereafter to file a compounding application with RBI. In response to the May 2015 Letter, our Company filed a letter dated March 15, 2016 (“**March 2016 Letter**”) with the FIPB seeking dispensation from the compounding directives issued by the FIPB and informed FIPB that BVP and Lightspeed have aligned their equity shareholding with the applicable condition of the extant FDI policy, including that imposed by Press Note 8/2012.

Further, our Company also filed an application dated April 1, 2016 with the FIPB seeking dispensation from its compounding directives.

The FIPB pursuant to June 2016 Letter informed that our Company’s application for removal of the compounding requirement was rejected and further directed our Company to provide an undertaking that our Company will adhere to all conditions prescribed under applicable provisions of the then extant FDI policy with respect to all its investors and bring down the shareholding of Multiples Private Equity Fund I Limited to 5% within six months from the date of the June 2016 Letter.



Subsequently Multiples Private Equity Fund I Limited vide its letter dated March 3, 2017 informed our Company that they had further sold their excess stake in our Company and had brought down their equity shareholding to 5% of the paid-up Equity Share capital of our Company in compliance with FIPB directives and our Company vide its letter dated March 6, 2017 communicated the same to the FIPB.

Subsequently, our Company also filed an application dated March 20, 2017 with the FIPB informing the FIPB that all investors of our Company have aligned their equity shareholding in our Company to comply with the applicable conditions under the 2014 FDI policy and again sought dispensation from the compounding directives issued by FIPB pursuant to its May 2015 Letter.

There has been no further response from FIPB in this regard. Further, pursuant to office memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, the FIPB has been abolished and consequently this matter may be transferred to the DIPP or the concerned administrative ministry of the Central Government.

Subsequently, on September 11, 2017, pursuant to the directives issued by the FIPB in its May 2015 Letter and June 2016 Letter, our Company filed the compounding application under Rule 4 of the FEMA Compounding Rules read with Rule 7 of the FEMA Compounding Rules before the Compounding Authority (the “**Compounding Application**”). Our Company stated in the Compounding Application that there had been an inadvertent delay in bringing down the foreign shareholding of BVP, Lightspeed and Multiples Private Equity Fund I Limited within the time limit provided by the FIPB and which resulted in the contravention of the provisions of Regulation 5(1) (i) and Sr. No. F.9 of Annexure B of Schedule 1 of the FEMA Regulations. Further, our Company stated in the Compounding Application that the contraventions are technical in nature and may be considered as a procedural lapse. Accordingly, our Company has sought condonation and compounding of its inadvertent contraventions of the provisions of Foreign Exchange Management (Current Account Transactions) Rules, in accordance with the FEMA Compounding Rules. The Compounding Application is currently pending.

### 3. Correspondence with Enforcement Directorate

- (i) Our Company received a directive on November 4, 2016 from the Enforcement Directorate, Ministry of Finance, Government of India (“**ED**”) directing us to furnish certain information, *inter alia*, in relation to: (a) the foreign investors in our Company; (b) the directors of our Company since 2010-11; and (c) copies of annual reports/ balance sheets of our Company from the Financial Year 2010-11.

Our Company filed a response to the ED’s Directive by its letter dated November 17, 2016 together with required documents. There has been no further correspondence with the ED in this regard.

Subsequently, our Company received summons dated December 9, 2016 from the ED requiring our managing director to personally or through authorised representatives be present at the office of the ED on December 20, 2016 to provide details of divestment of shares to Pathfinder Mauritius Limited by Bessemer; and details of subsidiaries/ wholly owned subsidiaries outside India, if any, of our Company. As required, the managing director of our Company was present at the ED office on December 20, 2016 to give statements. Our Company also filed all the documents as required by ED. There has been no further correspondence with the ED in this regard.

- (ii) Our Company, a few of our past and present directors and our chief financial officer and company secretary received a show cause notice dated June 15, 2017 on June 19, 2017 from the Additional Director (Adjudicating Authority), ED (the “**Notice**”) pursuant to a complaint dated January 17, 2017 filed by M.K. Sharma, Assistant Director, ED (the “**Complainant**”) in reliance on section 16(3) of the FEMA (the “**Complaint**”), asking to show cause in writing within 30 days from the date of receipt of the Notice as to why the ED should not initiate adjudication proceedings as contemplated under Section 13 of the FEMA against our Company and impose penalties as provided in section 13(1) of FEMA. The Complainant had alleged that Multiples Private Equity Fund I Limited was holding 6.316% of the equity share capital of our Company as on the date of the Complaint, which was in contravention of paragraph 6.2.19.2 of the consolidated foreign direct investment policy of 2015 (the “**2015 FDI Policy**”), and not in compliance with the directions issued by the FIPB pursuant to its letter dated June 20, 2016. Further, the Complainant had alleged that Multiples Private Equity Fund I Limited and our Company did not bring down the shareholding of Multiples Private Equity Fund I Limited to the threshold limit within the time frame provided by FIPB. The ED stated in the Notice that there appeared to be a contravention by our Company, our past and present directors named in the Complaint and our chief financial officer and company secretary, of the provisions of Regulation 5(1)(i) and Sr. No. F.9 of Annexure B of Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 read with sections 6(3)(b), 47(3) and 42 of the FEMA, the extent of ₹

63,132,996 (comprising the difference of shareholding held by Multiples Private Equity Fund I Limited exceeding the permissible limit by 1.316%) by not reducing the shareholding of Multiples Private Equity Fund I Limited to within the permissible limit as required under the 2015 FDI Policy within the time limit provided by the FIPB.

In response to the Notice, our Company filed its reply on August 11, 2017, which was duly approved by our Board. Our Company stated that it has taken all necessary steps to comply with the requirements and directions issued by the FIPB albeit with a delay of two months and that it would file a compounding application with the RBI for such delay. Further, it should be noted that the directors fully subscribed to the views of our Company expressed in the reply and requested the ED to permit them to rely on the reply and the related documents. There has been no further correspondence from the ED in this regard.

Subsequently, on September 11, 2017, pursuant to the directives issued by the FIPB in its May 2015 Letter and June 2016 Letter, our Company filed the compounding application under Rule 4 of the Foreign Exchange (Compounding Proceedings) Rules, 2000 (the “**Compounding Rules**”) read with Rule 7 of the Compounding Rules (the “**Compounding Application**”) before the Compounding Authority, Cell for Effective Implementation of FEMA, Foreign Exchange Department, RBI, Mumbai (the “**Compounding Authority**”). Our Company stated in the Compounding Application that there had been an inadvertent delay in bringing down the foreign shareholding of BVP, Lightspeed and Multiples Private Equity Fund I Limited within the time limit provided by the FIPB and which resulted in the contravention of the provisions of Regulation 5(1) (i) and Sr. No. F.9 of Annexure B of Schedule 1 of the FEMA Regulations. Further, our Company stated in the Compounding Application that the contraventions are mere technical in nature and may be considered as a procedural lapse by the Compounding Authority. Accordingly, our Company has sought condonation and compounding of its inadvertent contraventions of the provisions of Foreign Exchange Management (Current Account Transactions) Rules, in accordance with the Foreign Exchange (Compounding Proceedings) Rules, 2000. The Compounding Application is currently pending.

#### D. Tax Proceedings

We have disclosed below claims relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims.

Particulars	Number of cases	Aggregate amount involved (in ₹ million)
<b>Company</b>		
<b>Direct Tax</b>		
Reopening of assessment	1	Not ascertainable
Addition/ Disallowances	5	5.68
<b>Indirect Tax</b>		
	Nil	Nil
<b>Total</b>	<b>6</b>	<b>5.68</b>

#### Other material developments

##### 1. Investigation by Serious Fraud Investigation Office

Our Company received a letter dated January 4, 2017 from the Serious Fraud Investigation Office, Ministry of Corporate Affairs, Government of India (“**SFIO**”), Mumbai seeking certain information and documents in relation to the ongoing investigation of the National Spot Exchange Limited (“**NSEL**”).

In response to the SFIO’s Letter, we filed our responses on January 30, 2017 and February 3, 2017 furnishing the required documents and details pertaining to our directors. There has been no further correspondence with the SFIO in this regard.

#### Litigation filed by our Company

##### A. Criminal Proceedings

Nil

##### B. Civil Proceedings

Nil

## Litigation in which our Company has been made a party

1. Our Company filed an application (number 7 of 2016) before the Odisha Electricity Regulatory Commission for impleadment in the petition filed by REI Power Bazaar Private Limited under the Electricity Act seeking permission for setting up and operation of intra-state power exchange in Odisha. The amount involved is not ascertainable. This matter is currently pending.
2. Our Company filed an application (number 5 of 2016) before the Telangana State Electricity Regulatory Commission for impleadment in the petition filed by REI Power Bazaar Private Limited under the Electricity Act seeking permission for setting up and operation of intra-state power exchange in Telangana. The amount involved is not ascertainable. This matter is currently pending.
3. Sasan Power Limited (“SPL”) filed a writ petition (no. 8460/2015) before the Delhi High Court against Western Regional Load Despatch (“WRLDC”), our Company and others seeking appropriate directions to our Company to allow SPL to sell power on our Exchange relying on a deemed no objection certificate/ prior standing clearance instead of a valid no objection certificate issued by WRLDC and direct WRLDC to issue SPL such no objection certificate. The amount involved is not ascertainable. This matter is currently pending.
4. L&T Special Steels & Heavy Forgings Private Limited (“L&T”) filed a special civil application (no. 8140 of 2016) before the Gujarat High Court against the State of Gujarat, our Company and others seeking to challenge a demand of ₹ 20,653,174 raised by Dakshin Gujarat Vij Company Limited, on behalf of SLDC towards the alleged amount under short traded and non traded transmission charges for the Financial Years 2013 and 2014 on the power purchased by L&T through our Company. The amount involved is not ascertainable. This matter is currently pending.
5. Ramayana Ispat Private Limited and another filed a special leave petition (no. 34902 of 2016) before the Supreme Court against state of Rajasthan, our Company and others challenging the order dated September 6, 2016 passed by the Rajasthan High Court dismissing writ petition no. 4402 of 2016 thereby upholding legality and validity of the Rajasthan Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulations, 2004. The amount involved is not ascertainable. This matter is currently pending.
6. SEBI (formerly, Forward Markets Commission (“FMC”) filed a special leave petition (nos. 17300-17303/2011) against CERC, our Company and others against the order dated February 7, 2011 of the Bombay High Court holding that FMC did not have sole jurisdiction over regulation of forward contracts in electricity. The amount involved is not ascertainable. This matter is currently pending.
7. 63 Moons has filed a civil appeal (no. 4036 of 2015) against CERC, our Company and others under the Electricity Act challenging the order dated February 4, 2015 passed by the Appellate Tribunal for Electricity in appeal no. 186 of 2014 declaring 63 Moons as not ‘fit and proper person’ to continue to be a shareholder of our Company. The amount involved is not ascertainable. This matter is currently pending.

## Litigation involving our Directors

### Litigation against our Directors

#### A. Criminal Proceedings

##### 1. Renuka Ramnath

1. Hasham Investments and Trading Company Private Limited filed a criminal complaint against Renuka Ramnath, in her capacity as a director on the board of directors of Subhiksha Trading Services Limited (“Subhiksha Trading”), before the Additional Chief Metropolitan Magistrate Court, Bangalore, under Section 138 of the Negotiable Instruments Act, alleging dishonour of certain cheques issued by Subhiksha Trading. A discharge application was filed by Renuka Ramnath before the Additional Chief Metropolitan Magistrate Court, Bangalore seeking discharge, which was rejected by an order dated November 26, 2015 (the “Order”). A petition seeking quashing of the Order was filed by Renuka Ramnath before the Karnataka High Court. The Karnataka High Court has granted a stay on the trial court proceedings against Renuka Ramnath. The amount involved in the matter is ₹ 313.10 million. This matter is currently pending.
2. R. Subramanian filed three criminal complaints against Renuka Ramnath, in her capacity as a director on the board of directors of Subhiksha Trading, before the Additional Chief Metropolitan Magistrate Court, Egmore, Chennai under Section 629 of the Companies Act, 1956 in relation to imposition of penalty for giving false evidence. Renuka Ramnath has filed written objections to such complaints challenging the *locus standi*. Renuka Ramnath has also filed three petitions before the Madras High Court seeking quashing of the summonses served upon her. The Madras High Court has ordered a stay on the trial court proceedings against Renuka Ramnath. This matter is currently pending.

3. R. Subramanian filed three criminal complaints against Renuka Ramnath, in her capacity as a director on the board of directors of Subhiksha Trading, before the Metropolitan Magistrate Court, Egmore, Chennai, under Section 499 and Section 500 of the IPC alleging defamation of R. Subramanian by her. Renuka Ramnath has filed three petitions before the Madras High Court seeking quashing of the summons served upon her and the Complaints. The Madras High Court has ordered a stay on the trial court proceedings against Renuka Ramnath. This matter is currently pending.

*B. Actions taken by Statutory/Regulatory Authority*

**Correspondence with Enforcement Directorate**

All our present directors except Mahendra Singhi and Gopal Srinivasan received a show cause notice dated June 15, 2017 from the Additional Director (Adjudicating Authority), ED pursuant to a complaint dated January 17, 2017 filed by M.K. Sharma, Assistant Director, ED in reliance on section 16(3) of the FEMA. For further details, see “– Litigation involving our Company – Litigation against our Company – Actions taken by regulatory and statutory authorities – Correspondence with Enforcement Directorate” on page 320 to 321.

**Renuka Ramnath**

1. Employee’s Provident Fund Organization, Chennai issued a show cause notice to Renuka Ramnath, in her capacity as a director on the board of directors of Subhiksha Trading, under Section 14 of the EPF Act, in relation to payment of provident fund dues in respect of Subhiksha Trading. Renuka Ramnath has filed an interim and detailed response to this notice. This matter is currently pending.
2. The Trade Development Officer, Ministry of Commerce and Industry, Government of India issued a show cause notice to Renuka Ramnath, in her capacity as a director of Videocon Appliances Limited, under Section 14 for action under Section 11(2) of the Foreign Trade (Development and Regulation) Act, 1992 in relation to failure of Videocon Appliances Limited in submitting documents in relation to fulfilment of its export obligations in terms of a license dated July 3, 2009. Renuka Ramnath has filed replies dated July 3, 2014 and December 16, 2014 with the Ministry of Commerce and Industry, Government of India stating that she had resigned from the directorship effective from September 30, 2002, which was prior to the date of license and has requested the Ministry of Commerce and Industry, Government of India to seek details of Form 32 filed by Videocon Appliances Limited in relation to her resignation. This matter is currently pending.
3. The Assistant Director, SFIO issued summons to Renuka Ramnath, in her capacity as a director of Subhiksha Trading, in relation to investigation being conducted into its affairs under Section 235 of the Companies Act, 1956. Renuka Ramnath has appeared before the SFIO and apprised them of her resignation from the directorship of Subhiksha Trading. This matter is currently pending.

*C. Civil Proceedings*

**Gopal Srinivasan**

1. TVS Shriram Growth Fund (“**TSGF**”), a SEBI registered venture capital fund is managed by the asset management company, TVS Capital Funds Private Limited (“**TCF**”). Gopal Srinivasan is the chairman and managing director of TCF. TSGF along with International Finance Corporation (“**IFC**”) had jointly invested in a portfolio company, Dunar Foods Limited promoted by PD Agroprocessors Private Limited (“**PD Agroprocessors**”). PD Agroprocessors was declared as a defaulter of NSEL, the commodity stock exchange. NSEL had filed a suit against Dunar Foods Limited and its board of directors which includes the directors nominated by TCF and IFC. Gopal Srinivasan is contesting his inclusion as a party to the suit. The amount involved is not ascertainable. This matter is currently pending.

*D. Tax Proceedings*

S. No	Particulars	Category of tax	Number of Cases	Aggregate amount involved (in ₹ million)
1.	Renuka Ramnath	Indirect Tax	1	Not ascertainable

**Litigation by our Directors**

*A. Criminal Proceedings*

Nil

*B. Civil Proceedings*

Nil

## Default or Non- Payment of Statutory Dues

Except as disclosed in this section, there are no fines that have been imposed on our Company in the past for defaults or non-payment of statutory dues or compounding of offences undertaken by our Company. For details of the outstanding dues of our Company, see “Financial Statements” on page 160.

## Amounts Owed to Micro, Small and Medium Enterprises/ Creditors

As of June 30, 2017, our Company owes the following amounts to micro, small and medium enterprises, which individually exceed an amount of ₹85.97 million, and material creditors, where dues to each creditor individually exceed 5 % of the trade/customer payables of our Company for Financial Year 2017:

Particulars	Number of cases	Amount involved (in ₹ million)
Micro, small scale and medium enterprises	Nil	Nil
Material Creditors	Nil	Nil
Other creditors	121	339.32

Our Company owed an aggregate amount of ₹339.32 million to an aggregate of 121 creditors.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [www.ixindia.com](http://www.ixindia.com). It is clarified that such details available on our website do not form a part of this Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company’s website, would be doing so at their own risk.

## Material Developments

Except as disclosed in “Management’s Discussion And Analysis of Financial Condition and Results of Operations – Significant Developments Occuring after June 30, 2017” from pages 299 to 300, there have not arisen, since the date of the Restated Financial Statements disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

## Other developments in relation to certain past civil proceedings

### SIAC award (Arbitration)

Our Company is a party to the Investment Agreement. Under Clause 7.3.1(f) of the Investment Agreement, any transaction with a shareholder or affiliate of our Company otherwise than in the normal course of business was treated as a ‘reserved matter’, requiring affirmative consent of PFS. However, there was an exception to the requirement of affirmative consent in case of a transaction which relates to the use of technology from FTIL or existing technology providers.

Subsequently, our Company entered into the Perpetual License Agreement for acquiring exclusive rights to the source code (together with modification rights) for its trading software along with the transfer of 22 employees from 63 Moons to our Company. PFS filed an application under section 9 of the Arbitration and Conciliation Act, 1996 to restrain our Company from implementing the Perpetual License Agreement without the affirmative consent of PFS, claiming that said transaction falls under the reserved matter category as per Clause 7.3.1(f) of the Investment Agreement. By an interim order dated September 11, 2015, the Delhi High Court issued an interim direction restraining our Company from implementing the Perpetual License Agreement.

Pursuant to notice dated October 27, 2015, PFS initiated arbitration against our Company under the dispute resolution clause contained in the Investment Agreement, in accordance with the rules of the Singapore International Arbitration Centre (“SIAC”). After detailed submissions were presented on behalf of the parties before the sole arbitrator, SIAC issued the final award on March 29, 2017 (“Final Award”). In the Final Award, the sole arbitrator held that the Perpetual License Agreement was valid and affirmative consent of PFS was not required for entering into the Perpetual License Agreement under clause 7.3.1(f) of the Investment Agreement. It was held that although the Perpetual License Agreement was executed with a shareholder of our Company, in this case FTIL, the transaction would fall within the exception provided under clause 7.3.1(f), as this was a transaction in the normal course of business.

Pursuant to the award dated March 29, 2017, our Company has issued a letter dated July 4, 2017 to PFS (“Letter”). In terms of the Letter, in the interest of not prolonging the litigation, PFS has agreed to not appeal the Final Award or initiate any further proceedings against our Company with respect to the Perpetual License Agreement and our Company has agreed to waive PFS’s obligation to pay the claims and the interest as mentioned under the Final Award.

The Letter further provides that from the date of the Letter until perpetuity unless required by law or any regulatory/statutory authority, the parties unconditionally agree and acknowledge the following:

- a. They shall not act in any disparaging manner that might damage the business and the reputation of the other party;
- b. They shall not do anything disparaging which shall, or may, bring the other party into disrepute; and
- c. They shall refrain from disparaging/tarnishing the reputation of each other including communicating any allegations against each other.

#### **Proceedings initiated against our Company and our Directors for economic offences**

There are no proceedings initiated against our Company or our Directors for any economic offences.

#### **Inquiries, inspections or investigations under Companies Act**

*Notice issued by Registrar of Companies, Maharashtra*

The Registrar of Companies, Maharashtra by its letters dated September 6, 2013 and September 17, 2013 (“**RoC Letter**”) sought information under section 234 of the Companies Act, 1956 on the issues, *inter alia*, relating to: (a) non appointment of a managing director under section 269 of the Companies Act, 1956; (b) details of shares allotted on conversion/exercise of employee stock options by the employees from time to time; and (c) details of transactions with FTIL. Further, the RoC Maharashtra required our Company to provide details of transaction with FTIL and certain other companies related to FTIL, with respect to our relation with National Spot Exchange Limited.

Our Company responded to the RoC Letter by way of its letter dated September 27, 2013 providing the clarifications sought for in the RoC Letter. Further, our Company by way of its letter dated September 30, 2013 informed RoC Maharashtra that it has submitted the requisite clarifications under the RoC Letter on September 27, 2013. There have been no further correspondences with RoC Maharashtra on the RoC Letter.

Except as disclosed in this section, there are no inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous company law in the last five years immediately preceding the date of this Red Herring Prospectus. Further, except as disclosed above, there are no prosecutions filed (whether pending or not), fines imposed, compounding of offences is done by our Company under the Companies Act, 2013 or any previous Companies Act in the last five years immediately preceding this Red Herring Prospectus involving our Company.

#### **Material Frauds**

There are no material frauds committed against our Company during the last five years immediately preceding the date of this Red Herring Prospectus.

#### **Adverse findings against any persons/entities connected with our Company as regards non-compliance with securities laws**

There are no adverse findings involving any persons/entities connected with our Company as regards non-compliance with securities laws.

#### **Disciplinary action taken by SEBI or stock exchanges against our Company**

There is no disciplinary action taken by SEBI or stock exchanges against our Company or Directors.

## GOVERNMENT AND OTHER APPROVALS

*Our Company can undertake the Offer and its current business activities in terms of the material approvals as set forth below. Unless otherwise stated, these approvals are valid as of the date of this Red Herring Prospectus. For further details, in connection with the applicable regulatory and legal framework, see “Regulations and Policies” on page 128.*

### A. Approvals in relation to the Offer

For details, see “Other Regulatory and Statutory Disclosures” on page 327.

### B. Incorporation details

1. Certificate of incorporation dated March 26, 2007 issued by the RoC to our Company.
2. Certificate of commencement of business dated April 17, 2007 issued by the RoC to our Company.
3. Our Company’s corporate identification number is U74999DL2007PLC277039.

### C. Tax related approvals and registrations

1. The permanent account number of our Company is AABCI6753N.
2. The tax deduction account number of our Company for TDS payments is DELI10799F.
3. The service tax registration number of our Company is AABC16753NST001.
4. The tax deduction account number of our Company for payments under the Delhi Value Added Tax Act, 2004 is 07144940422.
5. The GST registration number of our Company for GST payments under the Maharashtra Goods and Services Tax Act, 2017 is 27AABCI6753N2Z1.
6. The GST registration number of our Company for GST payments under the Delhi Goods and Services Tax Act, 2017 is 07AABC16753N1Z4.
7. The professional tax registration number of our Company under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 is 27805202685P.

### D. Approvals for our Company’s establishments and business operations

Our Company is required to obtain various approvals and permits issued by the relevant central and state regulatory authorities under applicable laws, rules and regulations to undertake its business. The key approvals and permits obtained by our Company, which enable it to undertake its business, are set out below:

- (i) in-principle approval from the CERC for setting up and operation of a power exchange, in terms of Regulation 14, Regulation 15 and Regulation 21 of the CERC Power Market Regulations;
- (ii) approval from the CERC of the rules and bye laws, including the business rules of a power exchange, in terms of Regulation 14 and Regulation 21 of the CERC Power Market Regulations;
- (iii) permission from the CERC to commence operation of a power exchange, in terms of Regulation 14 and Regulation 21 of the CERC Power Market Regulations;
- (iv) permission from the CERC, in terms of Regulation 6 read with Regulation 4(iii) and Regulation 7 of the CERC Power Market Regulations, to commence trading in day-ahead contract of electricity on a power exchange;
- (v) approval from the CERC, in terms of Regulation 6 read with Regulation 4(iii) and Regulation 7 of the CERC Power Market Regulations, to introduce contracts on term ahead markets for launch of (i) regional day-ahead contingency contracts; (ii) region-wise daily contracts; (iii) region-wise intra-day contracts; and (iv) region wise weekly contracts on a power exchange including approval of the revised rules, bye laws and business rules of the power exchange in this regard;
- (vi) approval from the CERC of the contract for trading in RECs and permission for launch of RECs on a power exchange, in terms of Regulation 6 read with Regulation 4(v) and Regulation 7 of the CERC Power Market Regulations; and

- (vii) approval from the CERC for launch of ESCerts on a power exchange including the approval of the rules and bye laws in relation to the dealing of ESCerts on a power exchange.

Our Company has also obtained labour welfare and other labour laws related registrations including those issued by the Regional Provident Fund Commissioner, Employee State insurance Corporation and Department of Labour bringing our Company under the purview of the EPF Act, ESI Act and Delhi Shops and Establishment Act respectively and allotting us codes/ registration numbers in terms of the EPF Act, ESI Act and Delhi Shops and Establishment Act.

#### **E. Pending approvals**

1. Our Company has filed a petition dated September 21, 2016 (the “**Petition**”) before the CERC under Section 66 of the Electricity Act read with Regulation 7 of the CERC Power Market Regulations for approval of introduction of the green power (renewable energy) contracts on the Exchange. Pursuant to an order dated July 31, 2017 issued by the CERC, the Petition was rejected as the CERC determined that market conditions at present are not conducive for the introduction of green power (renewable energy) contracts.
2. As per the CERC Power Market Regulations, our Company operates the power market, in line with business rules, rules and bye-laws approved by the CERC. Based on the operating experience of last few years and to facilitate smooth market operations and to bring in clarity in risk management process, our Company has filed a regulatory compliance application dated February 15, 2017 before the CERC in terms of Regulation 7(2) and 24 of the CERC Power Market Regulations for revision of its bye-laws, rules and business rules, with an objective to facilitate smooth market operations and to address observations made in an independent third party report based on review of our operations.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

Our Board of Directors pursuant to its resolution dated November 25, 2016 reconstituted the IPO Committee and authorised the IPO Committee to take all decisions and undertake and approve all activities in relation to the Offer. Further, the IPO Committee, pursuant to its resolution dated January 6, 2017, approved the Offer.

The Selling Shareholders have approved their participation in the Offer pursuant to the Selling Shareholders' Consent Letters, as listed in "Annexure A – List of Selling Shareholders" on page 411.

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold by each of them are free from any lien, charge, encumbrance or contractual transfer restrictions. Each Selling Shareholder specifically confirms that, as required under Regulation 26(6) of the SEBI ICDR Regulations, it has held the Equity Shares proposed to be offered and sold by it in the Offer for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus or, to the extent that the Equity Shares being offered by such Selling Shareholder in the Offer have not been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus, such Equity Shares have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the filing of the Draft Red Herring Prospectus. Therefore, the Equity Shares offered by the Selling Shareholders in the Offer are eligible to be offered for sale in the Offer. The Selling Shareholders have also confirmed that they are the legal and beneficial owners of the Equity Shares being offered under the Offer.

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letter bearing number DCS/IPO/RB/IP/268/2017-18 dated June 27, 2017 and letter bearing number NSE/LIST/12775 dated July 13, 2017, respectively.

### Prohibition by SEBI or other Governmental Authorities

Our Company and our Directors are not prohibited or debarred from accessing or operating in capital markets or restrained from buying, selling or dealing in securities for any reasons by SEBI or any other authorities.

Each of the Selling Shareholders specifically confirm that it is not prohibited or debarred from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

The companies, with which our Directors are or were associated as promoter, directors or persons in control are not prohibited or debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory authority.

There has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

Except Renuka Ramnath, Vallabh Roopchand Bhanshali and Gopal Srinivasan, none of our Directors are associated with the securities market. No action has been initiated by SEBI against the entities with which Renuka Ramnath, Vallabh Roopchand Bhanshali and Gopal Srinivasan are associated.

Except as disclosed below, there are no violations of securities laws committed by any of the Selling Shareholders in the past or currently pending against any of them and there has been no action taken by SEBI or any other regulatory authority against any of them:

Kiran Vyapar Limited had *suo moto* filed an application dated March 3, 2016 with SEBI in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulation, 2014. This application relates to settlement of delay in filing of certain disclosures under the Takeover Code and the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to acquisition of 470,224 equity shares of Peria Karamalai Tea and Produce Company Limited by Kiran Vyapar Limited. Pursuant to its letter dated April 8, 2017, Kiran Vyapar Limited has proposed to settle the matter with SEBI at ₹ 0.91 million. This matter was settled pursuant to the settlement order dated July 18, 2017 issued by the SEBI.

### Prohibition with respect to Wilful Defaulters

Neither our Company, nor our Directors, or the Selling Shareholders have been identified as Wilful Defaulters. There are no violations of securities laws committed by our Company or our Directors in the past or are pending against them.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI ICDR Regulations, and as calculated from the Restated Financial Statements:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each). As the Offer is being made entirely through an offer for sale, the limit of not more than 50% of net tangible assets being monetary assets, is not applicable to the Offer;
- our Company has a minimum average pre-tax operating profit of ₹ 150 million calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- our Company has a pre-Offer net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- the proposed Offer size does not exceed five times the pre-Offer net worth as per the audited accounts for the year ended March 31, 2017; and
- our Company has not changed its name during the last one year.

Our Company's net tangible assets, pre-tax operating profit and net worth derived from the Restated Financial Statements included in this Red Herring Prospectus as at and for the last five Financial Years are set forth below:

(₹ in million, unless otherwise stated)

Particulars	Financial Year 2017	Financial Year 2016	Financial Year 2015	Financial Year 2014	Financial Year 2013
Net Tangible assets <sup>(1)</sup>	2,707.87	2,665.78	2,357.29	2,503.84	1,644.32
Pre-tax operating profits <sup>(2)</sup>	1,398.26	1,217.83	1,011.45	1,114.68	757.36
Net Worth <sup>(3)</sup>	2,749.93	2,709.35	2,399.49	2,528.84	1,715.85

Notes:

- (1) Restated net tangible assets are defined as the sum of total assets excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India, deferred tax asset and intangible assets under development, deducted by total non-current liabilities and current liabilities excluding deferred tax liabilities and short-term borrowings, each on a restated basis.
- (2) Restated pre-tax operating profit has been calculated as restated net profit before tax excluding other income and finance cost, each on a restated basis.
- (3) Restated net worth has been defined as the aggregate of share capital and reserves and surplus, each on a restated basis.

Further in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 failing which the entire application monies shall be refunded forthwith.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

#### DISCLAIMER CLAUSE OF SEBI

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, AXIS CAPITAL LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND IIFL HOLDINGS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES OR FOR THE EQUITY SHARES OFFERED BY THEM BY WAY OF THE OFFER FOR SALE, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE,**

THE MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 16, 2017 WHICH READS AS FOLLOWS:

WE, THE BRLMS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:
  - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (“SEBI ICDR REGULATIONS”) AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID. COMPLIED WITH AND NOTED FOR COMPLIANCE
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. NOT APPLICABLE
6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER’S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS’ CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS’ CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS’ CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY. NOT APPLICABLE
9. WE CERTIFY THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.
11. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE. IN TERMS OF SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES TO BE TRANSFERRED IN THE OFFER ARE AND WILL BE TRANSFERRED IN DEMATERIALIZED FORM ONLY
12. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. COMPLIED WITH
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS: COMPLIED WITH
- (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
14. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER. NOTED FOR COMPLIANCE
15. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. COMPLIED WITH
16. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. COMPLIED WITH
17. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR. COMPLIED WITH
18. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY REPORTED IN ACCORDANCE WITH APPLICABLE ACCOUNTING STANDARDS AND INCLUDED IN THE FINANCIAL STATEMENTS INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AND AS CERTIFIED BY RAVI RAJAN & CO., CHARTERED ACCOUNTANTS, BY WAY OF CERTIFICATE DATED JUNE 16, 2017

**19. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI ICDR REGULATIONS (IF APPLICABLE) NOT APPLICABLE**

The filing of this Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with, the BRLMs, any irregularities or lapses in the Draft Red Herring Prospectus and this Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

**Caution - Disclaimer from our Company, the Selling Shareholders, our Directors and the BRLMs**

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus 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, <http://www.iexindia.com>, would be doing so at his or her own risk.

The Selling Shareholders and where applicable, its directors, affiliates (other than our Company), associates and officers accept/assume responsibility only for the statements and undertakings made by them in this Red Herring Prospectus about or in relation to themselves and the Equity Shares being sold by them in the Offer, provided however that Selling Shareholders assume no responsibility for any of the statements or undertakings made our Company or any other Selling Shareholder or any expert or any other person in this Red Herring Prospectus.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and Bidders at large and no selective or additional information would be available for a section of the Bidders in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire 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, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and its group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and its respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

## Price information of past issues handled by the BRLMs

### 1. Axis Capital Limited

#### 1. Price information of past issues handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (₹ in millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar day from listing
1	Capacit'e Infraprojects Limited	4,000	250	Sepember 25, 2017	399.00	-	-	-
2	Matrimony.Com Limited	4,974.79	985 <sup>(2)</sup>	Sepember 21, 2017	985.00	-	-	-
3	Security and Intelligence Services (India) Limited	7,795.80	815	August 10, 2017	879.80	-3.29%, [+1.17%]	-	-
4	Central Depository Services (India) Limited	5,239.91	149	June 30, 2017	250.00	+127.92%, [+5.84%]	-	-
5	Eris Lifesciences Limited	17,404.86	603 <sup>(1)</sup>	June 29, 2017	611.00	+0.87%, [+5.37%]	-5.69%, [+3.87%]	-
6	Tejas Networks Limited	7,766.88	257	June 27, 2017	257.00	+28.04%, [+5.35%]	+17.82%, [+3.80%]	-
7	S Chand And Company Limited	7,286	670.00	May 09, 2017	700.00	-17.37%, [+3.59%]	-8.89%, [+4.07%]	-
8	Avenue Supermarts Limited	18,700	299	March 21, 2017	600.00	+145.08%, [-0.20%]	+166.35%, [+5.88%]	+264.38%, [+11.31%]
9	BSE Limited	12,434.32	806	February 03, 2017	1085.00	+17.52%, [+2.55%]	+24.41%, [+6.53%]	+34.43%, [+15.72%]
10	Varun Beverages Limited	11,250.00	445	November 08, 2016	430.00	-7.72%, [-5.17%]	-9.36%, [+3.01%]	+10.60%, [+9.02%]

Source: [www.nseindia.com](http://www.nseindia.com)

1. Price for eligible employees was ₹ 543.00 per equity share.
2. Offer price was ₹ 887.00 per equity share to retail individual bidders and eligible employees.

Notes:

1. The CNX NIFTY is considered as the Benchmark Index.
2. Price on NSE is considered for all of the above calculations.

3. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.

4. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30 <sup>th</sup> calendar day from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar day from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	7	54,468.24	-	-	2	1	1	1	-	-	-	-	-	-
2016-2017	10	1,11,377.80	-	-	1	4	2	3	-	-	-	7	1	2
2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2

\* The information is as on the date of this Red Herring Prospectus.

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. **Kotak Mahindra Capital Company Limited**

1. Price information of past issues handled by Kotak Mahindra Capital Company Limited

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar day from listing
1.	Security and Intelligence Services (India) Limited	779.58	815	August 10, 2017	879.80	-3.29% [+ 1.17%]	-	-
2.	CL Educate Limited	238.95	502	March 31, 2017	402.00	-8.98% [+ 1.42%]	-15.36% [+3.46%]	-
3.	Avenue Supermarts Limited	1,870.00	299	March 21, 2017	600.00	+145.08% [- 0.33%]	+167.59% [+4.97%]	+263.80% [+10.42%]
4.	Laurus Labs Limited <sup>(1)</sup>	1,330.50	428	December 19, 2016	489.90	+11.44% [+3.62%]	+23.97% [+13.03%]	+41.43% [+18.31%]
5.	Varun Beverages Limited	1,112.50	445	November 8, 2016	430.00	-7.72% [-5.17%]	-11.49% [+2.31%]	+8.89% [+8.68%]
6.	PNB Housing Finance Limited <sup>(2)</sup>	3,000.00	775	November 7, 2016	860.00	+11.70% [-4.16%]	+21.28% [+2.87%]	+70.50% [+9.28%]
7.	L&T Technology Services Limited	894.40	860	September 23, 2016	920.00	-0.85% [-1.57%]	-8.54% [-8.72%]	-9.55% [+3.28%]
8.	RBL Bank Limited	1,212.97	225	August 31, 2016	274.20	+27.07% [-2.22%]	+56.98% [-7.50%]	+103.07% [+1.74%]

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar day from listing
9.	Larsen & Toubro Infotech Limited <sup>(3)</sup>	1,236.38	710	July 21, 2016	667.00	-6.39% [+1.84%]	-12.44% [+1.97%]	-4.21% [-1.14%]
10.	Mahanagar Gas Limited <sup>(4)</sup>	1,038.88	421	July 1, 2016	540.00	+20.86% [+3.72%]	+57.15% [+5.00%]	+83.71% [-3.55%]
11.	Parag Milk Foods Limited <sup>(5)</sup>	750.54	215	May 19, 2016	217.50	+17.07% [+4.97%]	+48.67% [+11.04%]	+38.93% [+6.59%]
12.	Ujjivan Financial Services Limited	882.50	210	May 10, 2016	231.90	+72.38% [+4.88%]	+120.90% [+10.08%]	+98.31% [+6.92%]
13.	Healthcare Global Enterprises Limited	649.64	218	March 30, 2016	210.20	-15.32% [+1.45%]	-19.98% [+4.65%]	-1.31% [+14.17%]
14.	Dr. Lal PathLabs Limited <sup>(6)</sup>	631.91	550	December 23, 2015	720.00	+32.54% [-7.49%]	+66.95% [-2.06%]	+63.13% [+3.87%]
15.	S H Kelkar and Company Limited	508.17	180	November 16, 2015	223.70	+21.69% [-1.35%]	+20.78% [-10.58%]	+24.97% [+0.11%]
16.	Interglobe Aviation Limited <sup>(7)</sup>	3,008.50	765	November 10, 2015	855.80	+32.39% [-2.20%]	+9.41% [-3.78%]	+40.59% [-0.64%]
17.	Coffee Day Enterprises Limited	1,150.00	328	November 2, 2015	317.00	-21.42% [-1.19%]	-19.73% [-6.05%]	-20.98% [-2.50%]
18.	Sadbhav Infrastructure Project Limited	491.66	103	September 16, 2015	111.00	-2.28% [+3.55%]	-5.63% [-3.15%]	-12.67% [-4.92%]
19.	Power Mech Projects Limited	273.22	640	August 26, 2015	600.00	-9.36% [+0.98%]	-4.63% [+0.74%]	-10.65% [-7.15%]
20.	Manpasand Beverages Limited	400.00	320	July 9, 2015	300.00	+23.20% [+2.83%]	+36.53% [-2.11%]	+58.34% [-6.45%]
21.	Adlabs Entertainment Limited <sup>(8)</sup>	374.59	180	April 6, 2015	162.20	-18.36% [-3.87%]	-12.08% [-2.02%]	-38.39% [-8.19%]

Notes:

1. In Laurus Labs Limited, the issue price to employees was ₹ 388 per equity share after a discount of ₹ 40 per equity share. The Anchor Investor Issue price was ₹ 428 per equity share.
2. In PNB Housing Finance Limited, the issue price to employees was ₹ 700 per equity share after a discount of ₹ 75 per equity share. The Anchor Investor Issue price was ₹ 775 per equity share.
3. In Larsen & Toubro Infotech Limited, the issue price to retail individual investor was ₹ 700 per equity share after a discount of ₹ 10 per equity share. The Anchor Investor Issue price was ₹ 710 per equity share.
4. In Mahanagar Gas Limited, the issue price to employees was ₹ 383 per equity share after a discount of ₹ 38 per equity share. The Anchor Investor Issue price was ₹ 421 per equity share.
5. In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹ 203 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 227 per equity share.
6. In Dr. Lal PathLabs Limited, the issue price to retail individual investor was ₹ 535 per equity share after a discount of ₹ 15 per equity share. The Anchor Investor Issue price was ₹ 550 per equity share.
7. In Interglobe Aviation Limited, the issue price to employees was ₹ 688.50 per equity share after a discount of ₹ 76.5 per equity share. The Anchor Investor Issue price was ₹ 765 per equity share.



8. In Adlabs Entertainment Limited, the issue price to retail individual investor was ₹ 168 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 221 per equity share.
9. In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
10. Nifty is considered as the benchmark index.

2. Summary statement of price information of past issued handled by Kotak Mahindra Capital Company Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar day from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-2018*	1	779.58	-	-	1	-	-	-	-	-	-	-	-	-
2016-2017	11	13,567.63	-	-	4	2	1	4	-	1	2	5	2	1
2015-2016	9	7,487.69	-	-	5	-	2	2	-	1	4	2	1	1

\* The information is as on the date of this Red Herring Prospectus.

3. **IIFL Holdings Limited**

1. Price information of past issues handled by IIFL Holdings Limited

S. No	Issue Name	Issue Size (in ₹ Million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar day from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar day from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar day from listing
1	Manpasand Beverages Limited	4,000.00	320.00	July 9, 2015	300.00	+23.2%, [+2.4%]	+31.5%, [-2.2%]	+58.6%, [-6.9%]
2	Power Mech Projects Limited	2,732.16	640.00	August 26, 2015	600.00	-9.4%, [-0.2%]	-2.8%, [-0.6%]	-10.6%, [-8.2%]
3	Precision Camshafts Limited	4,101.90	186.00	February 8, 2016	165.00	-15.0%, [+0.6%]	-20.8%, [+3.3%]	-20.1%, [+15.9%]
4	Healthcare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.9%, [+3.3%]	-17.4%, [+7.0%]	-1.3%, [+14.8%]
5	Ujjivan Financial Services Limited	8,824.96	210.00	May 10, 2016	231.90	+74.1%, [+4.3%]	+115.4%, [+10.7%]	+98.3%, [+7.2%]
6	Quess Corp Limited	4,000.00	317.00	July 12, 2016	500.00	+67.9%, [+1.5%]	+94.6%, [+2.8%]	+110.8%, [-2.6%]
7	Dilip Buildcon Limited	6,539.77	219.00	August 11, 2016	240.00	+5.1%, [3.4%]	-3.9%, [-1.7%]	+20.3%, [+2.3%]
8	RBL Bank Limited	12,129.67	225.00	August 31, 2016	274.20	+29.4%, [-1.5%]	59.8%, [-6.9%]	+107.9%, [+1.7%]
9	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.6%, [-1.2%]	-11.6%, [-8.1%]	+11.3%, [+4.1%]
10	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.3%, [+0.3%]	NA	NA
11	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2725.00	NA	NA	NA
12	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	NA	NA	NA

Source: www.nseindia.com

Notes:

1. Benchmark Index taken as CNX NIFTY.
2. Price on NSE is considered for all of the above calculations.
3. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
4. % change taken against the Issue Price in case of the Issuer.
5. % change taken against closing CNX NIFTY Index a day prior to the listing date.
6. NA means Not Applicable.

2. Summary statement of price information of past issued handled by IIFL Holdings Limited

Financial Year	Total No. of IPO's	Total Funds Raised (in ₹ million)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar day from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2015-16	4	17,330.46	-	-	3	-	-	1	-	-	3	1	-	-
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2017-18	3	17,788.59	-	-	1	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

## Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	Axis Capital	www.axiscapital.co.in
2.	Kotak	www.investmentbank.kotak.com
3.	IIFL	www.iiflcap.com

## Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, insurance companies registered with the IRDAI, permitted provident funds and pension funds, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India) and to Eligible NRIs, FPIs and other eligible foreign investors (viz. bilateral and multilateral development financial institution). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) in the United States, only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States, in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## Disclaimer Clause of the BSE

BSE Limited (“the Exchange”) has given vide its letter dated June 27, 2017, permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which

may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Disclaimer Clause of the NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/12775 dated July 13, 2017 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the office of the Registrar of Companies, NCT of Delhi and Haryana, 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019.

### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalised.

If the permission to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, all moneys received from the Bidders in pursuance of this Red Herring Prospectus/ Prospectus. If such money is not repaid within the prescribed time, then, except for any failure or delay by the Selling Shareholders, our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/Offer Closing Date.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% *per annum* for the delayed period.

### **Consents**

Consents in writing of the Selling Shareholders, our Directors, our Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditors, legal advisors, Bankers to our Company, the BRLMs, the Syndicate Members, the Banker to the Offer/ Escrow Collection Bank, Refund Bank, Public Offer Account Bank and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of this Red Herring Prospectus with the RoC, as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our the Statutory Auditors, namely, B S R & Associates LLP, have given their written consent for inclusion of their (i) examination report dated September 5, 2017 on the Restated Financial Statements of our Company; (ii) audit report dated September 5, 2017 on the Special Purpose Interim Condensed Standalone Ind AS Financial Statements of our Company for the three months period ended June 30, 2017; and (iii) the certificate on statement of tax benefits dated June 15, 2017 in the form and context, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

## **Experts to the Offer**

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

Our Company has received written consent from the Statutory Auditors, namely, B S R & Associates LLP, holding a valid peer review certificate from ICAI, to include their name as an expert under Section 26 read with Section 2(38) of the Companies Act, 2013 in this Red Herring Prospectus in relation to their (i) examination report dated September 5, 2017 on the Restated Financial Statements of our Company; (ii) audit report dated September 5, 2017 on the Special Purpose Interim Condensed Standalone Ind AS Financial Statements of our Company for the three months period ended June 30, 2017; and (iii) the certificate on statement of tax benefits dated June 15, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

Our Company has received written consent from Ravi Rajan & Co., Chartered Accountants, to include their name as an expert under Section 26 read with Section 2(38) of the Companies Act, 2013 in this Red Herring Prospectus in relation to their certificate dated September 26, 2017 on operational key performance indicators of our Company for the Financial Years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017 and the three months period ended June 30, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus.

## **Offer Expenses**

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see “Objects of the Offer” on pages 80 to 81.

Except the listing fees, which shall be borne by our Company, the Offer Expenses will be shared among the Selling Shareholders in proportion to the number of Offered Shares sold by each Selling Shareholder in the Offer.

## **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement. For further details of Offer expenses, see “Objects of the Offer” on pages 80 to 81.

## **Commission payable to SCBSs, Registered Brokers, RTAs and CDPs**

For details of the commission payable to SCBS, Registered Brokers, RTAs and CDPs see “Objects of the Offer” on pages 80 to 81.

## **Fees Payable to the Registrar to the Offer**

The fees payable by our Company to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which shall be made available for inspection at our Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

## **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years preceding the date of this Red Herring Prospectus.

## **Previous issues of Equity Shares otherwise than for cash**

Our Company has not issued any Equity Shares for consideration otherwise than for cash.

## **Commission and Brokerage paid on previous issues of the Equity Shares**

Since this is an initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s incorporation.

## **Previous capital issue during the previous three years by listed Group Companies and associates of our Company**

Our Company does not have any Group Companies or associates.

## **Performance vis-à-vis objects – Public/rights issue of our Company and/or listed Group Companies and associates of our Company**

Our Company has not undertaken any previous public or rights issue. Our Company does not have any Group Companies or associates.

### **Outstanding Debentures or Bonds**

There are no outstanding debentures or bonds as of the date of filing this Red Herring Prospectus.

### **Outstanding Preference Shares or other convertible instruments issued by our Company**

Except for 96,600 options outstanding under ESOP 2010 for which 96,600 Equity Shares will be transferred from the IEX ESOP Trust to such employees on exercise of options, our Company does not have any outstanding convertible instruments as on date of this Red Herring Prospectus.

### **Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on date of this Red Herring Prospectus.

### **Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and, accordingly, no stock market data is available for the Equity Shares.

### **Redressal of Investor Grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances other than those of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder (other than Anchor Investor) shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidders DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Manager where the Anchor Investor Application Form was submitted by the Anchor Investor.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising Kayyalathu Thomas Chacko (*Chairman*), Gopal Srinivasan (*Member*) and Satyanarayan Goel (*Member*) as members. For details, see "Our Management" on page 149. As on the date of this Red Herring Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of the Draft Red Herring Prospectus.

Our Company has appointed Vineet Harlalka, Company Secretary of our Company, as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related issues at the following address:

#### **Vineet Harlalka**

Indian Energy Exchange Limited  
Unit No. 3, 4, 5 and 6, Fourth Floor  
TDI Centre, Plot No. 7  
District Centre, Jasola

New Delhi 110 025  
Tel: (91 11) 4300 4000  
Fax: (91 11) 4300 4015  
Email: compliance@iexindia.com

**Investor grievance mechanism and investor complaints for the listed companies (whose equity shares are listed on stock exchanges) under the same management within the meaning of section 370 (1B) of the Companies Act, 1956**

There are no listed companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.

**Changes in Auditors in the last three years**

The statutory auditors of our Company were changed from RRCA & Associates, Chartered Accountants (now known as Ravi Rajan & Co.) to B S R & Associates LLP in Financial Year 2015 due to the decision of the management of our Company as the term of RRCA & Associates, Chartered Accountants had ended and the operations of our Company had expanded.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years.

**Revaluation of Assets**

Our Company has not revalued its assets since its incorporation.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, CERC Power Market Regulations, the Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

#### Offer for Sale

Except the listing fees, which shall be borne by our Company, the Offer Expenses will be shared among the Selling Shareholders in proportion to the number of Offered Shares sold by each Selling Shareholder in the Offer. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholders and such payments will be reimbursed by the Selling Shareholders to our Company.

#### Ranking of the Equity Shares

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “Main Provisions of Articles of Association” on page 388.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations, as applicable. For further details, in relation to dividends, see “Dividend Policy” and “Main Provisions of the Articles of Association” on pages 158 and 388, respectively.

#### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [●] per Equity Share. The Floor Price is ₹ [●] per Equity Share and the Price Band is ₹ [●] - ₹ [●]. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLMs and advertised in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in the place where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

#### Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of our Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- right to receive dividends, if declared;
- right to attend general meetings and exercise voting rights, unless prohibited by law;
- right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- right to receive offers for rights shares and be allotted bonus shares, if announced;



- right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- right of free transferability, subject to applicable laws including any RBI rules and regulations and CERC Power Market Regulations; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, CERC Power Market Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association” on page 388.

#### **Option to receive Securities in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- agreement dated October 15, 2013 among NSDL, our Company and the Registrar to the Offer; and
- agreement dated February 3, 2017 among CDSL, our Company and the Registrar to the Offer.

#### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

#### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai, India.

#### **Nomination facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the Bidders would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

## Withdrawal of the Offer

Our Company in consultation with the BRLMs, reserves the right to not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

## Bid/Offer Programme

<b>BID/OFFER OPENS ON</b>	October 9, 2017 <sup>(1)</sup>
<b>BID/OFFER CLOSES ON</b>	October 11, 2017 <sup>(2)</sup>

(1) Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

(2) Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Bid/Offer Closing Date	October 11, 2017
Finalisation of Basis of Allotment with the Designated Stock Exchange	October 17, 2017
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	October 17, 2017
Credit of Equity Shares to demat accounts of Allottees	October 18, 2017
Commencement of trading of the Equity Shares on the Stock Exchanges	October 23, 2017

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholders, or the Syndicate.

While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder confirms that it shall extend reasonable support and co-operation as required or requested by our Company, and/ or the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchange within six Working Days from the Bid/Offer Closing Date or as required under applicable law and to the extent such support and cooperation is in relation to the Offered Shares.

## Submission of Bids (other than Bids from Anchor Investors):

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
<b>Bid/Offer Closing Date</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

## On the Bid/Offer Closing Date, the Bids shall be uploaded until:

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders; and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Red Herring Prospectus is in IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public/ bank holiday). None among our Company, the Selling Shareholders and any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data contained in physical Bid – cum- Application Form, for a particular Bidder the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.

Our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the members of the Syndicate.**

#### **Minimum Subscription**

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations since the Offer is being undertaken entirely through an offer for sale. However, if our Company does not make the minimum Allotment specified under terms of Rule 19(2)(b)(iii) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, interest shall be payable as prescribed under the applicable law.

Further, our Company and the Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations.

#### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer Equity Share capital of our Company and the Anchor Investor lock-in as provided in “Capital Structure – Details of Lock-in” on pages 66 and 67 and except as provided in the Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see “Main Provisions of the Articles of Association” on page 388.

#### **Compliance with the CERC Power Market Regulations: Restrictions on Shareholding**

In terms of Regulation 19 of the CERC Power Market Regulations,

- any shareholder other than a Member of the Exchange can hold a maximum (whether directly or indirectly\*) of 25% shareholding in our Company;
- a Member of the Exchange can have a maximum (whether directly or indirectly\*) of 5% shareholding in our Company; and
- in total, our Company can have a maximum of 49% of its total shareholding owned by entities (whether directly or indirectly\*) which are ‘Members of the Exchange.

\* “indirectly” means through an associate where an associate is:

- (i) one who owns or controls shares carrying not less than 26% of the voting rights of the shareholder intending to hold equity in the company; or

- (ii) *in respect of whom the shareholder intending to hold equity shares in the company owns or controls shares carrying not less than 26% of the voting rights; or*
- (iii) *one who is 'under the same management'\*\* as the shareholder intending to hold equity share in the company.*

\*\* *an associate shall be deemed to be 'under the same management':*

- (i) *if the managing director or manager of the shareholder intending to hold equity shares in the company is the managing director or manager of the associate; or*
- (ii) *if a majority of the directors of the shareholder intending to hold equity shares in the company constitute, or any time within six months immediately preceding, constituted a majority of the directors of the associate; or*
- (iii) *if not less than one third of the total voting power with respect to any matter relating to the shareholder intending to hold equity shares in the company and the associate is exercised or controlled by the same individual or body corporate; or*
- (iv) *if any of the directors of the shareholder intending to hold equity shares in the company while holding the majority of shares of such shareholder also holds the majority of shares in the associate.*

Accordingly, a declaration will be included in the Bid cum Application Form confirming whether or not the Bidder is a Member of the Exchange in terms of the CERC Power Market Regulations.

## OFFER STRUCTURE

Initial public offering of up to 6,065,009 Equity Shares for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million by way of the offer for sale by the Selling Shareholders. The Offer will constitute 20.0% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation* <sup>(2)</sup>	Not more than 3,032,503 Equity Shares	Not less than 909,752 Equity Shares or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 2,122,754 Equity Shares or the Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer size shall be available for allocation to QIBs. However, up to 5% of the net QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non Institutional Investors shall be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion):  (a) Up to 60,651 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and  (b) 1,152,351 Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see “Offer Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIBs” on page 378
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of Allotment	Compulsorily in dematerialized form		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply <sup>(3)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
	development corporation, systemically important non-banking financial companies registered with the RBI and having a net worth of more than ₹ 5,000 million as per the last audited financial statements, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	trusts, Category III Foreign Portfolio Investors	
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form <sup>(4)</sup>		

- (1) Our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see "Offer Structure" on page 348.
- (2) Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b)(iii) of the SCRR and the SEBI ICDR Regulations.
- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (4) Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form. For details of terms of payment applicable to Anchor Investors, see "Section 7: Allotment Procedure and Basis of Allotment" on page 378.

Under subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

## OFFER PROCEDURE

All Bidders should review the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated circular dated November 10, 2015 notified by SEBI (CIR/CFD/POL/CYCILL/11/2015 and SEBI Circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 (the “General Information Document”) included below under “Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges, the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.

### PART A

#### Book Building Procedure

The Offer is being made through the Book Building Process wherein not more than 50% of the Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the QIB Portion (other than Anchor Investor Portion) 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized form.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including DP ID, Client ID and PAN shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

#### Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and Registered Office and Corporate Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors (Anchor Investors Application forms will be made available only at the office of the BRLMs)	White

\* Excluding electronic Bid cum Application Form

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

#### **Participation by associates and affiliates of the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and the Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLMs nor any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs), can apply in the Offer under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and Eligible NRIs bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

#### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer paid up Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board of Directors followed by a special resolution passed by our Shareholders and subject to prior intimation to RBI.

The existing individual and aggregate investment limits for an FPI or sub account in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.



Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III Foreign Portfolio Investor and unregulated broad based funds, which are classified as Category II Foreign Portfolio Investor by virtue of their investment manager being appropriately regulated, 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 a 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 who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- (a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the foreign portfolio investor 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 foreign portfolio investor.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up.

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks' own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks' interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated

in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10%\* of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

\* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDA from time to time.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

## General Instructions

### *Do's:*

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Instruct your respective banks not to release the funds blocked in ASBA account until six Working Days from the Bid/Offer Closing Date.
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
16. Ensure that the category and the investor status is indicated;
17. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust, etc., relevant documents are submitted;
18. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
19. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database; and

20. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid / Revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders) (subject to the Bid Amount being above ₹ 200,000));
7. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not submit the Bid for an amount more than funds available in your ASBA account.
9. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
10. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
11. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
12. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
13. Do not submit more than five Bid cum Application Forms per ASBA Account;
14. Anchor Investors should not bid through the ASBA process; and
15. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Payment into Escrow Account for Anchor Investors**

Our Company in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors may submit their Bids with the BRLMs only. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: "IEXL Offer for Sale Anchor Investor R"
- (b) In case of Non-Resident Anchor Investors: "IEXL Offer for Sale Anchor Investor NR"

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper, Hindi also being the regional language in the place where our Registered Office is located), each with wide circulation.

## **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

## **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

*“Any person who:*

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;
- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date will be taken;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and
- no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

## **Undertakings by the Selling Shareholders**

The Selling Shareholders undertake severally and not jointly that:

- they shall not offer, lend, pledge, encumber, sell, contract to sell or otherwise transfer or dispose off, directly or indirectly, any of the Equity Shares offered in the offer for sale;
- they shall not have any recourse to the proceeds of the offer for sale until final listing and trading approvals have been received from the Stock Exchanges;
- they shall take all steps and provide all assistance to our Company and the BRLMs, as may be required and necessary by the Selling Shareholders, for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within six Working Days from the Bid/Offer Closing Date of the Offer, failing which they shall forthwith repay without interest all monies received from Bidders to the extent of the Equity Shares offered for sale by them in the Offer. In case of delay, interest as per applicable law shall be paid by them to the extent of the Offered Shares;
- all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013; and
- they shall provide all assistance to our Company for giving appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.

#### **Utilisation of Offer Proceeds**

Since the Offer is entirely through an offer for sale, our Company will not receive any proceeds from the Offer. The Selling Shareholders, along with our Company, declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## PART B

### General Information Document for Investing in Public Offers

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read this Red Herring Prospectus/Prospectus before investing in the Offer.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus (“**RHP**”)/Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM**(s) to the Offer and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see “*Glossary and Abbreviations*”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an offer for sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include offer for sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “**SCRR**”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process (“**Book Built Offer**”) or undertake a Fixed Price Offer (“**Fixed Price Offer**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Offer) and a Price or Price Band in

the draft prospectus (in case of a Fixed Price Offer) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Offer or a Fixed Price Offer.

## **2.5 OFFER PERIOD**

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

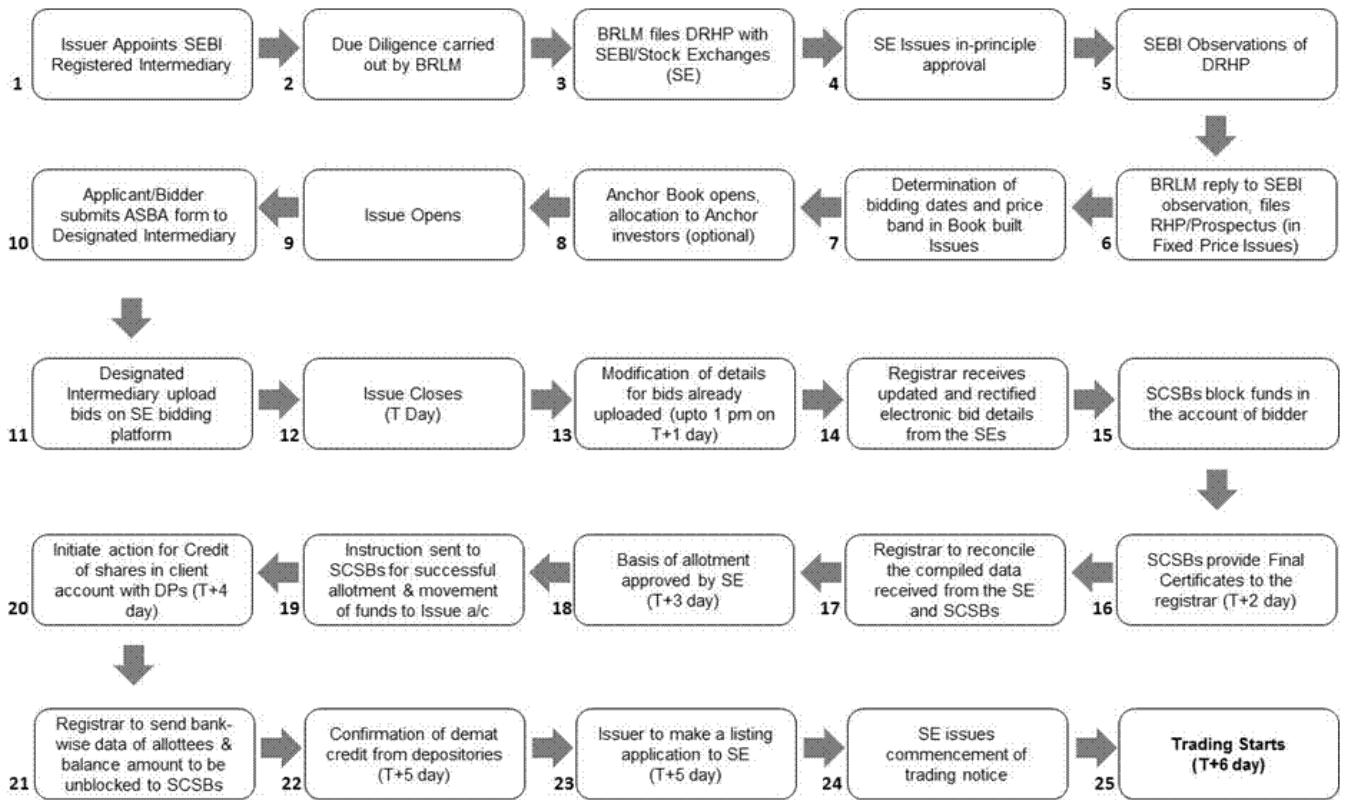
In case of a Book Built Offer, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Offers the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

## **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Offers is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Offer other than Book Build Offer (Fixed Price Offer) the process at the following of the below mentioned steps shall be read as:
  - i. Step 7: Determination of Offer Date and Price
  - ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN THE OFFER

**Each Bidder/Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

### SECTION 4: APPLYING IN THE OFFER

**Book Built Offer:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Offer:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White

Category	Colour of the Bid cum Application Form
NRIs, FVCIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

#### **4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM**

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

## Application Form- For Residents

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>
	Address : ..... Contact Details : ..... CIN No. ....	

LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN : .....	Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
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SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr / Ms. _____ Address _____ _____ Email _____ Tel. No (with STD code) / Mobile _____
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	BROKER/BANK/SCSB BRANCH STAMP & CODE	2. PAN OF SOLE / FIRST BIDDER
		_____
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	6. INVESTOR STATUS																											
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	<input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indian - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																											
4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")	5. CATEGORY																											
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OR) Option 2					<input type="checkbox"/>																							
OR) Option 3					<input type="checkbox"/>																							

7. PAYMENT DETAILS	PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>
Amount paid (₹ in figures) _____ (₹ in words) _____	
ASBA Bank A/c No. _____	
Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ANNEXURE PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTORS IN PUBLIC ISSUES (GIDIP) AND HEREBY AGREE AND CONFIRM THE "BIDDERS' UNDERTAKING" AT GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP OF THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE / FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER/SCSB/DP/RTA STAMP (Acknowledging option do / Bid & Stock Exchange system)
Date : _____	I/We authorize the SCSB to debit my/our account as per money to credit for Application in the limit	
	1) _____	
	2) _____	

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LOGO	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - R</b>	Acknowledgement Slip for Broker/SCSB/DP/RTA	Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
			PAN of Sole / First Bidder _____
DPIID / CLID			
Amount paid (₹ in figures) _____	Bank & Branch _____	Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____		<div style="border: 1px solid black; padding: 5px; width: 100%;"> <p style="text-align: center;">Stamp &amp; Signature of SCSB Branch</p> </div>	
Received from Mr./Ms. _____			
Telephone / Mobile _____	Email _____		

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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder _____
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Bid Price																			
Amount Paid (₹)																			
	ASBA Bank A/c No. _____			<b>Acknowledgement Slip for Bidder</b>															
	Bank & Branch _____			Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>															

PLEASE FILL IN BLOCK LETTERS

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## Application Form - For Non-Residents

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> Address : _____ Contact Details: _____ CIN No. _____	<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIs OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS</b>
--	--	--

LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">BOOK BUILT ISSUE</td></tr> <tr><td style="text-align: center;">ISIN : _____</td></tr> </table>	BOOK BUILT ISSUE	ISIN : _____	Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
BOOK BUILT ISSUE					
ISIN : _____					

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr./Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>BSCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	<b>2. PAN OF SOLE / FIRST BIDDER</b>
		_____
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	<b>6. INVESTOR STATUS</b>
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	<input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis)
	<input type="checkbox"/> FI FI or Sub-account not a Corporate/Foreign Individual
	<input type="checkbox"/> FIIA FI Sub-account Corporate/Individual
	<input type="checkbox"/> FVCI Foreign Venture Capital Investor
	<input type="checkbox"/> FPI Foreign Portfolio Investors
	<input type="checkbox"/> OTH Others (Please Specify) _____

<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>	<b>5. CATEGORY</b>																							
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(OR) Option 2																								
(OR) Option 3																								

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION: FULL PAYMENT</b> <input type="checkbox"/> <b>PART PAYMENT</b> <input type="checkbox"/>
Amount paid (₹ in figures) _____ (₹ in words) _____	
ASBA Bank A/c No. _____	
Bank Name & Branch _____	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABBREBIO PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> <small>I/We authorize the SCSB to do all acts as are necessary to make the Application in the name</small>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date : _____	1) _____ 2) _____ 3) _____	

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LOGO	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
			PAN of Sole / First Bidder _____
DPID / CLID _____	Amount paid (₹ in figures) _____ Bank & Branch _____	Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____	ASBA Bank A/c No. _____		
Received from Mr./Ms. _____	Telephone / Mobile _____ Email _____		

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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder _____
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No. of Equity Shares																			
Bid Price																			
Amount Paid (₹)																			
ASBA Bank A/c No. _____	Bank & Branch _____	<b>Acknowledgement Slip for Bidder</b>																	
		Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>																	

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

- (a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

- (e) Bids/Applications by Bidders/Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).
- (c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

##### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.
- (b) In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (c) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.



- (d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be, NIBs and QIBs are not allowed to Bid at Cut-off Price.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Offer size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (for details of Bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.  
  
Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.



#### 4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS/ APPLICANTS**

- (a) The categories of Bidders/ Applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, through money order or through postal order.

##### 4.1.7.1 **Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
- (b) Payments should be made either by direct credit, RTGS or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### 4.1.7.2 **Payment instructions for ASBA Bidders/ Applicants**

- (a) Bidders/ Applicants may submit the ASBA Form either
  - i. in electronic mode through the internet banking facility offered by a SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

- ii. in physical mode to any Designated Intermediary.
- (b) Bidders/ Applicants must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with a SCSB, will not be accepted.
- (c) Bidders/ Applicants should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- (d) Bidders/ Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Bidders/ Applicants should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders/ Applicants bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
- (h) Bidders/ Applicants bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

#### 4.1.7.3 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders/Applicants should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### 4.2 **INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details: ..... CIN No. ....	FOR RESIDENT INDIANS, INCLUDING RESIDENT OIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	Bid cum Application Form No. _____
<b>BOOK BUILT ISSUE</b>		
ISIN : .....		
SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr./Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
SUB-BROKER'S / SUBAGENT'S STAMP & CODE	ESCROW BANK/CSB BRANCH STAMP & CODE	<b>2. PAN OF SOLE / FIRST BIDDER</b>
		_____
BANK BRANCH SERIAL NO.	CSB SERIAL NO.	<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
		For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID
<b>PLEASE CHANGE MY BID</b>		
<b>4. FROM (AS PER LAST BID OR REVISION)</b>		
Bid Options	No. of Equity Shares Bid (This must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)
		Bid Price    Retail Discount    Net Price    "Cut-off" (Please tick)
Option 1		
(OR) Option 2		
(OR) Option 3		
<b>5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")</b>		
Bid Options	No. of Equity Shares Bid (This must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)
		Bid Price    Retail Discount    Net Price    "Cut-off" (Please tick)
Option 1		
(OR) Option 2		
(OR) Option 3		
<b>6. PAYMENT DETAILS</b>		
Additional Amount Paid (₹ in figures) _____ ₹ in words) _____		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>
ASBA Bank Ac No. _____		
Bank Name & Branch _____		
I/WE (ON BEHALF OF JOINT APPLICANT, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID IN RELEVANT ILLUSTRATION/TERMS AND CONDITIONS AND GENERAL INFORMATION DOCUMENT FOR INITIAL PUBLIC ISSUE (IPI) AND HEREBY AGREE AND CONFORM TO THE TERMS AND CONDITIONS AS GIVEN OVERLEAF/IN RELEVANT ILLUSTRATION/TERMS AND CONDITIONS AND GENERAL INFORMATION DOCUMENT FOR INITIAL PUBLIC ISSUE (IPI) FOR FILING OF THE BIDDING FORM ON THE DATE OF FILING.		
<b>7A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b>	
	I/WE authorize the BSE to deal with my account in order to make the Application for Bid.	
	BROKER / SCSB / DP / RTA STAMP (A stamp to be affixed only if Bid is Book & return system)	
TEAR HERE		
LOGO	<b>XYZ LIMITED</b> BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Bid cum Application Form No. _____
<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>		
PAN of Sole / First Bidder		
DPID / CLID		
Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	
TEAR HERE		
<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>	Option 1    Option 2    Option 3	Stamp & Signature of Broker / SCSB / DP / RTA
No. of Equity Shares		Name of Sole / First Bidder
Bid Price		
Additional Amount Paid (₹)		<b>Acknowledgement Slip for Bidder</b>
ASBA Bank A/c No.		
Bank & Branch		
		Bid cum Application Form No. _____

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible, shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

#### 4.2.3 **FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

#### 4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Offer Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIBs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Offer size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
  - ii. For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - iii. Applications by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer
- (b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

**4.3.5.1 Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

**4.3.5.2 Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

**4.3.5.3 Discount (if applicable)**

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

**4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

**4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM**

**4.4.1 Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form.
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location.  (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained.

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

**SECTION 5: OFFER PROCEDURE IN BOOK BUILT OFFER**

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

**5.1 SUBMISSION OF BIDS**

- (a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- (b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

## **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1 p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

## **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

## **5.4 WITHDRAWAL OF BIDS**

- (a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

## **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediary,
  - ii. the Bids uploaded by the Designated Intermediary, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various places in this GID:-



- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs;
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (k) Bids/Applications at Cut-off Price by NIBs and QIBs;
- (l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (n) Submission of more than five ASBA Forms/Application Forms per ASBA Account;
- (o) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;
- (p) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (q) Bids not uploaded in the Stock Exchanges bidding system.
- (r) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (s) Where no confirmation is received from SCSB for blocking of funds;
- (t) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (u) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centres or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;
- (v) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (w) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## **5.6 BASIS OF ALLOCATION**

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

- (b) Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders/ Applicants should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, *i.e.*, ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

- (e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer.** As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants

including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIBs**

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot (“**Maximum RIB Allottees**”). The Allotment to the RIBs will then be made in the following manner:

- (a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### **7.2 ALLOTMENT TO NIBS**

Bids received from NIBs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer in consultation with the BRLMs, subject to compliance with the following requirements:
- i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Offer.
- (c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (e) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if

that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Offer. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/Offer Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

## 8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer, including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% *per annum* in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

## 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

## 8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI ICDR Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

## 8.3 MODE OF REFUND

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### 8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NACH**— National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including 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 the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;
- (b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

- (c) **RTGS**—Anchor Investors having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and
- (d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

#### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% *per annum* if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% *per annum* for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

### SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and the Red Herring Prospectus
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising a SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form/ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with a SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Offer/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications

<b>Term</b>	<b>Description</b>
	thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors) less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/ Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to an Applicants should be construed to mean an Bidder/Applicants
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2 <sup>nd</sup> and 4 <sup>th</sup> Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited



<b>Term</b>	<b>Description</b>
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Offer
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Offer/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000

<b>Term</b>	<b>Description</b>
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automatic Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non Institutional Bidders or NIBs	All Bidders/Applicants which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/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
Offer	The offer for sale of up to [●] Equity Shares by the Selling Shareholders at the Offer Price aggregating up to ₹ [●] million in terms of the Red Herring Prospectus.
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Offer. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price

<b>Term</b>	<b>Description</b>
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Issue Account	A Bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer /RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)

Term	Description
Underwriting Agreement	The agreement among the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	“Working Day”, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## 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. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Further, pursuant to office memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, Government of India, the FIPB has been abolished. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the DIPP.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017 effective from August 28, 2017 (the “**FDI Policy**”), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPP issues an updated circular.

Under the FDI Policy, the foreign direct investment in the sector in which our Company operates is capped at 49% of the equity share capital of our Company under the automatic route. Further, no non-resident investor/entity, including persons acting in concert, can hold more than 5% of the outstanding Equity Shares of our Company.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI or any other relevant authority, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and the transfer does not attract the provisions of the 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 the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under the Securities Act, or any state securities laws in the United States, and, unless so registered, 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 applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”), in reliance on Rule 144A under the Securities Act or another available exemption from the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the investment limits under applicable laws or regulations.

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

### **Authorised capital**

The authorised share capital of the Company shall be in accordance with Clause V of the Memorandum of Association of the Company with the Board having the power to increase or reduce the share capital and or the nominal value of the shares of the Company and to classify it into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or condition with or without voting rights as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board or by the Company in a general meeting, as applicable, in conformity with the provisions of the Companies Act, and to vary, modify or abrogate any such rights, privileges or conditions and to consolidate or subdivide these shares and to issue shares of higher or lower denomination.

The paid-up capital shall be at all times a minimum of such amount as may be prescribed under the Companies Act.

### **Alteration of capital**

The Company in general meeting may, from time to time, increase its share capital, including by creation of new Shares, with such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Companies Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct and if no direction be given as the Directors shall determine and in particular, such Shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company upon winding up, and with a right of voting at general meetings of the Company in conformity with Section 47 of the Companies Act. Whenever the authorised capital of the Company has been increased under the provisions of the Articles of Association, the Directors shall comply with the provisions of Section 64 of the Companies Act.

The Company may, subject to provisions of Section 66, 52, 55 and other applicable provisions of the Companies Act, from time to time, by special resolution, reduce its share capital and any capital redemption reserve account or share premium account in any manner for the time being authorised by law, and in particular, share capital may be paid off on the footing that it may be called upon again or otherwise.

Subject to the provisions of Section 61 of the Companies Act, the Company in general meeting may, from time to time, alter its Memorandum of Association to increase its share capital; sub-divide or consolidate its shares or any of them; convert Shares into stock and *vice versa*; and cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. The resolution whereby any share is sub-divided may determine that, as between the holder of the shares resulting from such subdivision one or more such shares shall have some preference or special advantage as regards dividend or otherwise over as compared with the others or other subject as aforesaid.

The Company may buy back its own Shares in accordance with the provisions of Section 68, 70 and other applicable provisions of the Companies Act.

### **Commissions and brokerage**

The Company may, subject to the applicable provisions of the Companies Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or debentures in the Company in accordance with the provisions of the Company Act.

The Company may also, on any issue of shares or debentures, pay such brokerage as may be lawful.

### **Calls on shares**

The Board may from time to time, subject to the terms on which any Shares may have been issued, and subject to the provisions of Section 49 of the Companies Act, make such calls as it thinks fit upon the shareholders in respect of all moneys unpaid on the Shares held by them respectively (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof, made payable at fixed times.

If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed time or by instalments at fixed times whether on account of nominal value of the shares or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate and apply to every such amount or instalment accordingly.

If sum called in respect of Shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate fixed by the Board, not exceeding fifteen per cent (15%) *per annum*, from the day appointed for the payment, but the Board shall be at liberty to waive payment of that interest wholly or in part.

It will be applicable in the case of non-payment of any sum which by the terms of issue of shares becomes payable on allotment or at a fixed time, whether on account of the amount of the shares or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

The Board may, if they think fit, and subject to the provision of Section 50 of the Companies Act, receive from any shareholder willing to advance the same, either in money or moneys worth, all or any part of the moneys uncalled and unpaid-upon any Shares held by him and upon all or any part of the moneys so advanced may, (until the same would, but for such advance become presently payable) pay without the sanction of the Company in general meeting interest at such rate, not exceeding twelve per cent (12%) *per annum*, as may be agreed upon between the Member paying the sum in advance and the Board, but shall not in respect thereof confer a right to dividend or to participate in profits. The Member making such advance shall not be entitled to any voting rights in respect of such advance, until the same would but for such payment becomes presently payable.

The provision of these Articles shall apply *mutatis mutandis* to calls on the Debenture of the Company.

### **Forfeiture, surrender and lien**

If a shareholder fails to pay any call or instalment of a call or interest thereon on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment or interest remains unpaid, serve a notice on such shareholder requiring him to pay the same together with interest at fifteen per cent (15%) *per annum* or such other rate as the Board may decide and all expenses that may be incurred by the Company by reason of such non-payment.

The aforesaid notice shall name a further day, not earlier than the expiration of fourteen (14) days from the date of service of the notice, on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment on or before the time appointed, the shares in respect of which the same is owing will be liable to be forfeited.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares but shall notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of Shares together with interest at fifteen per cent (15%) *per annum*, whether such claim be barred by limitation on the date of the forfeiture or not; but his liability shall cease if and when the Company receives payment in full of all moneys due. The Board may if they shall think fit remit the payment of such interest or any part thereof.

The provisions of the Articles of Association as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

The Company shall have a first and paramount lien upon all shares other than fully paid-up shares registered in the name of any shareholders, either alone or jointly with any other person, and upon the proceeds of sale thereof, for all debts, liabilities, engagements and obligations whether solely or jointly with any other person, to or with the Company/the Stock Exchange/the designated clearing house and (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares, and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. Unless otherwise agreed, the registration of transfer of shares/ debentures shall operate as a waiver of the company's lien if any, on such Shares or debentures and such lien shall extend to all dividends from time to time declared in respect of such Shares. Provided that the Board may at any time declare any share to be exempt, wholly or partially, from the provisions of the Articles of Association.

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it may think fit but no sale shall be made until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such amount, in respect of which the lien exists, has been given to the registered holder of the shares for the time being or to the person entitled to the Shares by reason of the death or insolvency. Default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen (14) days after such notice.

### **Transfer and transmission of shares**

The shares in the Company shall be transferred by an instrument in writing in the prescribed form and duly stamped and delivered to the Company subject to the provisions of Section 56 of the Companies Act, the rules prescribed there under and the Articles of Association within the period prescribed in the Companies Act.

The instrument of transfer of any Shares in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of members of the Company in respect thereof.

Subject to the provisions of Section 58 of the Companies Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by circumstances that the proposed transferee is already a shareholder of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on the shares, provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

A person, being a nominee, becoming entitled to a security by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the security except that he shall not, before being registered as a shareholder in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

On the death of a Member, the survivor or survivors where the Member was joint-holder, and his legal representatives where he was sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares but nothing contained herein shall release the estate of a deceased joint-holder from any liability in respect of any shares, which had been jointly held by him with other persons.

The Board shall not knowingly issue or register a transfer of any Share to a minor or insolvent or person of unsound mind, except fully paid Shares through a legal guardian. A person becoming entitled to a share by reason of the death or insolvency of a shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

### **Borrowing powers**

The Directors shall have the power, from time to time at their discretion by a resolution passed at a meeting of the Board, accept deposits from shareholders either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose, of the Company provided however, where the moneys, to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate paid up capital of the Company and its free reserves, the Board shall not borrow such money without the consent of the Company by way of a special resolution in a general meeting.

The Board shall cause a proper register to be kept in accordance with the provision of Section 85 of the Companies Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Section 77 to 87 (both inclusive) of the Companies Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.

The Company shall, if at any time it issues debentures or other securities, keep a register and index of debenture-holders or security holders, as the case may be, in accordance with Section 88 of the Companies Act.

### **Conversion of shares into stock**

The Company in general meeting may, by ordinary resolution, convert any paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an ordinary resolution, at any time reconvert any stock into paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.



## **General meetings**

In accordance with the Section 96 of the Companies Act and other applicable provisions, the Company shall in each year hold a general meeting specified as its annual general meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one annual general meeting and the date of the next. All general meetings other than annual general meetings shall be extraordinary general meetings.

A general meeting of the Company may be called by giving not less than twenty one (21) days' notice in writing or in electronic mode, provided that a general meeting may be called after giving shorter notice if consent thereto is accorded in the case of the annual general meeting by all shareholders entitled to vote there at and in the case of any other meeting, by shareholders of the Company holding not less than ninety-five per cent (95%) of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

The notice of the general meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Companies Act.

All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the annual general meeting of the Company with the exception of the business specified in Section 102 of the Companies Act shall be deemed to be special.

The Board may, whenever it thinks fit, call an extraordinary general meeting and it shall do so upon a requisition received from such number of shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the paid up share capital of the Company as on that date carries the right of voting and such meeting shall be held at the office or at such place and at such time as the Board thinks fit.

## **Votes and proxies of members**

No shareholder shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

No shareholder shall be entitled to vote at a general meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

Subject to the provisions of the Articles of Association, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the capital of the Company, every shareholder shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every shareholder present in person shall have one vote and upon a poll, the voting right of such shareholder present, either in person or by proxy, shall be in proportion to his share of the paid up share capital of the Company held alone or jointly with any other person or persons, provided however, if any shareholder holding preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Companies Act, he shall have a right to vote only on resolutions placed before the meeting, which directly affect the rights attached to his preference shares.

On a poll taken at a meeting of the Company, a shareholder entitled to more than one vote, or his proxy, or any other person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person, (whether a shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said persons so present whose name stands higher in the register of members shall alone be entitled to speak and to vote in respect of such shares, but the other joint- holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased shareholder in whose name shares stand shall for the purpose of the Articles of Association be deemed joint-holders thereof.

Subject to the provision of these Articles, votes may be given personally or by an attorney or by Proxy. A body corporate, whether or not a Company within the meaning of the Companies Act, being a shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Companies Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual shareholder.

Any person entitled to transfer any shares of the Company may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such

shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Every proxy, (whether a shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting. A shareholder present by proxy shall be entitled to vote only on a poll.

Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in the Companies (Management and Administration) Rules, 2014.

If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

All matters arising at a general meeting of the Company, other than as specified in the Companies Act or the Articles of Association if any, shall be decided by a majority vote of the shareholders present and voting.

Any corporation which is a shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual shareholder in the Company (including the right to vote by proxy).

The Company shall also provide e-voting facility to the shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the listing agreement or any other Law, if applicable to the Company.

### **Board of Directors**

Subject to the applicable provisions of the Companies Act, the Board of Directors shall consist of not less than 3 (three) Directors and not more than 15 (fifteen) Directors inclusive of regulatory nominees, if any. The Company shall comply with the provisions of Section 149 of the Companies Act and also the Companies (Appointment and Qualification of Directors) Rules, 2014, and the provisions of other laws and regulations applicable to the Company, including the Listing Regulations, as may be applicable. The Board shall have an optimum combination of executive and independent Directors with at least 1 (one) woman Director, as may be prescribed by the Companies Act from time to time. Provided that the Company may appoint more than 15 (fifteen) Directors after passing a special resolution.

Except as otherwise provided in the Companies Act, every Director shall be appointed by the Company in the general meeting.

No share qualification shall be required to be held by any Director.

The Board shall have power, at any time and from time to time, in terms of the provisions of the Companies Act, to appoint any person as a Director, as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles of Association. Any Director so appointed shall hold office only until the next annual general meeting of the Company but shall be eligible to be elected at such meeting.

The Board of Directors may appoint one among them as the chairman of the Board and one as vice chairman of the Board. The Chairman shall not have executive powers or functions and he shall not be a person having trading interest in the futures trading conducted by the stock exchange. The chairman so appointed shall preside at the meetings of the Board. If for any reason the chairman/vice chairman is not present at the meeting or is unwilling to act as chairman/vice chairman, the shareholders of the Board shall appoint any one of the remaining Directors as the chairman/vice chairman.

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, the Listing Regulations, and any other law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the Companies Act and the Listing Regulations and any other laws or regulations, as may be applicable.

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Companies Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatever.

The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 169 of the Companies Act and may, subject to the provisions of Sections 161 and 164 of the Companies Act and the Articles of Association appoint a person in his stead. The person so appointed shall hold office, during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

Provided that the Directors appointed by CERC / regulatory nominees, if any, cannot be removed by the Company.

Subject to the provisions of the Companies Act, a managing director or a Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other or otherwise in any other mode not expressly prohibited by the Companies Act.

The fee payable to a Director (excluding a managing director or a whole-time Director) for attending a meeting of the Board or Committee thereof shall be such sum as may be decided by the Board, not exceeding the maximum sum as may be allowed to be paid under the provisions of the Companies Act and rules made thereunder.

If any of the conditions enumerated under Section 164 and 167 of the Companies Act has taken place, the, the office of a Director can become vacant.

#### Rotation and retirement of Directors

- (a) At every annual meeting, one third of such of the Directors, other than managing director(s)/ whole time director (s), for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one – third shall retire from office.

Provided that the CERC / regulatory nominees, if any, who is on the Board of the Company, shall not be subject to retirement by rotation and he shall continue as Director up to such period, as may be decided by CERC / regulatory nominees.

- (b) Not less than two-thirds of the total number of the Directors, as understood under Section 152 of the Companies Act, shall be persons whose period of office is liable for determination by retirement of Directors by rotation and save as otherwise expressly provided herein, be appointed by the Company in general meeting.

Subject to Section 149 and other applicable provisions of the Companies Act and other applicable laws and regulations, the Company may by ordinary resolution, from time to time, in general meeting may increase or decrease the number of its Directors.

#### Proceedings of the Board of Directors

The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit; provided that a meeting of the Board shall be held in a manner that not more than one hundred and twenty (120) days shall intervene between two consecutive meetings of the Board and at least four (4) such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The Board (including any Committee constituted by it) may hold its Meetings in person or audio/video/teleconferencing or in any other manner permitted by law.

The Chairman or managing director, may and the secretary shall on the request of a Director summon a meeting of the Board. Meetings of the Board of the Company shall be held pursuant to a notice of at least seven (7) days or such shorter notice as may be prescribed by law. The notice of meeting of the Board shall be given in writing to every Director, whether absentee or alternate, at his usual address whether in India or abroad.

Every notice convening a meeting of the Board shall set out the agenda of the business to be transacted thereat in full and sufficient details. Save as otherwise expressly provided in the Companies Act and the Articles of Association, a meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by Directors generally. All questions arising at any meeting of the Board shall be decided by a majority of votes.

Subject to Section 174 of the Companies Act, the quorum of a meeting of the Board shall be one-third of its total strength (excluding Directors, if any whose places may be vacant at the time and any fraction contained in that one-third being rounded off as next number one), or two Directors whichever is higher. Provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the strength, the number of the remaining Directors, who are not interested, present at the meeting being not less than two shall be the quorum during such time.

The Board may, subject to the provisions of Section 179(3) of the Companies Act, other applicable provisions and the Articles of Association, delegate any of its powers to any committee or relevant authority consisting of such persons, as it thinks fit.

The Company shall cause minutes of the proceedings of every meeting of the Board and committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with, their pages consecutively numbered.

### **Managing Director/Whole-Time Director**

The Board may from time to time appoint any one or more Directors to be the managing director(s) or whole time Director(s) of the Company on such terms and conditions as the Board may think fit and for a fixed term or without any limitation as to the period for which he is to hold such office, and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The Board may similarly appoint one or more deputy managing director(s) of the Company. Further, the appointment of the managing directors and deputy managing director(s) of the Company shall be in terms of the laws and regulations, as may be applicable.

The managing director shall function as the chief executive of the stock exchange and all powers in respect of the day-to-day affairs of the Company shall be vested with him. Besides, the Board may delegate on him such other powers and responsibilities, as it may deem fit, from time to time. The managing director shall be empowered to delegate such powers and functions to other officers or committees or advisory boards, as he may desire.

### **Dividends and reserves**

The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of Section 123 of the Companies Act, the Board may from time to time pay to the shareholders such interim dividends as appear to them to be justified by the profits of the Company.

No dividend shall be declared or be payable for any financial year except out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Companies Act or out of the profits of the Company for previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that the Company shall not declare dividend unless it has carried over previous losses and depreciation not provided in previous year or years are set off against profit of the Company for the current year.

The Board may, before recommending any dividend, set aside out of the profits of the Company, such amount as they think proper as a reserve, which shall, at the discretion of the Board, be applicable for any purpose to which the profit of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends, and pending such application, may at its discretion either be employed in the business of the Company or be invested in such investment as the Board may, from time to time, think fit.

The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as reserve.

Subject to the rights of persons if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid-up or credited as paid-up on the shares in respect whereof the dividend is paid, but if any so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

No amount paid or credited as paid-up on a share in advance of calls shall be treated for the purpose of these regulations as paid on the share.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly.

Any general meeting declaring a dividend or bonus may make a call on the shareholders of such amount as the meeting fixes, but the call on each shareholder shall not exceed the dividend or bonus payable to him and the call can be made payable at the same time as the dividend or bonus and the dividend or bonus may if so arranged between the Company and the shareholders be set off against the call.

No dividend shall bear interest against the Company.

## **Capitalisation of profits**

Subject to these Articles, the Company in General Meeting, may on the recommendation of the Board, resolve:

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
- (b) that such sums be accordingly set free for distribution in the manner specified in these presents, among the shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions.

The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained herein below, either in or towards:

- (a) paying up any amounts for the time being unpaid on any shares held by such shareholders respectively;
- (b) paying up in full, unissued Shares or debentures of the Company to be allotted and distributed, credited as fully paid-up, to and among such shareholders in the proportion aforesaid; or
- (c) partly in the way specified in sub-clause (a) above and partly in that specified in sub-clause (b) above;
- (d) a share premium account and a capital redemption reserve account may for the purpose of this regulation only be applied in the paying up of unissued shares to be issued to shareholders of the Company as fully paid bonus shares;
- (e) the Board shall give effect to the resolutions passed by the Company in general meeting in pursuance of the Articles of Association.

Whenever a resolution to declare and distribute bonus, as aforesaid, shall have been passed, the Board shall:

- (a) make all appropriations and applications of the undivided profits resolved to be capitalised hereby and make all allotments and issue fully paid Shares if any; and
- (b) generally do all acts and things required to give effect thereto.

The Board shall have power:

- (a) to make such provisions, by the issue of fraction certificates or by payments in cash or otherwise as they may think fit, in the case of Shares becoming distributable in fractions; and also
- (b) to authorise any person to enter on behalf of all of the shareholders entitled thereto into an agreement with the Company providing for the allotment to them, respectively, credited as fully paid-up, any further Shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.

Any agreement made under such authority shall be effective and binding on all such shareholders.

## **Winding up**

Subject to the provisions of Chapter XX of the Companies Act and rules made thereunder, if the company shall be wound up, and the assets available for distribution among the shareholders as such shall be insufficient to repay the whole of the paid up capital, such assets may be divided by the liquidator, with the sanction of a special resolution of the Company, and any other sanction required by the Companies Act, among the members in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

For the purpose aforesaid, the liquidator may set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

## **Indemnity and responsibility**

Subject to the provision of section 197 of the Companies Act, every Director, manager and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Company to pay out of the funds of the Company, all properly documented costs, losses, and expenses including traveling expenses which any such Director, manager and other officer or employee may incur or become liable to, by reason of any contract entered into or act or deed done by him or in any other way in the discharge of his duties as such Director, manager and other officer or employee.

Subject as aforesaid the Director, manager and other officer or employee of the Company shall be indemnified out of the assets of the Company against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which they or he is acquitted or in connection with any application in which relief is given to them or him by the court.

- (a) Not responsible for acts of others; and
- (b) Subject to the provisions of the Companies Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any money of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same occurs through his own wilful act or default.

Without prejudice to the generality of the foregoing, it is hereby expressly declared that any filing fee payable on any document required to be filed with the Registrar of Companies in respect of any act done by any Director or other Officer, by reason of his holding the said office, shall be paid and borne by the Company.

## SECTION IX: 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 Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of filing of this Red Herring Prospectus with the RoC until the Bid/Offer Closing Date.*

#### A. Material Contracts for the Offer

1. Offer Agreement dated June 16, 2017 entered into among our Company, the Selling Shareholders, and the BRLMs.
2. Registrar Agreement dated June 16, 2017 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Share Escrow Agreement dated June 16, 2017 entered into among our Company, the Selling Shareholders and the Share Escrow Agent.
4. Cash Escrow Agreement dated September 26, 2017 entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank.
5. Syndicate Agreement dated September 26, 2017 entered into among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members.
6. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders, the Registrar to the Offer and the Underwriters.

#### B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated March 26, 2007 and certificate of commencement of business dated April 17, 2007.
3. Resolution of IPO Committee dated January 6, 2017 in relation to the Offer and other related matters.
4. Consent letters issued by the Selling Shareholders authorising the offer for sale, as listed in Annexure A – List of Selling Shareholders on page 411.
5. Investment Agreement dated September 13, 2010 entered into among our Company, FTIL, PFS, BVP and Lightspeed, as amended by an amendment agreement dated March 16, 2012 along with the deed of adherence dated March 26, 2012 entered into among our Company, Multiples Private Equity Fund I Limited, Multiples Private Equity Fund, FTIL, PFS, BVP and Lightspeed and deed of adherence dated April 20, 2017 entered into by our Company with DCB, Kiran Vyapar Limited, Lightspeed, Multiples Private Equity Fund I Limited and Multiples Private Equity Fund.
6. Letter agreement dated October 13, 2015 issued by our Company to DCB Power Ventures Limited, Agri Power and Engineering Solutions Private Limited, Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited, Trustees to the Aditya Birla Private Equity -Fund I), Aditya Birla Capital Advisors Private Limited (for and on behalf of Aditya Birla Trustee Company Private Limited, Trustees to the Aditya Birla Private Equity - Sunrise Fund) and Kiran Vyapar Limited.
7. Letter agreement dated October 26, 2015 issued by our Company to Madison.
8. Letter agreement dated November 16, 2015 issued by our Company to Madison.
9. Letter agreement dated November 16, 2015 issued by our Company to Siguler Guff NJDM Investment Holdings Limited.
10. Letter agreement dated November 16, 2015 issued by our Company to SG Bric III Trading.

11. Copy of Employee Stock Option Scheme 2010.
12. Resolution passed at the meetings of our Board and Shareholders on January 3, 2014 and June 24, 2014, respectively, and appointment letter dated January 3, 2014 appointing our Managing Director and Chief Executive Director, Satyanarayan Goel.
13. Employee undertaking dated January 21, 2014 entered into between our Managing Director and Chief Executive Director, Satyanarayan Goel, and our Company.
14. Copies of annual reports/ audited financial statements of our Company for the last five years.
15. The examination report dated September 5, 2017 of the Statutory Auditors, on our Company's Restated Financial Statements as of and for the three months period ended June 30, 2017 and for financial years ended March 31, 2017, 2016, 2015, 2014 and 2013 included in this Red Herring Prospectus.
16. The audit report dated September 5, 2017 of the Statutory Auditors, on our Company's Special Purpose Interim Condensed Standalone Ind AS Financial Statements for the three months period ended June 30, 2017 included in this Red Herring Prospectus.
17. Consent letter dated September 26, 2017 from the Statutory Auditors of our Company for inclusion of their name as experts.
18. The statement of tax benefits dated June 15, 2017 from the Statutory Auditors.
19. Consent letter dated September 26, 2017 from the Ravi Rajan & Co., Chartered Accountants for inclusion of their name as experts.
20. Consent letter dated June 12, 2017 from CRIS.
21. Consent of the Directors, BRLMs, Syndicate Members, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Legal Counsels to the Selling Shareholders, Registrar to the Offer, Banker to the Offer/ Escrow Collection Bank, Bankers to our Company, Chief Financial Officer and Company Secretary and Compliance Officer as referred to in their specific capacities.
22. Due Diligence Certificate dated June 16, 2017 addressed to SEBI from the BRLMs.
23. In-principle listing approvals dated June 27, 2017 and July 13, 2017 issued by BSE and NSE, respectively.
24. Tripartite agreement dated October 15, 2013 among our Company, NSDL and the Registrar to the Offer.
25. Tripartite agreement dated February 3, 2017 among our Company, CDSL and the Registrar to the Offer.
26. SEBI's observation letter no. SEBI/HO/CFD/DIL1/OW/P/2017/19410/1 dated August 14, 2017.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to our Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the guidelines issued by the Government of India or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made thereunder or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

### SIGNED BY DIRECTORS OF OUR COMPANY

\_\_\_\_\_ **Dinesh Kumar Mehrotra**  
(Chairman and Independent Director)

\_\_\_\_\_ **Satyanarayan Goel**  
(Managing Director and Chief Executive Officer)

\_\_\_\_\_ **Kayyalathu Thomas Chacko**  
(Independent Director)

\_\_\_\_\_ **Vallabh Roopchand Bhanshali**  
(Independent Director)

\_\_\_\_\_ **Renuka Ramnath**  
(Non-executive Director)

\_\_\_\_\_ **Mahendra Singhi**  
(Non-executive Director)

\_\_\_\_\_ **Bejul Somaia**  
(Non-executive Director)

\_\_\_\_\_ **Ajeet Kumar Agarwal**  
(Non-executive Director)

\_\_\_\_\_ **Gopal Srinivasan**  
(Non-executive Director)

### SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY

\_\_\_\_\_ **Vineet Harlalka**  
(Chief Financial Officer)

Date: September 26, 2017

Place: New Delhi

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I**

Date: September 26, 2017

Place: Mumbai

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Sunrise Fund**

Date: September 26, 2017

Place: Mumbai

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **AFHoldings**

Date: September 26, 2017

Place: Mauritius

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Golden Oak (Mauritius) Limited**

Date: September 26, 2017

Place: Port Louis, Mauritius

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by him in this Red Herring Prospectus about or in relation to himself as a Selling Shareholder and his respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Jayant Narhar Deo**

Date: September 26, 2017

Place: Pune

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Kiran Vyapar Limited**

Date: September 26, 2017

Place: Kolkata

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Lightspeed Venture Partners VIII Mauritius**

Date: September 26, 2017

Place: Mauritius



## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Madison India Opportunities III**

Date: September 26, 2017

Place: Port Louis, Mauritius

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Multiples Private Equity Fund**

Date: September 26, 2017

Place: Mumbai

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **Multiples Private Equity Fund I Limited**

Date: September 26, 2017

Place: Ebene, Mauritius

## DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and its respective portion of Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements including the statements made by the Company or any expert or any other person(s) in this Red Herring Prospectus.

**Signed by the Selling Shareholder**

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For **The Tata Power Company Limited**

Date: September 26, 2017

Place: Mumbai

**ANNEXURE A - LIST OF SELLING SHAREHOLDERS**

<b>Sr. No.</b>	<b>Names of the Selling Shareholders</b>	<b>Number of Equity Shares offered</b>	<b>Date of the Selling Shareholders' Consent Letter</b>
1.	Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Fund I	485,000	May 15, 2017
2.	Aditya Birla Private Equity Trust A/c Aditya Birla Private Equity - Sunrise Fund	25,000	May 15, 2017
3.	AFHoldings	350,714	May 11, 2017
4.	Golden Oak (Mauritius) Limited	682,394	May 11, 2017
5.	Jayant Narhar Deo	30,000	February 20, 2017 and revised consent letter dated April 17, 2017
6.	Kiran Vyapar Limited	90,986	May 12, 2017
7.	Lightspeed Venture Partners VIII Mauritius	303,286	May 12, 2017
8.	Madison India Opportunities III	118,053	May 12, 2017
9.	Multiples Private Equity Fund	1,777,517	May 17, 2017
10.	Multiples Private Equity Fund I Limited	952,059	May 16, 2017
11.	The Tata Power Company Limited	1,250,000	May 8, 2017