

DRAFT LETTER OF OFFER *
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you, being an Eligible Shareholder of Frontline Securities Limited (the “Company”) as on Record Date in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended. If the Eligible Shareholders require any clarifications regarding the actions to be taken, they may consult their stock broker or investment consultant or the Manager to the Offer, i.e. Sundae Capital Advisors Private Limited or the Registrar to the Offer i.e. Link Intime India Private Limited. Please refer to the section on “Key Definitions” for definition of the capitalized terms used herein.



Frontline Securities Limited

(CIN: L65100DL1994PLC058837)

Registered Office: M-6, IInd Floor, M Block Market, Greater Kailash - II, New Delhi - 110 048

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Website: www.fslindia.com, **Email:** secretarial@fsltechnologies.com

Contact Person: Ms. Richa Arora, Whole Time Director and Company Secretary

Cash Offer to Buyback upto 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven only) fully paid-up equity shares of face value of Rs. 5/- (Rupees Five only) each (“Equity Shares”), representing 15.94% of the issued, subscribed and paid-up equity share capital of the Company as on March 31, 2018 (“Buyback”). The Buyback will be undertaken on a proportionate basis, from the Eligible Shareholders holding Equity Shares as on May 24, 2019 (“Record Date”), by way of a Tender Offer through the stock exchange mechanism, for cash at a price of Rs. 40/- (Rupees Forty only) (“Buyback Price”) per Equity Share for an aggregate amount of upto Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only) (“Buyback Size”) representing 24.99% of the Paid-up share Capital and Free Reserves of the Company as per the Audited Accounts for the Financial Year ended March 31, 2018.

1. The Buyback is being undertaken by the Company in accordance with Article 134 of the Articles of Association of the Company, the provisions of Sections 68, 69, 70 and other applicable provisions of the Companies Act, 2013 (“Act”), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014 (“Rules”) and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the “SEBI Buyback Regulations”). The Buyback is subject to such other approvals, and permissions, as may be required from statutory, regulatory or governmental authorities under applicable law.
2. The Buyback size represents up to 15.94% of the aggregate paid-up equity capital and free reserves of the Company as per the audited accounts of the Company for the Financial Year ended March 31, 2018 (the last audited financial statements available as on the date of the Board meeting recommending the proposal of the Buyback) and is within the statutory limits of 25% of the fully paid-up equity capital and free reserves as per the last Audited Standalone Financial Statements of the Company.
3. This Letter of Offer is sent to the Eligible Shareholders as on the Record Date, i.e. May 24, 2019.
4. A copy of the Public Announcement and Letter of Offer (including the Tender Form(s)) shall be available on the website of the Securities and Exchange Board of India at www.sebi.gov.in.
5. For the procedure for acceptance and tender of Equity Shares as well as for mode of payment of consideration to Eligible Shareholders, please see the section entitled “Procedure for Tender Offer and Settlement” on page 29 of this Letter of Offer. The Tender Form(s) is enclosed with this Letter of Offer.
6. Eligible Shareholders are advised to refer to the sections entitled “Details of Statutory Approvals” and “Note on Taxation” on pages 24 and 35 respectively, of this Letter of Offer, before tendering their Equity Shares in the Buyback.

BUYBACK OPENS ON: [●], 2019, [●]

BUYBACK CLOSES ON : [●], 2019, [●]

LAST DATE AND TIME FOR RECEIPT OF THE COMPLETED TENDER OFFER FORM AND OTHER SPECIFIED DOCUMENTS BY THE REGISTRAR: [●], 2019, [●] BY 5:00 P.M. IST

MANAGER TO THE OFFER

REGISTRAR TO THE OFFER



Sundae Capital Advisors Private Limited

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 58, C - Block, Community Centre
 Janak Puri, New Delhi - 110 058
 Tel. No. +91 11 4914 9740
 Email: fsl.buyback@sundaecapital.com
 Investor Grievance e-mail id: grievances.mb@sundaecapital.com
 Website: www.sundaecapital.com
 SEBI Regn. No.: INM000012494
 Validity Period : Perpetual
 Contact Person: Nitin Somani / Anchal Lohia



Link Intime India Private Limited

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 L.B.S. Marg, Vikhroli (West),
 Mumbai - 400 083, Maharashtra, India
 Tel No.: +91 22 4918 6200
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 Email id.: fsl.buyback2019@linkintime.co.in
 Website: www.linkintime.co.in
 SEBI Regn. No.: INR000004058
 Validity Period: Perpetual
 Contact Person: Sumeet Deshpande

** This Draft Letter of Offer will be updated at the time of filing of the Letter of Offer with SEBI*

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1. SCHEDULE OF ACTIVITIES

Particulars	Date	Day
Date of Board Meeting approving the Buyback	March 26, 2019	Tuesday
Date on which the result of the postal ballot through which the Shareholders approved the Buyback was declared	May 09, 2019	Thursday
Date of publication of the Public Announcement for the Buyback	May 10, 2019	Friday
Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders	May 24, 2019	Friday
Date of Opening of the Buyback	[●]	[●]
Date of Closing of the Buyback	[●]	[●]
Last date of receipt of the completed Tender Forms and other specified documents including physical Equity Share Certificates by the Registrar *	[●]	[●]
Last date of verification of Tender Forms by the Registrar	[●]	[●]
Last date of intimation regarding acceptance or non-acceptance of tendered Equity Shares by the Registrar to the Stock Exchanges	[●]	[●]
Last date for settlement of bids on the Stock Exchanges	[●]	[●]
Last date of dispatch of consideration / share certificate(s) by Registrar / payment to shareholders / return of unaccepted demat shares by Stock Exchange to Eligible Shareholders	[●]	[●]
Last date of extinguishment of Equity Shares	[●]	[●]

Note: Where last dates are mentioned for certain activities, such activities may happen on or before the respective last dates

* Eligible Shareholders are required to submit their form(s) with their broker for bidding. After entering a valid bid, the seller member should send either by registered post / courier to the Registrar to the Offer the Tender Forms along with the requisite documents including physical share certificates, superscribing the envelope as “**Frontline Securities Limited - Buyback 2019**”, or hand deliver the same to the Registrar to the Offer at the address mentioned on the cover page or in Clause 18 of this Letter of Offer.

2. KEY DEFINITIONS

This Letter of Offer 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, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI Buyback Regulations, the Companies Act, the Depositories Act, and the rules and regulations made thereunder.

Act / Companies Act	The Companies Act, 2013, as amended and applicable rules thereunder
Acceptance	Acceptance of Equity Shares tendered by Eligible Shareholders in the Offer
Acquisition Window	The facility for acquisition of Equity Shares through mechanism provided by the Stock Exchange in the form of a separate window in accordance with the SEBI Circular
Additional Equity Shares or Additional Shares	Additional Equity Shares tendered by an Eligible Shareholder over and above the Buyback Entitlement of such Eligible Shareholder
Articles	Articles of Association of the Company
Board/ Board of Directors	Board of Directors of the Company
BSE / Stock Exchange	BSE Limited, being the stock exchange where the Equity Shares of the Company are listed

Buyback / Buyback Offer / Offer	Offer to Buyback upto 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven only) fully paid-up Equity Shares of face value Rs. 5/- each of the Company at a price of Rs. 40/- (Rupees Forty only) per Equity Share for an aggregate amount of up to Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only), in accordance with the Regulations and relevant provisions of the Act by way of a Tender Offer through the stock exchange mechanism
Buyback Entitlement or Entitlement	The number of Equity Shares that an Eligible Shareholder is entitled to tender, in the Buyback, based on the number of Equity Shares held by such Eligible Shareholder, on the Record Date and the ratio of Buyback applicable to such Shareholder
Buyback Price	Price at which Equity Shares will be bought back from the Equity Shareholders i.e. Rs. 40/- (Rupees Forty Only) per fully paid up Equity Share, payable in cash
SEBI Buyback Regulations	The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 including any amendments, statutory modifications or re-enactments thereof, for the time being in force and the SEBI Circular
CDSL	Central Depository Services (India) Limited
Company	Frontline Securities Limited
Company Broker	Farsight Securities Limited
Company Demat Account	The depository account entitled “[●]” opened by the Company
DP	Depository Participant
Depositories	NSDL and CDSL
Director(s)	Director(s) of the Company
Draft Letter of Offer	The Draft Letter of Offer dated May 10, 2019 filed with SEBI
Eligible shareholder or Eligible Person(s)	Person(s) eligible to participate in the Buy-Back Offer and would mean all Equity Shareholders including beneficial owners, holding Equity Shares either in physical or dematerialized form as on the Record Date i.e. Friday, May 24, 2019
Equity Shares / Shares	Fully paid-up equity shares of the Company each having a face value of Rs. 5/- (Rupees Five Only)
Escrow Account	The Escrow Account titled “Frontline Securities Limited - Escrow Account” opened with the Escrow Agent
Escrow Agent	HDFC Bank Limited
Escrow Agreement	The Escrow Agreement dated May 06, 2019 entered into between the Company, the Manager and the Escrow Agent
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
IT Act	Income-tax Act, 1961, as amended
Letter of Offer	The Letter of offer dated [●] containing disclosures in relation to the Buyback as specified in the SEBI Buyback Regulations, including comments received from SEBI on the Draft Letter of Offer
Manager to the Offer	Sundae Capital Advisors Private Limited
NRI/ Non Resident Indian	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
NSDL	National Securities Depository Limited
Public Announcement	The public announcement, made in accordance with the SEBI Buyback Regulations, dated May 09, 2019, published in all editions of the Business Standard (English and Hindi national daily) on May 10, 2019 each with wide circulation

Promoter	Rakesh Kumar Jain; Hope Consultants Limited; Purna Jain; Vidha Jain; and Aridhi Jain
Ratio of Buyback	The ratio of the Buyback: (i) in case of Small Shareholders, [●] Equity Shares for every [●] Equity Shares held by such Small Shareholder on the Record Date; and (ii) for Eligible Shareholders other than Small Shareholders, [●] Equity Shares for every [●] Equity Shares held by such Eligible Shareholder on the Record Date
RBI	The Reserve Bank of India
Record Date	May 24, 2019
Registrar to the Offer	Link Intime India Private Limited
SEBI	Securities and Exchange Board of India
SEBI Circular	Tendering of Equity Shares by Shareholders and settlement of the same, through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with circular bearing number CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 including amendments thereof
Shareholders	Holders of Equity Shares and includes beneficial owners thereof
Shareholder Broker	A Stock Broker of an Eligible Shareholder through whom the Eligible Shareholder wants to participate in the Buyback
Small Shareholder	‘Small Shareholder’ means a shareholder of a listed company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognized stock exchange in which highest trading volume in respect of such security, as on record date is not more than Rs. 200,000/- (Rupees Two Lakh Only).
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Tender offer	Method of buyback as defined in Regulation 2(i)(q) of the SEBI Buyback Regulations
Tender Offer Form / Form of Acceptance	The form to be filled in by the Shareholders to participate in the Buyback.
TRS	Transaction Registration Slip

3. DISCLAIMER CLAUSE

As required, a copy of this Draft Letter of Offer has been submitted to Securities and Exchange Board of India (“SEBI”). It is to be distinctly understood that submission of the Draft Letter of Offer with 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 the company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in the Draft Letter of Offer. The Manager to the Offer, Sundae Capital Advisors Private Limited has certified that the disclosures made in the Draft Letter of Offer are generally adequate and are in conformity with the provisions of Companies Act and the SEBI Buyback Regulations. This requirement is to facilitate investors to take an informed decision for tendering their shares in the Buyback.

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 Letter of Offer, the Manager to the Offer is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose. Pursuant to this requirement, Manager to the Offer, Sundae Capital Advisors Private Limited has furnished to SEBI a due diligence certificate dated May 10, 2019 in accordance with the SEBI Buyback Regulations which reads as follows:

“We have examined various documents and materials relevant to the Buyback as part of the due diligence carried out by us in connection with the finalization of the public announcement dated May 09, 2019 and published on May 10, 2019 (the “Public Announcement”) and the Draft Letter of Offer dated May 10, 2019. On the basis of such examination and the discussions with the Company, we hereby state that:

- **The Public Announcement and the Draft Letter of Offer are in conformity with the documents, materials and papers relevant to the Buyback;**
- **All the legal requirements connected with the said offer including the SEBI (Buy Back of Securities) Regulations, 2018, as amended, have been duly complied with;**
- **The disclosures in the Public Announcement and the Draft Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well informed decision in respect of the captioned Buyback;**
- **Funds used for Buyback shall be as per the provisions of the Companies Act.”**

The filing of the Draft Letter of Offer with SEBI, does not, however, absolve the Company from any liabilities under the provisions of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

Promoters / Directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of investors has been suppressed / withheld and / or incorporated in the manner that would amount to mis-statement / mis-representation and in the event of it transpiring at any point of time that any information / material has been suppressed / withheld and / or amounts to a mis-statement / mis-representation, the Promoters / Directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act, 2013 and the SEBI Buyback Regulations.

Promoters / Directors also declare and confirm that funds borrowed from banks and / or financial institutions will not be used for the Buyback.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subjected to rounding-off and casting adjustments. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

NO OFFER TO SUBSCRIBE / PURCHASE / SELL, OR AN INVITATION TO SUBSCRIBE / PURCHASE / SELL ANY SECURITIES OF THE COMPANY OR AS A SOLICITATION OR AN INVITATION TO SUBSCRIBE / PURCHASE / SELL ANY SECURITIES OF THE COMPANY INCLUDING THE EQUITY SHARES IS MADE IN A JURISDICTION, OTHER THAN INDIA, WHERE IT IS ILLEGAL, OR ANY ACTION OR APPROVAL IS REQUIRED, TO MAKE THIS BUYBACK.

Forward Looking Statement:

The Letter of Offer 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’ or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

4. TEXT OF THE RESOLUTION PASSED AT BOARD MEETING ON MARCH 26, 2019

The Buyback through Tender Offer has been duly authorized by resolutions passed by the Board of Directors of the Company at its meeting held on March 26, 2019. The text of the relevant resolutions passed is given below.

(a) Resolution passed on March 26, 2019

“RESOLVED THAT pursuant Article 134 of the Articles of Association of the Company, the provisions of Sections 68, 69, 70 and 110 and all other applicable provisions, if any, of the Companies Act, 2013, as amended (**“Act”**), the Companies (Share Capital and Debentures) Rules, 2014 (**“Share Capital Rules”**), **the Companies (Management and Administration) Rules, 2014 (“Management Rules”)**, including any statutory modifications or re-enactment thereof for the time being in force and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (**“SEBI Buyback Regulations”**), including any amendments, statutory modification(s) or re-enactment(s) for the time being in force and subject to such other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by the appropriate authorities while granting such approvals, permissions and sanctions, which may be agreed by the Board of Directors of the Company (the **“Board”**, which expression shall include any committee constituted by the Board to exercise its powers including the powers conferred by this resolution) and subject to the approval of the Members by the way of Special Resolution to be passed through Postal Ballot, the approval of the Board be and is hereby accorded for the Buy Back by the Company of its up to 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven) fully paid-up Equity Shares of Rs. 5/- each, of the Company, (“Equity Shares”) representing 15.94% of the total paid up Equity Share Capital of the Company as on 31st March, 2018, at a price of Rs. 40/- (Rupees Forty Only) per Equity Share (**“Buy Back Price”**) payable in cash for an aggregate amount of up to Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand Eighty only) excluding any expenses incurred or to be incurred in relation to the Buy Back including brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty and other incidental and related expenses (**“Buy Back Size”**) being 24.99% of the aggregate of fully paid-up Equity Share Capital and free reserves of the Company as per its latest audited financial statements for the financial year ended March 31st 2018, which is within the prescribed limit of 25% of the fully paid-up Equity Share Capital and free reserves of the Company as per its latest audited Financial statements, through the **“Tender Offer”** route as prescribed under the Buy Back Regulations using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13th, 2015 read with circular CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 or such other mechanism as may be applicable, on a proportionate basis, from the equity shareholders / beneficial owners of the Equity Shares of the Company as on the Record Date, provided 15% (Fifteen Percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders, whichever is higher, shall be reserved for the small shareholders, as prescribed under Regulation 6 of the SEBI Buyback Regulations (**“Buy Back”**).

RESOLVED FURTHER THAT the Buy Back shall be made out of the free reserves based on the audited accounts of the Company for the financial year ended March 31st, 2018 and the payments be made out of the Company’s current balances of cash and cash equivalents and other current investments and/or internal accruals of the Company.

RESOLVED FURTHER THAT all the equity shareholders of the Company as on the Record Date will be eligible to participate in the Buy Back including promoters of the Company.

RESOLVED FURTHER THAT the Buy Back from the shareholders who are resident outside India including Foreign Corporate Bodies (including erstwhile Overseas Corporate Bodies) and Foreign Institutional Investors, shall be subject to such approvals, if any, and to the extent required from the concerned authorities including approvals from the Reserve Bank of India under the applicable Foreign Exchange Management Act, 1999 and the rules, regulations framed there under, and that such approvals shall be required to be taken by such non -resident shareholders .

RESOLVED FURTHER THAT the Buy Back would be subject to the condition of maintaining minimum public shareholding requirements as specified in Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (**“Listing Regulations”**).

RESOLVED FURTHER THAT the Company shall not Buy Back the locked-in shares or other specified securities and non-transferable shares or other specified securities till the pendency of lock in or till the shares or other specified securities become transferable.

RESOLVED FURTHER THAT Ms. Richa Arora, Company Secretary and Whole Time Director be and is hereby appointed as the Compliance officer for the purpose of Proposed Buy Back.

RESOLVED FURTHER THAT the draft Declaration of Solvency prepared in the prescribed form, verified by an affidavit placed before this meeting duly signed by the Chairman for the purpose of identification be and is hereby approved and Mr. Rakesh Kumar Jain, Non Executive Chairman & Director and Ms. Richa Arora, Company Secretary and Whole Time Director, of the Company be and are hereby authorized to sign the same, for and on the behalf of the Board and file the same with the Registrar of Companies, the Securities and Exchange Board of India and/or any other concerned authorities, as may be necessary in accordance with the applicable laws.

RESOLVED FURTHER THAT the Board hereby declares that it has made a full enquiry into the affairs and prospects of the Company and after taking into account the financial position of the Company, including the projections and also considering all contingent liabilities the Board hereby formed an opinion:

- a) That immediately following the date of the Board Meeting held on March 26th, 2019 and the date of passing the Shareholders' resolution approving the proposed Buy Back, there will be no grounds on which the Company can be found unable to pay its debts;
- b) That as regards the Company's prospects for the year immediately following the date of the Board Meeting held on March 26th, 2019 as well as the year immediately following the date of passing the Shareholders' resolution approving the proposed Buy Back, and having regard to Board's intentions with respect to the management of the Company's business during that year, and to the amount and character of the financial resources which will, in the Board's view, be available to the Company that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from date of Board meeting approving the Buy back held on March 26th, 2019 as also from the Shareholders' resolution approving proposed Buy Back;
- c) That in forming their opinion for the above purpose, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if Company is being wound up under the provisions of the Act and the Insolvency and Bankruptcy Code 2016 (to the extent notified and in force).

RESOLVED FURTHER THAT the Board hereby confirms:

- (a) The Company shall not issue any Equity Shares or other securities (including by way of bonus) till the date of closure of the Buy Back;
- (b) The Company shall not raise further capital for a period of one year from the closure of Buy Back offer except in discharge of its subsisting obligations;
- (c) The special resolution approving the Buy Back will be valid for a maximum period of one year from the date of passing the said special resolution (or such extended period as may be permitted under the Act or the SEBI Buyback Regulations or by the appropriate authorities). The exact time table for the Buy Back shall be decided by the Board (or its duly constituted Committee) within the above time limits;
- (d) The Equity Shares bought back by the Company will be compulsorily cancelled / extinguished and will not be held for re-issuance;

- (e) The Company shall transfer from its free reserves a sum equal to the nominal value of the Equity Shares purchased through the Buy Back to the Capital Redemption Reserve account and the details of such transfer shall be disclosed in its subsequent audited balance sheet;
- (f) The Company shall not withdraw the Buy Back after the public announcement of the offer to Buy Back is made;
- (g) The Company shall not Buy Back locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferable; and
- (h) The Company confirms that as required under Section 68(2)(d) of the Act, the Company is a debt free company and the debt equity ratio of aggregate of secured and unsecured debts owed by the Company shall not be more than twice the equity share capital and free reserves after the Buy Back.

RESOLVED FURTHER THAT the Board hereby affirms that:

- a) All the Equity shares are fully paid-up.
- b) the Company shall not make any offer of Buy Back within a period of one year reckoned from the date of closure of the Buy Back;
- c) That the Company shall not Buy Back its shares from any person through negotiated deals whether on or off the stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buy Back.
- d) There are no defaults subsisting in the repayment of deposits, accepted either before or after the commencement of the Act, interest payment thereon, redemption of debentures or preference shares or payment of dividend to any shareholder, or repayment of any term loan or interest payable thereon to any financial institution or banking company.
- e) that the Company has been in compliance with Sections 92, 123, 127 and 129 of the Act;
- f) there is no pendency of any scheme of amalgamation or compromise or arrangement;
- g) the aggregate amount of the Buy Back is Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand Eighty only) does not exceed 25% of the total paid-up Equity Share Capital and Free Reserves of the Company as on 31st March, 2018.
- h) That the maximum number of shares proposed to be purchased under the Buy Back i.e. 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven Only) Equity Shares, does not exceed 25% of the total number of shares in the paid-up equity capital as per the audited balance sheet as of March, 31st, 2018.

RESOLVED FURTHER THAT no information/ material likely to have a bearing on the decision of investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it is transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to mis-statement/ misrepresentation, the Board of Directors and the Company shall be liable for penalty in terms of the provisions of the Act and the Buy Back Regulations.

RESOLVED FURTHER THAT nothing contained herein shall confer any right on any shareholder to offer and/ or any obligation on the Company or the Board or the Buy Back Committee to Buy Back any shares, and/ or impart any power of the Company or the Board or the Buy Back Committee to terminate any process in relation to such Buy Back, if so permissible by law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the power(s) conferred herein above as it may in its absolute discretion deem fit, to any Committee(s)/ Director(s)/ Officer(s)/ Authorized Representative(s) of the Company in order to give effect to the aforesaid resolutions, including but not limited to finalizing the terms of Buy Back like Record Date, Entitlement Ratio, timeframe for completion of Buy Back, appointing Merchant bankers, Brokers, Lawyers, Registrar, Scrutinizers, Escrow Agents, and other advisors/consultants/intermediaries/agencies, as may be required, for the implementation of the Buy Back; finalizing their terms of appointment including the fees payable and executing agreements; initiating all necessary actions for preparation and issue of various documents including Public Announcement, Draft Letter of Offer, and all other documents with respect to the Buy Back; making all necessary applications to the appropriate authorities for their approvals including but not limited to approvals as may be required from the Securities and Exchange Board of India; preparing, signing and filing of the Public Announcement, Draft Letter of Offer/Letter of Offer with the Securities and Exchange Board of India, the Stock Exchanges and other appropriate authorities; obtaining all necessary certificates and report from the statutory auditors and other third parties as required under applicable laws; entering into escrow arrangements as required in terms of the Buy Back Regulations; opening, operating and closing of all necessary accounts including escrow account, special payment account, demat account as required in terms of Buy Back Regulations; extinguishing dematerialized shares and physical destruction of share certificates in respect of the Equity Shares bought back by the Company; and filing such other undertakings, agreements, papers, documents and correspondence, as may be required to be filed in connection with the Buy Back with the Securities and Exchange Board of India , the Stock Exchanges, Registrar of Companies, Depositories and/or other Regulators and statutory authorities as may be required from time to time.

RESOLVED FURTHER THAT the appointment of Sundae Capital Advisors Private Limited, A SEBI registered Category –I Merchant Banker, as the Manager to the Offer be confirmed and approved in terms of their offer Letter dated March 20, 2019.

RESOLVED FURTHER THAT the approval of the shareholders by way of Postal Ballot for Buy Back be sought and the Buy Back Committee (hereinafter referred to as the (“**Buy Back Committee**”)) be formed for the purpose of effecting the Buy-Back.

RESOLVED FURTHER THAT without affecting the generality and in addition to the authorities given by the Board to the Company’s Directors/ officers/ authorized person(s) elsewhere in these resolutions, the “Buy Back Committee” of the Board of Directors consisting of Mr. Rakesh Kumar Jain, Non-Executive Chairman and Director, Mr. Gauri Shanker Pandey, Whole Time Director and Ms. Richa Arora, Company Secretary and Whole Time Director be and is hereby authorized to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, as the Buy Back committee may consider to be in the best interest of shareholders, authorized, empowered and deemed to have been authorized and empowered to exercise all powers and discharge all functions which the Board is authorized, including, inter alia:

1. To perform and to authorize the performance of all such acts and deeds which are necessary or advisable for the implementation of the Buy Back without any further approval of the Board.
2. To seek approval of the Shareholders through Postal Ballot / e-voting and to do all necessary actions related thereto, including approving Postal Ballot Notice and appointment of Scrutinizer.
3. To approve and file various documents including Public Announcement, Draft Letter of Offer, Final Letter of Offer, Declaration of Solvency Certificate of Extinguishment of shares and such other documents that may require approval of the Board.
4. To fix the record date in accordance with the Buy Back Regulations and the entitlement of shareholders to participate in the Buy Back;
5. To approve the opening/ closing and operation of Demat Account(s), Bank Account, Escrow Account(s), Special Account(s) for the purpose of payment and authorizing persons/ entities

(including the Manager to the offer) to operate said accounts;

6. Filing response to the queries raised by the Manager to the Offer, Securities and Exchange Board of India, the Stock Exchanges and other appropriate authorities in connection with the proposed buy-Back.
7. To finalize the appointment of Bankers, Merchant Banker(s), Lawyer(s), Registrar, depository participants, advertising agencies, consultants, Escrow Agent and any other intermediaries/ agencies as may be required for implementation of Buy Back;
8. To approve and authorize execution of any application(s), agreements, deeds, documents, declarations, writings, etc., (including any alterations or modifications thereof), as may be required from time to time, in connection with the Buy Back and file or cause the filing of the same with the appropriate authorities as may be required;
9. Making applications to the appropriate authorities for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management, 1999 and the rules, regulations framed thereunder.
10. Extinguishment of share certificates and filing of certificates of extinguishment required to be filed in connection with the Buy Back on behalf of the Company and/or the Board.
11. Sign, execute and deliver such documents as may be necessary or required or desirable in connection with or incidental to the Buy Back; execution of documents under the Common Seal of the Company as may be required.
12. To authorize the directors and/or the officers of the Company in connection with any or all of the above matters, to do all such acts, deeds, matters and things as they may deem necessary and expedient at their absolute discretion without any further approval of the Board.”

Ms. Richa Arora, Company Secretary & Whole Time Director, shall also act as secretary to the committee.

RESOLVED FURTHER THAT the Buy Back Committee be and is hereby authorized to delegate all or any of the authorities conferred on it to any Director(s)/ Officer(s)/ Authorised Representative(s) of Company.

RESOLVED FURTHER THAT the quorum for any meeting of the Buy Back Committee for implementing the Buy Back shall be two members;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Buy Back Committee be and is hereby authorized to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to Buy Back.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and without affecting the generality and in addition to the authority given by the Board to the Company's Directors/Officers/Authorized Person(s) elsewhere in this resolutions, Mr. Rakesh Kumar Jain, Non-Executive chairman and Director, Mr. Gauri Shankar Pandey, Whole Time Director and Ms. Richa Arora, Company Secretary and whole Time Director, be and are hereby severally authorised to do the following:

1. To finalise, execute and submit necessary documents, deeds, affidavits, undertakings, certifications, agreements, forms, returns, applications, letters, etc., seek approval(s) and to represent the Company with the Securities and Exchange Board of India, BSE Limited, Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) Limited and any other Regulatory authorities in connection with the Buy back;

2. To negotiate, finalise the terms of appointment of the Merchant Banker(s), Lawyer(s), Registrar, Escrow Agent and any other intermediaries as may be required in connection with the Buy back and execute any agreement(s) in this regard;
3. To incur such other expenses as may be necessary with regard to the proposed Buy Back including fees to be paid to SEBI / other Regulatory Authorities, Registrar Fees, Fees for Escrow Agent and other intermediaries, Fee for any consultants/ advisers that may be hired, Publication expenses, postage expenses, transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc. and such other expenses that may be necessary or incidental in this regard.
4. To sign, e-forms for the proposed Buy back offer and postal ballot of the Company and all other documents that may be required to be filed with the Registrar of Companies, Delhi and Haryana, for the above said purpose.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s) , modification(s) to the terms and condition as it may deem necessary , concerning any aspect of the Buy Back , in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable , to settle any questions, difficulties or doubts that may arise and generally , to do all, acts, deeds, matters and things as it may, in absolute discretion deem necessary, expedient , usual or proper in relation to or in connection with or for matters consequential to the Buy Back without seeking any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the resolution.

5. DETAILS OF THE PUBLIC ANNOUNCEMENT

In accordance with the provisions of the Regulation 7(i) of the SEBI Buyback Regulations, the Company has made a Public Announcement for the Buyback of Equity Shares which was published on May 10, 2019 in all editions of (i) Business Standard, an English national daily newspaper; and (ii) Business Standard, a Hindi national daily newspaper, both with wide circulation within two working days from the date of declaration of results of resolution by the shareholders through postal ballot i.e. May 09, 2019 for the Buyback.

A copy of the Public Announcement is available on the SEBI website at www.sebi.gov.in.

6. DETAILS OF THE OFFER

- 6.1 The Board of Directors of the Company, at its meeting held on March 26, 2019 had, subject to the approval of the Members of the Company by way of special resolution and approval of statutory, regulatory or governmental authorities as may be required under applicable laws, approved a buyback of upto an aggregate amount not exceeding Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only) (representing 24.99% of the Paid up share capital and free reserves as on March 31, 2018) at a price of Rs. 40/- per equity share from the existing Members / Shareholders holding equity shares of the Company on a proportionate basis through the “Tender Offer” route as prescribed under the SEBI Buyback Regulations read with SEBI Circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with circular bearing number CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 and in accordance with the Act & the Rules made thereunder (the “**Buyback**”). The consent of the shareholders was received by way of Special Resolution for the said buyback on the terms mentioned above by means of Postal Ballot, the results of which were declared on May 09, 2019.
- 6.2 The Board in its meeting held on March 26, 2019 and shareholders of the Company through postal ballot, results of which were declared on May 09, 2019 have approved the Buyback Price of Rs. 40/- (Rupees Forty Only) (the “**Buyback Price**”) and the amount for Buyback to be Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only) (the “**Buyback Size**”) excluding transaction cost, viz., brokerage, applicable taxes such as Securities Transaction Tax, Service Tax, Stamp duty, etc., cost for the intermediaries appointed and other incidental costs. With the Buyback Price of Rs. 40/- (Rupees Forty

Only) and Buyback Size of Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand Eighty Only), the total number of shares to be bought back in the Buyback shall be 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven) Equity Shares, representing 15.94% of the total issued and paid-up equity capital of the Company as on May 09, 2019.

- 6.3 The Buyback is in accordance with the provisions contained in the Article 134 of the Articles of Association of the Company, Section 68, 69, 70, 110 and 179 and all other applicable provisions, if any of the Companies Act 2013, Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable, the Companies (Management and Administration) Rules, 2014 and the provisions of the SEBI Buyback Regulations to the extent applicable. The Buyback is subject to the approvals, permissions and sanctions of statutory, regulatory or Governmental authorities as may be required under applicable laws from time to time, including but not limited to the approvals of SEBI and BSE, wherever applicable.
- 6.4 The Buyback shall be undertaken on a proportionate basis from the Shareholders as on the Record Date being Friday, May 24, 2019 through the Tender Offer route prescribed under Regulation 4(iv)(a) of the SEBI Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/ CFD/POLICY CELL/1/2015 dated April 13, 2015 read with circular bearing number CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 (the “SEBI Circulars”).
- 6.5 In terms of Section 68 of the Act, the aggregate Paid-up equity capital and Free Reserves of the Company as on March 31, 2018 was Rs. 30.25 crores (Rupees Thirty Crores Twenty Five Lakhs Only) and the funds deployed for Buyback shall not exceed 25% of the Paid-up capital and Free Reserves of the Company under shareholder approval route. Accordingly, the maximum amount that can be utilized in the present Buyback, i.e. 24.99% of the networth, is Rs. 7,56,01,104 crores (Rupees Seven Crores and Fifty Six Lakhs One thousand and One Hundred Four Only). The aggregate amount proposed to be utilised for the Buyback is Rs. 7,56,01,080 (Rupees Seven Crores and Fifty Six Lakhs One thousand and Eighty Only) excluding transaction cost, viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., cost for the intermediaries appointed and other incidental costs, which is within the maximum amount as aforesaid.
- 6.6 Further, under the Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity share capital of the Company in that financial year. Since the Company proposes to Buyback upto 18,90,027 Equity Shares through this buyback in the financial year 2019-20, which represents 15.94% of the total number of equity shares in the total paid up equity share capital of the Company as on May 09, 2019 (i.e. the date of declaration of the results of the postal ballot), the same is within the aforesaid 25% limit.
- 6.7 The Buyback Price of Rs. 40/- represents (a) a premium of approx. 23.08% over the closing price of the Equity Shares on BSE, as on Tuesday, March 19, 2019, being the trading day prior to the date on which the Company intimated BSE Limited of the date of the meeting of the Board of Directors, wherein the proposal of the Buyback was considered ; (b) a premium of approx. 22.03% and 34.32% over the volume weighted average price of the Equity Shares on the BSE during the last three months and last two weeks preceding March 20, 2019, being the day on which Company intimated the Stock Exchange of the date of meeting of the Board of Directors wherein the proposal for Buyback was considered.
- 6.8 In terms of the SEBI Buyback Regulations, under Tender Offer route, the Promoters of the Company has the option to participate in the Buyback. In this regard, The Promoters, vide letter dated March 26, 2019 have informed the Company regarding their intention to participate in the Buyback. The extent of their participation in the Buyback has been detailed in Clause 9 of this Draft Letter of Offer.
- 6.9 Pursuant to the Buyback and depending on the response to the Buyback, the voting rights of the Promoters in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. The Promoters of the Company are already in control over the Company and therefore such further increase or decrease in voting rights of the Promoters will not result in any change in

control over the Company.

6.10 Details of shareholding of the Promoters of the Company

6.10.1 The aggregate shareholding of the Promoters of the Company as on the Date of this Letter of Offer is as follows:

Sr. No.	Name of the Shareholder	No. of Equity shares held	No. of Equity Shares in Demat Form	Percentage of Shareholding
1.	Hope Consultants Limited	8,20,886	8,20,886	6.92
2.	Rakesh Kumar Jain	49,91,820	49,91,820	42.10
3.	Prerna Jain	27,77,008	27,77,008	23.42
4.	Vida Jain	49,020	49,020	0.41
5.	Aridhi Jain	16,620	16,620	0.14
Total		86,55,354	86,55,354	73.01

6.10.2 Except the equity shares held by Mr. Rakesh Kumar Jain in the Capacity of promoter of the Company, as mentioned above, the shareholding of the Director and Key Managerial Personnel of the Company is stated below:.

Sr. No.	Name	Designation	No. of Equity Shares	Percentage of shareholding
1.	Mr. Gauri Shanker Pandey	Whole Time Director	-	-
2.	Dr. Charanjeet Singh Bedi	Independent Director	-	-
3.	Mr. Atul Kumar Jain	Independent Director	20	0.00
4.	Mr. Arun Kumar Jain	Independent Director	420	0.00
5.	Mr. Baljit Singh Bedi	Independent Director	1,200	0.01
6.	Ms. Sarabjeet Kaur Kocher	Women Director	-	-
7.	Ms. Richa Arora	Whole Time Director and Company Secretary	-	-
8.	Mr. Mayank Agarwal	Chief Financial Officer	-	-
Total			1,640	0.01

6.10.3 Except the equity shares held by Mr. Rakesh Kumar Jain in the Capacity of promoter of the Company, as mentioned in Clause 3.1 above, the shareholding of the Directors of Hope Consultants Limited in our Company is stated below:

Sr. No.	Name	Designation	No. of Equity Shares	Percentage of shareholding
1.	Mr. Rajeev Kumar Jain	Director	400	0.00
2.	Mr. Sharad Jain	Director	67,070	0.46
Total			67,470	0.46

6.10.4 No shares were either purchased or sold by the Promoters, during the period of 6 months preceding the date of the Board Meeting at which the proposal for Buyback was approved, i.e. March 26, 2019 and from the date of the Board Meeting till date of Postal Ballot Notice except transfer of 800 shares (after sub-division) pursuant to Order dated September 18, 2006 of the Hon'ble High Court of Delhi, approving the Scheme of Amalgamation of Hope Consultants Limited with AVI Growth Avenues Private Limited, Ample Consultants Private Limited and Frontcap Securities Private Limited. Prior to the Scheme of Amalgamation, said 800 shares were held by Ample Consultants Private Limited, another Promoter Group Entity.

7. AUTHORITY FOR THE BUYBACK

The Buyback is being undertaken by the Company in accordance with Article 134 of the Articles of Association of the Company, the provisions of section 68, 69, 70 and other applicable provisions of the Companies Act, the Rules thereunder and the SEBI Buyback Regulations. The Buyback is subject to such other approvals and permissions, as may be required from statutory, regulatory or governmental authorities under applicable law.

The Board at its meeting dated March 26, 2019, passed a resolution approving the Buyback of Equity Shares of the Company and sought approval of its Shareholders, by a special resolution, through a notice dated March 26, 2019. The Shareholders of the Company have approved the Buyback by way of a special resolution passed through postal ballot, results of which were declared on May 09, 2019.

8. NECESSITY OF THE BUYBACK

Buyback is the purchase of its own Equity Shares by the Company. The objective is to maximize returns to investors, to reduce total number of shares and enhance overall shareholders value by returning cash to shareholders in an efficient and investor friendly manner. The Board of Directors of the Company at its meeting held on March 26, 2019 considered the accumulated Free Reserves as well as cash liquidity reflected in the audited accounts for the Financial Year ended March 31, 2018 and decided to allocate a sum of Rs. 7,56,01,080 (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only) for returning to the members holding Equity shares through Buyback (which is 24.99% of the total Paid up share capital and Free Reserves as per the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018) excluding transaction cost, viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc.

The Company's management strives to increase Shareholder's value and the Buyback would result in, amongst other things:

- (a) The Buyback will result in reduction in the overall capital employed in the business, which will, in turn lead to higher earnings per share and enhanced return on equity and return on capital employed, return on net worth, return on assets, etc and long term increase in shareholders' value;
- (b) The Buyback will help the Company to distribute surplus cash to its Members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to Members;
- (c) The Buyback, which is being implemented through the Tender Offer route as prescribed under the SEBI Buyback Regulations, would involve allocation of 15% of the outlay to Small Shareholders. The Company believes that this reservation of 15% for Small Shareholders would benefit a large number of public shareholders, who would get classified as "Small Shareholder"; and
- (d) The Buyback gives an option to the Members holding equity shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Offer or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Offer, without additional investment.

9. MANAGEMENT DISCUSSION AND ANALYSIS AND THE LIKELY IMPACT OF BUYBACK ON THE COMPANY

9.1 The Buyback is not likely to cause any material impact on the earnings of the Company except a reduction in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. The Buyback will optimize returns to the shareholders and enhance overall shareholders value. The Buyback is not expected to impact growth opportunities for the Company.

9.2 In terms of the SEBI Buyback Regulations, under Tender Offer route, the Promoters have the option to participate in the Buyback. In this regard, the Promoters vide their letter dated March 26, 2018 have

informed the Company regarding their intention to participate in the Buyback and offer to tender their pro rata entitlement against the shares held by them as on the Record Date and may also tender such additional number of shares, as they may decide subsequently depending upon publicly available information at the time of such decision making, in compliance with the SEBI Buyback Regulations. However, the Promoters will not tender more than 86,55,354 Equity Shares under the Buyback, being the total number of Equity Shares held by them.

- 9.3 The details of the date and price of acquisition of the Equity Shares that Promoters intends to tender are set out below:

Sr. No.	Date of Acquisition	No. of Equity Shares Acquired	Cost of Acquisition (in Rs. per Share)
Hope Consultants Limited			
1.	April 01, 2006#	8,20,086	Not Applicable
2.	February 25, 2019\$	800	Not Applicable
Sub Total (A)		8,20,886	
Rakesh Kumar Jain			
1.	May 02, 2012	4,31,820	12.20
2.	July 30, 2015	12,00,000	13.75
3.	July 08, 2016	5,80,000	8.70
4.	August 19, 2016	24,80,000	9.51
5.	April 17, 2017	3,00,000	26.50
Sub Total (B)		49,91,820	-
Prerna Jain			
1.	April 04, 2016	4,27,008	13.50
2.	July 08, 2016	23,00,000	8.70
3.	April 17, 2017	50,000	26.50
Sub Total (C)		27,77,008	-
Vidha Jain			
1.	Up to April 01, 1999#	49,020	2.00
Sub Total (D)		49,020	-
Aridhi Jain			
1.	Up to January 01, 2003#	16,620	3.50
Sub Total (E)		16,620	-
Total (A+B+C+D+E)		86,55,354	-

- 9.4 Consequent to the Buyback and based on the number of Shares bought back from the shareholders, the shareholding pattern of the Company would undergo a consequential change. Pursuant to the Buyback and depending on the response to the Buyback, the voting rights of the Promoters in the Company may increase or decrease from the existing Shareholding of the total equity capital and voting rights of the Company. Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Shareholders up to their Buyback Entitlement, the aggregate shareholding of the Promoters, post the Buyback may increase to [●]% from 73.01% prior to the Buyback, and the aggregate shareholding of the public in the Company post Buyback may decrease to [●]% from 26.99% prior to the Buyback.

The Promoters of the Company are already in control over the Company and therefore such further increase or decrease in voting rights of the Promoters will not result in any change in control over the Company.

- 9.5 The debt-equity ratio post the Buyback will be below the maximum allowable limit of 2:1 specified under the Act.

9.6 In compliance with regulation 24(i)(b) of SEBI Buyback Regulations, the Company shall not issue any equity shares or other equity securities (including by way of bonus) till the date of closure of the Buyback. The Company shall not raise further capital for a period of one year from the closure of the Buyback.

9.7 Salient financial parameters consequent to the Buyback based on the Audited Standalone Financial Statements as of March 31, 2018, of the Company are as under:

Ratios	Pre Buyback (based on the number of shares before split of face value)	Post Buyback (based on the number of shares after split of face value)	Post Buyback
Net Worth (Rs. in lakhs) ^(a)	4,546.16	4,546.16	3,790.15
Return on Networth (%age) ^(b)	21.92	21.92	26.29
Earnings Per Share (in Rs.) ^(c)			
- Basic	14.13	7.07	10.00
- Diluted	14.14	7.07	10.00
Book Value per Share (in Rs.) ^(d)	76.69	38.35	38.03
Price / Earnings multiple as per latest audited Financial Statements ^(e)	2.30	4.60	3.25
Total Debt / Equity Ratio ^(f)	0.025	0.025	0.029
Long term Debt / Equity Ratio ^(g)	0.017	0.017	0.021

Note:

(a) Net worth is calculated as aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited standalone financial statements as on March 31, 2018, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(b) Return on Net Worth = Profit after tax / Net Worth

(c) Earnings per Share = Profit after Tax / Average number of shares outstanding for the period.
Earnings per Share post Buyback is computed based on the number of equity shares outstanding after assuming full acceptance

(d) Book value per Share = Net Worth / Number of shares at the end of the period

(e) Price / Earnings multiple as per latest Audited Standalone Financial Statements = Market Value per Share / Basic Earnings per Share

Market Value has been taken as Rs. 32.50 (closing price on BSE as of March 19, 2019 being the day immediately preceding the date on which Company intimated the Stock Exchanges of the date of meeting of the Board of Directors wherein the proposal for Buyback was considered, for both pre and post buyback)

(f) Total Debt / Equity Ratio = Total Debt / Net Worth

(g) Long term Debt / Equity Ratio = Long term Debt / Net Worth

10. BASIS FOR CALCULATING BUYBACK PRICE

The Equity Shares of the Company are proposed to be bought back at a price of Rs. 40/- (Rupees Forty Only) per Equity Share.

The Buyback Price has been arrived at after considering various factors, including, but not limited to the trends in the volume weighted average prices of the Equity Shares of the Company on BSE Limited ("BSE"), where the equity shares of the Company are listed, the net-worth of the Company, price earnings ratio and the possible impact of the Buyback on the key financial ratios of the Company.

The Buyback Price of Rs. 40/- represents (a) a premium of approx. 23.08% over the closing price of the Equity Shares on BSE, as on Tuesday, March 19, 2019, being the trading day prior to the date on which the Company intimated BSE Limited of the date of the meeting of the Board of Directors, wherein the proposal

of the Buyback was considered; (b) a premium of approx. 22.03% and 34.32% over the volume weighted average price of the Equity Shares on the BSE during the last three months and last two weeks preceding March 20, 2019, being the day on which Company intimated the Stock Exchange of the date of meeting of the Board of Directors wherein the proposal for Buyback was considered.

The closing market price of the Equity Shares as on March 19, 2019, being the working day immediately preceding the date on which Company intimated Stock exchanges of the date of meeting of the Board of Directors wherein the proposal for the Buyback was considered was Rs. 32.50 on BSE and the closing market price of the Equity Shares as on March 20, 2019, being the date of intimation of the date of Board Meeting wherein the proposal for the Buyback was considered was Rs. 33.50 on BSE.

The Buyback Price is at 4.31% premium over the Company's book value per Equity Share of the Company, which as of March 31, 2018 was Rs. 38.35 per Equity Share.

11. SOURCES OF FUNDS FOR THE BUYBACK

- 11.1 Assuming full acceptance, the funds that would be utilized by the Company for the purpose of the Buyback would be Rs. 7,56,01,080/- (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty Only) (excluding transaction cost, viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc).
- 11.2 The Buyback shall be made out of the Free Reserves of the Company as at March 31, 2018 based on the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018. The Company shall transfer a sum equal to the nominal value of the Equity Shares so bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.
- 11.3 The funds for the Buyback will be sourced from internal accruals of the Company. The Company does not intend to raise any debt for the explicit purposes of the Buyback. Thus, borrowed funds will not be used for the Buyback. However, if required, the Company may borrow funds in the ordinary course of its business.
- 11.4 This Buyback is not likely to cause any material impact on the earnings of the Company, except a reduction in the amount available for investment, which the Company could have otherwise deployed towards generating investment income.

12. DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT DEPOSITED THEREIN

In accordance with the with Regulation 9(xi) of the SEBI Buyback Regulations, the Company has appointed HDFC Bank Limited as the Escrow Agent for the aforementioned Buyback, and the Company, the Manager to the Offer and the Escrow Agent have entered into an Escrow Agreement dated May 06, 2019 pursuant to which the Escrow Account in the name and style "**Frontline Securities Limited - Escrow Account**" bearing account number 57500000367876 has been opened with the Escrow Agent. The Manager has been empowered to operate the Escrow Account in accordance with the SEBI Buyback Regulations. In compliance with the provisions of the Regulation 9(xi)(a) and Regulation 9(xi)(b) of the SEBI Buyback Regulations, the Company shall deposit an amount aggregating to Rs. 7,56,01,080/- (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty Only), being equivalent to 100% of the Buyback Size, atleast 1 (one) working day before the opening of the Offer i.e. [●], 2019 or as specified under the SEBI Buyback Regulations from time to time.

Based on the resolution of the Board passed on March 26, 2019 in this regard and other facts / documents, Mr. Inderjeet Walecha (Mem. No.: 093694), Partner, Walecha Inderjeet & Associates, Chartered Accountant (Firm Registration No. 014205N), having their office at 6-8, Sanjay Market, R Block, Greater Kailash - I, New Delhi - 110 048, have certified, vide their certificate dated May 09, 2019 that the Company has adequate firm and financial resources to meet the financial obligations under Offer.

The company will, immediately after the date of closure of this Offer, deposit in a special account such sum as would together with 90% of the amount lying in the Escrow Account make up the entire sum due and payable as consideration for the Buyback. The Company may transfer the funds from the Escrow Account to the special account in accordance with the provisions of Regulation 10(i) of the SEBI Buyback Regulations.

The Manager to the Offer confirms that it is satisfied that firm arrangements for fulfilling the obligations under the Buyback are in place and that the Company has the ability to implement the Buyback in accordance with the SEBI Buyback Regulations.

13. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

(a) As on the date of this Letter of Offer, the Share Capital Structure of the Company is as follows:

Particulars	Amount (in Rs.)
Authorised Capital	
2,00,00,000 Equity Shares of Rs. 5/- each	10,00,00,000
Issued, Subscribed and Paid Up Capital	
1,18,55,692 Equity Shares of Rs. 5/- each	5,92,78,460

(b) Assuming full acceptance in the Buyback, the Share Capital Structure of the Company post Buyback would be as follows:

Particulars	Amount (in Rs.)
Authorised Capital	
2,00,00,000 Equity Shares of Rs. 5/- each	10,00,00,000
Issued, Subscribed and Paid Up Capital	
99,65,665 Equity Shares of Rs. 5/- each	4,98,28,325

Confirmations

1. The Company has not undertaken any Buyback of its Equity Shares in the last one Year from the date of the meeting of the Board in which the proposal for this Buyback was approved by the Board, i.e. March 26, 2019. The last buyback undertaken by the Company closed on February 09, 2018.
2. The Company's Equity Shares are fully Paid-up and there are no partly Paid-up Equity Shares with calls-in-arrears. Further, there are no outstanding compulsory or optionally convertible securities.
3. The Company will not issue any Equity Shares including by way of bonus, from the date of Public Announcement till the date of closure of this Buyback in accordance with Regulation 24(i)(b) of the SEBI Buyback Regulations.
4. Further as on the date, there is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Act.

(c) The pre and post Buyback shareholding pattern of the Company is as follows:

Category of Shareholders	Pre Buyback Shareholding Pattern (as on May 03, 2019)		Post Buyback Shareholding Pattern *	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters Shareholding				
Indian	85,89,714	72.45	[•]	[•]
Foreign	65,640	0.55	[•]	[•]
Sub Total (A)	86,55,354	73.01	[•]	[•]
Public Shareholding				
Institutions				
Mutual Funds / UTI	-	-		
Financial Institutions / Banks	-	-	[•]	[•]
Venture Capital Funds	-	-		

Category of Shareholders	Pre Buyback Shareholding Pattern (as on May 03, 2019)		Post Buyback Shareholding Pattern *	
	No. of Shares	% Holding	No. of Shares	% Holding
Foreign Portfolio Investor	-	-	-	-
Foreign Institutional Investors	-	-	-	-
Non Institutions				
Bodies Corporate	97,491	0.82		
Individuals	22,20,494	18.73		
NBFC registered with RBI	4,46,701	3.77		
Others	4,35,652	3.68		
Sub Total (B)	32,00,338	26.99	[•]	[•]
Grand Total (A)+(B)	1,18,55,692	100.00	[•]	[•]

* Assuming response to the Offer to the fullest extent. However, the actual shareholding pattern post Buyback would depend upon the actual number of Equity shares bought back from each such shareholder.

- (d) The company has [•] shareholders as on Record date i.e. May 24, 2019.
- (e) As per the provisions of the Act, the Company will not be allowed to issue fresh Equity Shares for a period of one year or such other period after the completion of the Buyback as may be amended by any statutory modification(s) or re-enactment of the Act or SEBI Buyback Regulations for the time being in force. However, this restriction would not apply to issuance of bonus shares or shares issued in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into Equity Shares.
- (f) The aggregate shareholding of the Promoters and Persons who are in control of the Company is 86,55,354 Equity Shares of face value Rs. 5 each representing 73.01% of the existing equity Paid up equity share capital of the Company. Assuming response to the Buyback to the fullest extent, the aggregate shareholding of the Promoters and Persons who are in control of the Company, post Buyback will increase to [•]% of the post Buyback equity share capital of the Company.
- (g) No shares were either purchased or sold by the Promoters, during the period of 12 months preceding the date of the Public Announcement and from the date of the Public Announcement till the date of the draft Letter of Offer except for transfer of 800 shares (after sub-division) pursuant to Order dated September 18, 2006 of the Hon'ble High Court of Delhi, approving the Scheme of Amalgamation of Hope Consultants Limited with AVI Growth Avenues Private Limited, Ample Consultants Private Limited and Frontcap Securities Private Limited. Prior to the Scheme of Amalgamation, said 800 shares were held by Ample Consultants Private Limited, another Promoter Group Entity.

14. BRIEF INFORMATION ABOUT THE COMPANY

- 14.1 Frontline Securities Limited is a public limited company incorporated on May 05, 1994 under the provisions of the Companies Act, 1956, vide certificate of incorporation bearing Registration Number 058837. The Company received certificate for commencement on May 18, 1994 from the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Corporate Identification Number (CIN) of the Company is L65100DL1994PLC058837. The registered office of the Company is situated at M-6, IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048
- 14.2 The Company is registered with the Reserve Bank of India as Non Deposit accepting Non Banking Finance Company (Non Systematically Important) (RBI Regn. No. B.00089) and is also engaged in the business of providing financial services to help clients to plan and execute their investment needs based on their risk-return requirements. The Company provides investment advisory services in areas such as Wealth Management, Mutual Fund Distribution, Corporate Advisory, Tax Planning, Mergers and Acquisitions, Life Insurance etc.

14.3 **Growth of the Business over a period of time:**

Total Income

The total income of the Company for the year ended March 31, 2016 was Rs. 479.89 lakhs which for the year ended March 31, 2017 increased to Rs. 560.01 Lakhs registering a growth of 16.70%. Further, the total income of the Company for the year ended March 31, 2018 increased to Rs. 1,296.07 Lakhs, registering a growth of 131.44% year-on-year basis.

Profit after Tax

The profit after tax of the Company for the year ended March 31, 2016 was Rs. 353.97 lakhs which for the year ended March 31, 2017 increased to Rs. 449.97 Lakhs registering a growth of 27.12%. Further, the profit after tax of the Company for the year ended March 31, 2018 increased to Rs. 996.41 Lakhs, registering a growth of 121.44% year-on-year basis.

14.4 Details of the changes in the share capital of the Company since incorporation is as follows:

Date of allotment / (Extinguishment) of shares	No. of equity shares	Face value	Cummulative number of equity shares	Cummulative paid up value	Consideration	Reason of Allotment / (Extinguishment)
May 05, 1994	70	10	70	700	Cash	Subscriber to the Memorandum of Association
August 31, 1994	2,00,000	10	2,00,070	20,00,700	Cash	Preferential Allotment
January 20, 1995	28,30,230	10	30,03,300	3,00,33,000	Cash	Public Issue
August 20, 1996	15,01,650	10	45,04,950	4,50,49,500	Cash	Rights Issue
October 25, 2000	30,35,000	10	75,39,950	7,53,99,500	Cash	Preferential Allotment
November 21, 2000	19,65,000	10	95,04,950	9,50,49,500	Cash	Preferential Allotment
February 07, 2014	(23,18,261)	10	71,86,689	7,18,66,890	NA	Buyback
February 15, 2018	(12,58,843)	10	59,27,846	5,92,78,460	NA	Buyback
October 24, 2018	(59,27,846)	10	5,92,78,460	-	NA	Sub-division of face value
	1,18,55,692	5	1,18,55,692	5,92,78,460		

14.5 The Equity Shares of the Company got listed on BSE Limited (BSE) on July 08, 2010 (Scrip Code 533213) and remains listed till date. The Equity Shares of the Company were also listed on Delhi Stock Exchange Limited. However, SEBI vide its Order No. WTM/SR/SEBI /MRD-DSA/04/01/2017 dated January 23, 2017, had permitted the exit of Delhi Stock Exchange Limited as a stock exchange.

14.6 The details of the Board of Directors of the Company are as follows:

Name, Designation, Occupation and DIN	Age (In Years)	Qualification	Date of Appointment	Details of directorships in other companies
Rakesh Kumar Jain Designation: Non-Executive & Promoter Director Occupation: Business DIN: 00050524	61	C.A, M.Com & B.Com	May 05, 1994	1. Hope Consultants Limited 2. Frontline Capital Services Limited 3. Wonder Buildtech Private Limited 4. Petal Resorts Private Limited 5. Petal Consultants Private Limited 6. FSL Consultants Private Limited 7. FSL Software Technologies Limited 8. RP Jain Family Management Private Limited 9. JSA Advisors LLP 10. Jain Singhal & Associates LLP
Arun Kumar Jain Designation: Non-Executive Independent Director Occupation: Service DIN: 00050925	56	B. Tech.	August 31, 1994	1. Vardhman Electricals Private Limited

Name, Designation, Occupation and DIN	Age (In Years)	Qualification	Date of Appointment	Details of directorships in other companies
Atul Kumar Jain Designation: Non-Executive Independent Director Occupation: Service DIN: 00133750	54	C.A. and B. Com	May 05, 1994	Nil
Gauri Shanker Pandey Designation: Whole Time Director (Executive Director) * Occupation: Service DIN: 00050614	61	B. Com	March 16, 2013*	1. Wonder Buildtech Private Limited 2. FSL Software Technologies Limited
Sarabjeet Kaur Kocher Designation: Non-Executive Non-Independent Director Occupation: Business DIN: 00013395	43	C.S. and LLB	July 01, 2002	Nil
Charanjeet Singh Bedi Designation: Non-Executive Independent Director Occupation: Business DIN: 00095912	64	MBBS	October 19, 1996	1. ABC Telecom Private Limited 2. Three-D Solutions Private Limited 3. Global Medical Handholding LLP
Baljit Singh Bedi Designation: Non-Executive Independent Director Occupation: Business DIN: 00112425	62	C.A. and B. Com	June 23, 2008	1. BSN Financial Services Private Limited
Richa Arora Designation: Whole Time Director (Executive Director) and Company Secretary Occupation: Service DIN: 07825684	26	C.S., B.Com(H)	May 29, 2017	Nil

* Re-appointed as Whole Time Director on March 16, 2018 for period of five years.

14.7 The Details of changes in the Board of Directors during the last 3 years are as under:

Name	Appointment/Resignation	Effective Date	Reasons
Richa Arora	Appointment	May 29, 2017	Appointment as Whole Time Director

14.8 The Buyback will not result in any benefit to any Director of the Company or to the Promoters of the Company except to the extent of their intention to participate in the Buyback, including Additional Shares tendered, and the change in their shareholding as per the response received in the Buyback, as a result of the extinguishment of Equity Shares which will lead to a reduction in the Equity Share capital post Buyback

15. FINANCIAL INFORMATION ABOUT THE COMPANY

15.1 The salient financial information of the Company as extracted from the Audited Financial Statements for the nine months period ended December 31, 2018 and the last three financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 are as given below:

(Rs. In Lakhs)

Particulars	9 months ended December 31, 2018 (unaudited) *	Audited for the financial year ended March 31		
		2018	2017	2016
Total income	575.79	1,296.07	560.01	479.89
Profit before interest depreciation and amortization	489.90	1,194.20	495.08	403.14
Interest	7.32	11.34	0.01	0.06
Depreciation	26.31	20.93	3.42	4.11
Profit before tax	456.27	1,161.93	491.65	398.97
Profit after tax (from continuing operations)	347.57	996.41	449.97	353.97
Equity Share Capital	592.78	592.78	718.67	718.67
Reserves and Surplus	NA	3,953.38	3,647.45	3,239.72
Net worth	NA	4,546.16	4,366.12	3,958.39
Basic Earnings per Share (in Rs.)	NA	111.51	140.25	165.59
Diluted Earnings per Share (in Rs.)	2.93	14.13	6.26	4.93
Book value per share (in Rs.)	2.93	14.13	6.26	4.93
Return on Net Worth	NA	76.69	60.75	55.08
Total Debt Equity ratio	NA	21.92	10.31	8.94

* Not annualised

Note: Below are the formulae used for computation of the above ratios:

(1) Net worth is calculated as aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited standalone financial statements as on March 31, 2018, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(2) Book value per Share = Net Worth (excluding Revaluation Reserves)/ Number of Shares at the end of the period

(3) Return on Net Worth = Profit After Tax/ Net Worth (excluding revaluation reserves)

(4) Total Debt Equity Ratio = Total Debt / Net Worth

- 15.2 The Company shall comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company hereby declares that it has complied with sections 68, 69 and 70 of the Companies Act and the Companies (Share Capital and Debentures) Rules, 2014.

16. STOCK MARKET DATA

- 16.1 The Equity Shares of the Company are currently listed and traded on BSE.
- 16.2 The closing market price of the Equity Shares as on March 19, 2019, being the working day immediately preceding the date on which Company intimated Stock exchanges of the date of meeting of the Board of Directors wherein the proposal for the Buyback was considered was Rs. 32.50 on BSE.
- 16.3 The closing market price of the Equity Shares as on March 27, 2019, being the working day immediately after the date on which the Board of Directors approved the proposal for the Buyback was Rs. 38.80 on BSE.
- 16.4 The high, low, average market price and total volume of Equity Shares traded in the last three Years (April to March periods) and the monthly high, low, average market price and total volume of Equity Shares traded for the six months preceding the month in which Public Announcement is given on BSE are set out below:

16.4.1 BSE

Period	High			Low			Weighted Average Price	Total Traded Quantity in the Period	Total Traded Value in the Period (Rs.)
	Price (Rs.)	Date	No. of shares traded	Price (Rs.)	Date	No. of shares traded			
April 2019	39.95	01.04.2019	4,159	37.10	03.04.2019	1,065	37.83	17,071	6,45,846
March 2019	45.60	25.03.2019	4,325	27.15	15.03.2019	936	36.33	41,269	14,99,311
February 2019	36.00	05.02.2019	500	27.00	12.02.2019	4,669	32.14	10,098	3,24,579
January 2019	42.00	03.01.2019	974	29.05	31.01.2019	437	34.62	7,331	2,53,819
December 2018	42.90	28.12.2018	2,723	29.00	24.12.2018	99	35.03	4,50,605	1,57,86,161
November 2018	36.00	21.11.2018	919	29.25	16.11.2018	1,124	32.59	43,811	14,27,626
April 2018- March 2019	82.80	18.04.2018	2,962	27.00	12.02.2019	4,669	40.97	7,03,703	2,88,33,691
April 2017- March 2018	81.50	24.01.2018	12,936	40.00	03.04.2017	25,303	60.27	11,14,997	6,72,01,786
April 2016- March 2017	38.60	31.03.2017	6,170	16.60	28.07.2016	1,744	20.05	34,05,187	6,82,76,654

Source: www.bseindia.com

For the purpose of aforesaid tables:

- Year is a financial year ending on March 31.
- Weighted Average Price (Total Turnover / Total Traded Quantity) for all trading days during the said period
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares of our Company for the year, or the month, as the case may be
- In case of two days with the same high / low, the date with higher volume has been considered

17. DETAILS OF STATUTORY APPROVALS

- 17.1 The Offer is subject to approval, if any required, under the provisions of the Companies Act, the SEBI Buyback Regulations, SEBI and/or such other applicable rules and regulations in force.
- 17.2 Buyback from Non-Resident Shareholders will be subject to approvals, if any, of the appropriate authorities as applicable. Non-Resident Indians (“NRI”) and erstwhile Overseas Corporate Bodies (“OCB”) must obtain all approvals required to tender the Equity Shares held by them in this Buyback (including without limitation the approval from the RBI). It is the obligation of such non-resident shareholders, NRI, OCB shareholders, to obtain such approvals and submit such approvals along with the Tender Form, so as to enable them to tender equity shares in the Buyback and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to the Eligible Shareholder in respect of whom no prior RBI approval is required and not accept Equity Shares from the Eligible Shareholder in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted. The Company will make due compliances of applicable rules and regulations under FEMA Regulations.
- 17.3 As on date, there are no other statutory or regulatory approvals required to implement the Buyback, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback, if any, shall be intimated to the Stock Exchanges.
- 17.4 The Buyback has been approved by the Board of Directors in their meeting held on March 26, 2019 and by the Shareholders through postal ballot, the results of which were declared on May 09, 2019.

18. DETAILS OF REGISTRAR TO THE OFFER

Eligible Persons who wish to tender their Equity Shares in the Offer can either send it by registered post/courier or hand deliver the Tender Form and TRS generated by the Exchange Bidding System along with all the relevant documents to the Registrar to the Offer, super scribing the envelope as “**Frontline Securities Limited - Buyback 2019**”.

In case of query, the shareholders may contact the registrar during working hours i.e. 10 am and 5 pm all working days except Saturday, Sunday and public holidays.

The Company has appointed the following as the Registrar to the Offer:

Name	Link Intime India Private Limited
Address	C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India
Phone	+91 22 49186200
Fax	+91 22 49186195
Contact Person	Mr. Sumeet Deshpande
SEBI Registration No.	INR000004058
Validity Period for SEBI Registration	Perpetual

THE TENDER FORM AND OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE COMPANY OR TO THE MANAGER TO THE OFFER.

19. PROCESS AND METHODOLOGY FOR THE BUYBACK

The Company proposes to Buyback up to 18,90,027 (Eighteen Lakhs Ninety Thousand and Twenty Seven Only) Equity Shares, representing 15.94% of the total issued and Paid-up equity capital of the Company, at a price of Rs. 40/- (Rupees Forty Only) per Equity Share payable in cash for an amount aggregating up to Rs. 7,56,01,080/- (Rupees Seven Crores Fifty Six Lakhs One Thousand and Eighty only) excluding transaction cost, viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc, being up to 24.99% of the fully Paid-up equity capital and Free Reserves of the Company for the Financial Year ended March 31, 2018, from the Eligible Shareholders on a proportionate basis through Tender Offer in accordance with the provisions of the Act, the Rules thereunder and the SEBI Regulations. The Shareholders approved the Buy- back, by way of a special resolution, through postal ballot, the results of which were announced on May 09, 2019. The Buyback is subject to receipt of any approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, including SEBI and the Stock Exchanges.

The Company expresses no opinion as to whether Eligible Shareholders should participate in the Buyback and, accordingly, Eligible Shareholders are advised to consult their own advisors to consider participation in the Buyback.

The aggregate shareholding of the Promoters as on the Record Date is 86,55,354 Equity Shares which represents 73.01% of the existing equity share capital of the Company. In terms of the SEBI Buyback Regulations, under the Tender Offer, the Promoters of the Company have the option to participate in the Buyback. The Promoters vide their letter dated March 26, 2019 have informed the Company regarding their intention to participate in the Buyback and offer to tender at least such number of Equity Shares which would be equal to the proportionate entitlement of the Promoters out of the Equity Shares held by them as on the Record Date under the Buyback. In addition, the Promoters may also tender additional number of shares, as Promoters may decide subsequently, depending upon the publicly available information at the time of such decision making, in compliance with the SEBI Buyback Regulations. However, the Promoter and Promoters shall not tender more than 86,55,354 Equity Shares under the Buyback, being the total number of Equity Shares held by them collectively.

Assuming response to Buyback is to the extent of 100% (full acceptance) from all Shareholders up to their Buyback Entitlement, the aggregate Shareholding of the promoters, post Buyback may increase to [●]% from 73.01%. Also if none of the public shareholders participate and only the Promoters participate to the extent of their Buyback Entitlement, their shareholding will reduce to [●]%.

19.1 **Record Date and Ratio of Buyback as per the Buyback Entitlement in each Category:**

The Board had fixed May 24, 2019 as the Record Date for the purpose of determining the Buyback Entitlement and the names of the Shareholders, who are eligible to participate in the Offer.

The Equity Shares proposed to be bought back by the Company shall be divided in two categories:

- (i) Reserved category for Small Shareholders (“Reserved Category”); and
- (ii) General Category for other Eligible Shareholders (“General Category”).

As defined in the SEBI Buyback Regulations, a “Small Shareholder” is a Shareholder who holds Equity Shares having market value, on the basis of closing price of shares on the recognized stock exchange in which the highest trading volume in respect of such shares, as on Record Date is not more than Rs. 200,000/- (Rupees Two Lakhs Only).

As on the Record Date, the closing price on BSE was [●] per Equity Share. Accordingly all Shareholders holding not more than [●] Equity Shares as on the Record Date are classified as ‘Small Shareholders’ for the purpose of the Offer.

Based on the above definition, there are [●] Small Shareholders with aggregate shareholding of [●] Shares, as on the Record Date, which constitutes [●]% of the outstanding Paid up equity share capital of the Company and [●]% of the number of Equity Shares which are proposed to be bought back under this Buyback.

In compliance with Regulation 6 of the SEBI Buyback Regulations, the reservation for the Small Shareholders, will be [●] Equity Shares (“**Reserved Portion**”) which is higher of:

- i. Fifteen percent of the number of Equity Shares which the Company proposes to Buyback, being 2,83,505 Equity Shares; or
- ii. The number of Equity Shares entitled as per their shareholding as on Record Date, being [●] Equity Shares.

All the outstanding Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoter also intends to offer Equity Shares held by them in the Buyback.

The Reserved Portion for Small Shareholders will be [●] Equity Shares (higher of (i) and (ii) above), Accordingly, General Category for all other Eligible Shareholders shall consist of [●] Equity Shares (the “**General Portion**”).

Based on the above, the Buyback Entitlement ratio for both categories is decided as below:

Category of Shareholders	Ratio of Buyback
Reserved category for Small Shareholders	[●] Equity Shares for every [●] Equity Shares held on the Record Date
General category for all other Eligible Shareholders	[●] Equity Shares for every [●] Equity Shares held on the Record Date

19.2 **Fractional Entitlements**

If the Buyback Entitlement under the Buyback, after applying the abovementioned ratios to the Equity Shares held on Record Date, is not a round number (i.e. not in the multiple of one Equity Share), then the

fractional entitlement shall be ignored for computation of Buyback Entitlement to tender Equity Shares in the Buyback for both categories of Eligible Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold [•] or less Equity Shares as on Record Date will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender Additional Equity Shares as part of the Buyback and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for Additional Equity Shares.

19.3 **Basis of Acceptance of Equity Shares validly tendered in the Reserved Category for Small Shareholders**

Subject to the provisions contained in this Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by the Small Shareholders in the Reserved Category in the following order of priority:

- a) Acceptance of 100% Equity Shares from Small Shareholders in the Reserved Category, who have validly tendered their Equity Shares, to the extent of their Buyback Entitlement or the number of Equity Shares tendered by them, whichever is less.
- b) Post the Acceptance as described above, in case there are any Equity Shares left to be bought back from Small Shareholders in Reserved Category, the Small Shareholders who were entitled to tender Zero Equity Shares (on account of ignoring the fractional entitlement) and have tendered Additional Equity Shares as a part of the Buyback shall be given preference and one Equity Share each from the Additional Equity Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c) Post the Acceptance as described above, in case, there are Equity Shares left to be bought back in the Reserved category and there are any validly tendered unaccepted Equity Shares in the Reserved Category (“**Reserved Category Additional Shares**”), the Reserved Category Additional Shares shall be accepted in a proportionate manner and the Acceptance shall be made in accordance with the SEBI Buyback Regulations, i.e. valid Acceptance per Shareholder shall be equal to the Reserved Category Additional Shares by the Shareholder divided by the total Reserved Category Additional Shares and multiplied by the total number of Equity Shares remaining to be bought back in Reserved Category. For the purpose of this calculation, the Reserved Category Additional Shares taken into account for such Small Shareholders, from whom one Equity Share has been accepted in accordance with the clause above, shall be reduced by one.

Adjustment for fractional results in case of proportionate Acceptance, as described above:

- i. For any Small Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
- ii. For any Small Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.4 **Basis of Acceptance of Equity Shares validly tendered in the General Category**

Subject to the provisions contained in this Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by all other Eligible Shareholders in the General Category in the following order of priority:

- a. Acceptance of 100% Equity Shares from other Eligible Shareholders in the General Category who have validly tendered their Equity Shares, to the extent of their Buyback Entitlement, or the number of Equity Shares tendered by them, whichever is less.

- b. Post the Acceptance as described above, in case there are any Equity Shares left to be bought back in the General Category, and there are validly tendered Additional Shares in the General Category (“the **General Category Additional Shares**”), the General Category Additional Shares shall be accepted in proportion of the Additional Equity Shares tendered by them and the Acceptance per shareholder shall be made in accordance with the SEBI Buyback Regulations, i.e. valid Acceptance per shareholder shall be equal to the General Category Additional Equity Shares validly tendered by the Eligible Shareholders divided by the total General Category Additional Equity Shares validly tendered in the General Category and multiplied by the total pending number of Equity Shares remaining to be Accepted in General Category.

Adjustment for fractional results in case of proportionate acceptance as described above:

- i. For any Eligible Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
- ii. For any Eligible Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.5 Basis of Acceptance of Equity Shares between Categories

- a) In the event the Equity Shares tendered by the Small Shareholders in accordance with the process set out under the section entitled “*Basis of Acceptance of Equity Shares validly tendered in the Reserved Category for Small Shareholders*” is less than the Reserved Portion, Additional Equity Shares tendered by the Eligible Shareholders in the General Category over and above their Buyback Entitlement shall, in accordance with the Regulations, be accepted in proportion of the Additional Equity Shares tendered by them i.e. valid acceptances per shareholder shall be equal to the Additional Equity Shares validly tendered by an Eligible Shareholder in the General Category divided by the total Additional Equity Shares validly tendered in the General Category and multiplied by the Additional Equity Shares that can be accepted due to shortfall in the Reserved Portion.
- b) In the event the Equity Shares tendered by the Eligible Shareholders in the General Category in accordance with the process set out under the section entitled “*Basis of Acceptance of Equity Shares validly tendered in the General Category*” is less than the General Portion, Additional Equity Shares tendered by the Eligible Shareholders in the Reserved Category over and above their Buyback Entitlement shall, in accordance with the Regulations, be Accepted in proportion of the Additional Equity Shares tendered by them i.e. valid Acceptance per shareholder shall be equal to the Additional Equity Shares validly tendered by an Eligible Shareholder in the Reserved Category divided by the total Additional Equity Shares validly tendered in the Reserved Category and multiplied by the Additional Equity Shares that can be accepted due to shortfall in the General Portion.
- c) In case there is any Small Shareholder who has received a Tender Form with zero Buyback Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before Acceptance as mentioned above in this paragraph, out of the Shares left to be bought back in the General Category, provided no Acceptance could take place from such Shareholder in accordance with the section entitled “*Basis of Acceptance of Equity Shares validly tendered in the Reserved Category for Small Shareholders*”.

Adjustment for fractional results in case of proportionate acceptance as described above:

- i. For any Eligible Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
- ii. For any Eligible Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of one and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

Miscellaneous

For avoidance of doubt, it is clarified that, in accordance with the clauses above:

- (a) Equity Shares accepted under the Buyback from each Eligible Shareholder, shall be lower of the following:**
- **the number of Equity Shares tendered by the respective Shareholder or**
 - **the number of Equity Shares held by the respective Shareholder, as on the Record Date**
- (b) Equity Shares tendered by any Shareholder over and above the number of Equity Shares held by such Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.**

20. PROCEDURE FOR TENDER OFFER AND SETTLEMENT

- 20.1 The Buy-Back is open to all Eligible Shareholder holding Equity Shares of the Company either in demat or physical mode, as on the Record date, i.e. Friday, May 24, 2019. However, Eligible Shareholders holding Equity Shares in physical form are required to get their Equity Shares dematerialized before tendering their Equity Shares in the Buy-Back.
- 20.2 The Company proposes to affect the Buyback through Tender Offer, on a proportionate basis. This Letter of Offer, outlining the terms of the Offer as well as the detailed disclosures as specified in the SEBI Buyback Regulations, will be mailed/couriered to Equity Shareholders of the Company whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date.

Eligible Shareholders who have registered their email ids with the Depositories / the Company, shall be dispatched the Letter of Offer through electronic means. If Eligible Shareholders wish to obtain a physical copy of the Letter of Offer, they may send a request to the Company or Registrar at the address or email id mentioned at the cover page of this Letter of Offer.

Eligible Shareholders who have not registered their email ids with the Depositories / the Company, shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. In case of non-receipt of the Letter of Offer and the Tender Form, please follow the procedure mentioned in Clause 20.12.

- 20.3 The Company will not accept any Equity Shares offered for Buyback where there exists any restraint order of a Court/ any other competent authority for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.
- 20.4 The Company shall comply with Regulation 24(v) of the SEBI Buyback Regulations which states that the Company shall not Buyback locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferable.
- 20.5 Eligible Shareholders will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account. In case of any changes in the demat account in which the Equity Shares were held as on Record Date, such Eligible Shareholders should provide sufficient proof of the same to the Registrar, and such tendered shares may be accepted subject to appropriate verification and validation by the Registrar.
- 20.6 The Company shall accept all the Equity Shares validly tendered for the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date and also Additional Equity Shares if any tendered by Eligible Shareholders will be accepted as per Clause 19.3, 19.4 and 19.5 under “Process and Methodology for the Buy-Back”.
- 20.7 As disclosed in the section entitled “Process and Methodology for the Buyback” on page 25, the Equity Shares proposed to be bought as a part of the Buyback is divided into two categories; (a) Reserved

Category for Small Shareholders; and (b) the General Category for other Eligible Shareholder, and the Buyback Entitlement of an Eligible Shareholder in each category shall be calculated accordingly.

- 20.8 After accepting the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in any other category.
- 20.9 Shareholders' participation in Buyback will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Equity Shares accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Shareholders may also tender a part of their Buyback Entitlement. Shareholders also have the option of tendering Additional Shares (over and above their Buyback Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Shares tendered in excess of the Buyback Entitlement by the Shareholder, shall be in terms of procedure outlined in this Letter of Offer.
- 20.10 The maximum tender under the Buyback by any Shareholder cannot exceed the number of Equity Shares held by the Shareholder as on the Record Date.
- 20.11 The Buyback shall be implemented by the Company using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI circular No. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act and the SEBI Buyback Regulations and as may be determined by the Board and on such terms and conditions as may be permitted by law from time to time.
- 20.12 **In case of non-receipt of this Letter of Offer:**
- a) **In case the Equity Shares are in dematerialised form:** An Eligible Shareholder may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.fsindia.com or by providing their application in writing on plain paper, signed by all Eligible Shareholders (in case of joint holding), stating name and address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ ID, beneficiary account number and number of Equity Shares tendered for the Buyback.
- The non-receipt of the Letter of Offer by, or accidental omission to dispatch the Letter of Offer to any person who is eligible to receive the same to participate in the Buyback, shall not invalidate the offer to any person who is eligible to receive this offer under the Buyback.**
- b) Please note that Eligible Shareholder(s) who intend to participate in the Buyback will be required to approach their respective Shareholder Broker (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Shareholder Broker in the electronic platform to be made available by BSE before the Closing Date.
- c) The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement. Eligible Shareholder(s) who intend to participate in the Buyback using the "plain paper" option as mentioned above are advised to confirm their Buyback Entitlement from the Registrar to the Offer, before participating in the Buyback.
- 20.13 The Acceptance of the Offer made by the Company is entirely at the discretion of the Shareholders of the Company. The Company does not accept any responsibility for the decision of any Shareholder to either participate or to not participate in the Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard.

- 20.14 For implementation of the Buyback, the Company has appointed Farsight Securities Limited as the registered broker to the Company (the “**Company Broker**”) through whom the purchases and settlements in respect of the Buyback would be made by the Company. The details of the Company’s Broker are as follows:

Farsight Securities Limited

SEBI Registration No.: INZ000169935

17-A/55, Triveni Plaza, Gurudwara Road

Karol Bagh, New Delhi - 110 005

Tel.: +91 11 4504 4444 (Extn. 342, 339)

Fax: +91 11 4504 4434

E-mail: newaccount1@farsightshares.com

Website: www.farsightshares.com

Contact Person: Mr. Pawan Joshi & Mr. Joji Joseph

- 20.15 The Company will use the Acquisition Window of BSE to facilitate placing of sell orders by Shareholders who wish to tender their Equity Shares in the Buyback. The details of the platform will be as specified by the BSE from time to time.

- 20.16 In the event Shareholder Brokers(s) are not registered with the Stock Exchange or if the Eligible Shareholders do not have any stock broker then that Eligible Shareholders can approach any stock broker registered with the Stock Exchange and can make a bid by using quick unique client code (UCC) facility through that stock broker registered with the Stock Exchange after submitting the details as may be required by the stock broker to be in compliance with the SEBI Buyback Regulations. In case Eligible Shareholders is not able to bid using quick UCC facility through any other stock broker registered with the Stock Exchange, then the Eligible Shareholders may approach Company's Broker viz. Farsight Securities Limited, to bid by using quick UCC facility. The Eligible Shareholders approaching a stock broker registered with the Stock Exchange (with whom he does not have an account) may have to submit following details:

In case of Eligible Seller being an individual

If Eligible Seller is registered with KYC Registration Agency (“KRA”): Forms required:

- Central Know Your Client (CKYC) form including FATCA, IPV, OSV if applicable
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Seller is not registered with KRA: Forms required:

- CKYC form including FATCA, IPV, OSV if applicable
- KRA form
- KYC form Documents required (all documents self-attested):
 - PAN card copy
 - Address proof
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

In case of Eligible Seller is HUF:

If Eligible Seller is registered with KYC Registration Agency (“KRA”): Forms required:

- Central Know Your Client (CKYC) form of KARTA including FATCA, IPV, OSV if applicable
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Seller is not registered with KRA: Forms required:

- CKYC form of KARTA including FATCA, IPV, OSV if applicable
- KRA form
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - PAN card copy of HUF & KARTA
 - Address proof of HUF & KARTA
 - HUF declaration
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

If case of Eligible Seller other than Individual and HUF:

If Eligible Seller is KRA registered: Form required

- Know Your Client (KYC) form Documents required (all documents certified true copy)
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of Directors / authorised signatories / partners / trustees
- Latest shareholding pattern
- Board resolution
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements

If Eligible Seller is not KRA registered: Forms required:

- KRA form
- Know Your Client (KYC) form Documents required (all documents certified true copy):
 - PAN card copy of company / firm / trust
 - Address proof of company / firm / trust
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of Directors / authorised signatories / partners / trustees
- PAN card copies & address proof of Directors / authorised signatories / partners / trustees
- Latest shareholding pattern
- Board resolution/partnership declaration
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements
- MOA/Partnership deed /trust deed

It may be noted that above mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker.

20.17 The reporting requirements for Non-Resident Shareholders under Reserve Bank of India, Foreign Exchange Management Act, 1999, as amended and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended and any other rules, regulations, guidelines for remittance of funds shall be made by the Eligible Shareholder and / or the Shareholder Broker through which the Eligible Shareholder places the bid.

20.18 All Eligible Shareholders, through their respective Shareholder Broker(s) will be eligible and responsible to place orders in the Acquisition Window.

- 20.19 At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the tendering period, the order for selling the Equity shares will be placed by the shareholders through their respective Shareholder Broker during normal trading hours of the secondary market.
- 20.20 Shareholder Broker(s) can enter orders for Equity Shares in demat form.
- 20.21 Modification / cancellation of orders and multiple bids from a single Eligible Shareholder will be allowed during the tendering period of the Buyback. Multiple bids made by single Shareholder for selling the Equity Shares shall be clubbed and considered as 'one' bid for the purposes of Acceptance.
- 20.22 The cumulative quantity tendered shall be made available on BSE website - www.bseindia.com throughout the trading session and will be updated at specific intervals during the tendering period.
- 20.23 All documents sent by the Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
- 20.24 **Procedure to be followed by Eligible Shareholders holding Equity Shares in the dematerialised form:**
- Eligible Shareholders who desire to tender their Equity Shares in the electronic form under the Buyback would have to do so through their respective Shareholder Broker by indicating to their broker the details of Equity Shares they intend to tender under the Buyback.
 - The Shareholder Broker would be required to place an order / bid on behalf of the Eligible Shareholders who wish to tender Equity Shares in the Buy-Back using the Acquisition Window of the Stock Exchange. Before placing the bid, the Eligible Shareholder would be required to transfer the tendered Equity Shares into the special account of Indian Clearing Corporation Limited (referred to as the "Clearing Corporation"), by using the early pay in mechanism as prescribed by the Stock Exchange or the Clearing Corporation prior to placing order / bid on the Designated Stock Exchange's Internet Based - Book Building Software ("IBBS") platform by the Shareholder Broker. For further details, Eligible Shareholders may refer to the circulars issued by Stock Exchange and / or Clearing Corporation.
 - The details of the Special Account of Clearing Corporation shall be informed in the issue opening circular that will be issued by BSE / Clearing Corporation.
 - For Custodian Participant orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the Date of closing of the Offer. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
 - Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like Bid ID No., Application No., DP ID, Client ID, number of Equity Shares tendered etc.
 - Eligible Shareholders who have tendered their Equity Shares in the Buyback can hand deliver Tender Form duly signed (by all Eligible Shareholders in case shares are in joint names) in same order in which they hold the Equity Shares, along with the TRS generated by the exchange bidding system at the Office of Registrar to the Offer. TRS will be generated by the respective Shareholder Broker. Eligible Shareholders who cannot hand deliver the Tender Form and other documents at the Office of Registrar to the Offer, may send the same by registered post/ speed post/ courier, at their own risk, superscribing the envelope as "**Frontline Securities Limited - Buyback 2019**", to the Registrar to the Offer latest by [●], 2019 (by 5 PM), i.e. not later than 2 (two) days from the Buyback Closing Date.

- In case of non-receipt of the completed Tender Form and other documents, but receipt of Equity Shares in the special account of the clearing corporation and a valid bid in the exchange bidding system, the Buyback shall be deemed to have been accepted, for demat Eligible Shareholders.
- The Eligible Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Buyback decided by the Company.

20.25 **Procedure to be followed by Shareholders holding Equity Shares in the Physical form:**

- As per the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with the SEBI's press releases dated December 03, 2018, and March 27, 2019, effective from April 01, 2019, transfers of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
- **THEREFORE ANY OF THE ELIGIBLE SHAREHOLDER WHO IS DESIROUS OF TENDERING THEIR EQUITY SHARES HELD IN PHYSICAL FORM CAN DO SO ONLY AFTER THE SHARES ARE DEMATERIALIZED. SUCH ELIGIBLE SHAREHOLDERS ARE ADVISED TO APPROACH THE CONCERNED DEPOSITORY PARTICIPANT TO HAVE THEIR EQUITY SHARES DEMATERIALIZED.**

20.26 Acceptance of orders

The Registrar shall provide details of order Acceptance to Clearing Corporation of India Limited (the “**Clearing Corporation**”) within specified timelines.

20.27 Method of Settlement

Upon finalization of the basis of Acceptance as per SEBI Buyback Regulations:

- a. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
- b. The Company will pay the consideration pertaining to the Buy-Back to the Company's Broker which will transfer the funds pertaining to the Buy-Back to the Clearing Corporation's bank account as per the prescribed schedule. For Equity Shares Accepted under the Buy-Back, Clearing Corporation will make direct funds payout to respective Eligible Shareholders bank account linked to its demat account. If Eligible Shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI / Bank, due to any reason, then such funds will be transferred to the concerned Shareholder Broker(s) settlement bank account for onward transfer to their respective Shareholders. The payment of consideration to all Shareholders validly participating in the Buyback will be made in Indian Rupees.
- c. The Equity Shares bought back in the demat form would be transferred directly to the escrow account of the Company (the “**Demat Escrow Account**”) provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchange.
- d. Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Eligible Shareholders would be returned to Eligible Shareholder by Clearing Corporation.
- e. Any equity share tendered under the Buyback in physical form will be rejected.
- f. Every Shareholder Broker, who puts in a valid bid on behalf of an Eligible Shareholder, would issue a contract note and pay the consideration for the Equity Shares accepted under the Buyback and return the

balance unaccepted demat Equity Shares to their respective clients. Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback.

- g. Equity Shareholders who intend to participate in the Buyback should consult their respective Shareholder Broker for payment to them of any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Shareholder Broker upon the selling Eligible Shareholder for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Equity Shareholders from their respective Shareholder Broker, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Manager and Company accepts no responsibility to bear or pay such additional cost, applicable taxes, charges and expenses (including brokerage) incurred solely by the Eligible Shareholders
- h. The Equity Shares lying to the credit of the Company Demat Account after the Buyback will be extinguished in the manner and following the procedure prescribed in the SEBI Buyback Regulations.

20.28 **Rejection Criteria:**

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

- a. the Shareholder is not an Eligible Shareholder of the Company as on the Record Date; or
- b. the Equity Shares are tendered in physical form; or
- c. if there is a name mismatch in the dematerialised account of the Shareholder and PAN.

20.29 **Non-resident shareholders:**

All non-resident Shareholders (excluding FIIs) should also enclose a copy of the permission received by them from the RBI to acquire the Equity Shares held by them in the Company. In case the Equity Shares are held on repatriation basis, the non-resident Shareholder should obtain and enclose a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the nonresident Shareholder from the appropriate account as specified by RBI in its approval. In case the nonresident Shareholder is not in a position to produce the said certificate, the shares would be deemed to have been acquired on non-repatriation basis and in that case the Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid shares accepted under the Buyback. If any of the above stated documents (as applicable) are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback are liable to be rejected.

Any Eligible Shareholder who tenders his / her / its Equity Shares in the Offer shall be deemed to have declared, represented, warranted and agreed that he / she / it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in the Buyback.

21. **NOTE ON TAXATION**

THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS ON THESE TAX IMPLICATION.

21.1 **General**

- 21.1.1 The Indian tax year runs from 1 April to 31 March. The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. A person who is a tax resident of India is liable to

taxation in India on his worldwide income, subject to certain prescribed tax exemptions provided under the Income Tax Act 1961 ('Income Tax Act').

- 21.1.2 A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on his/her India sourced income or income received by such person in India. In case of shares of a Company, the source of income from shares would depend on the 'situs' of the shares. As per judicial precedents, generally the "situs" of the shares is where company is "incorporated" and where its shares can be transferred. Accordingly, since Infinite Computer Solutions (India) Limited is incorporated in India, the shares of Infinite Computer Solutions (India) Limited would be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the Income Tax Act subject to any specific exemption in this regard. Further, the non-resident can avail the beneficial tax treatment prescribed under the relevant Double Tax Avoidance Agreement subject to satisfaction of the relevant conditions and documentary compliance requirements prescribed under the Income Tax Act.

21.2 Taxability of Capital Gain in the hands of the Public Shareholder

- 21.2.1 As per the provisions of the Income Tax Act, capital gains arising from the sale / transfer of equity shares in an Indian company are generally taxable in India.
- 21.2.2 Gain in excess of Rs. 1,00,000 realized on the sale / transfer, anytime from April 01, 2018 onwards, of listed equity shares, held for more than 12 months, on a recognized stock exchange, will be liable to Long Term Capital Gains tax in India @ 10% under Section 112A of the Income Tax Act, if Securities Transaction Tax ("STT") is paid on the sale transaction.

The cost of acquisition for the long-term capital asset acquired on or before January 31, 2018 shall be the higher of (1) actual cost; and (ii) lower of (a) fair market value as on 31 January, 2018 (highest price of such share quoted on any recognized exchange as on 31 January, 2018); (b) full value consideration received on transfer.

However, if STT is not paid at the time of acquisition of the shares being transferred, entire LTCG arising to the shareholder shall be subject to tax @ 10% under Section 112 of the Income Tax Act (or 20% after claiming indexation benefit which is relevant in case of resident shareholders).

- 21.2.3 Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is to be considered while computing the income-tax on such LTCG taxable under the newly introduced section 112A of the Income Tax Act.
- 21.2.4 Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less, which is sold, will be subject to Short Term Capital Gains tax @ 15% under section 111A of the Income Tax Act.
- 21.2.5 Taxability of capital gain arising to a non-resident in India from the sale of equity shares shall be determined basis the provisions of the Income Tax Act or the Double Taxation Avoidance Agreement entered between India and country of which the non-resident seller is resident, subject to satisfying relevant conditions including non-applicability of General Anti-Avoidance Rule ("GAAR") and providing and maintaining necessary information and documents as prescribed under the Income Tax Act.
- 21.2.6 As an overall point, since the delisting of the Equity Shares is undertaken on the stock exchange, such transaction is chargeable to Securities Transaction Tax ("STT"). STT is a tax payable in India on the value of securities on every purchase or sale of securities that are listed on the Indian Stock Exchange. Currently, the STT rate applicable on the purchase or sale of shares on the stock exchange is 0.1% of the value of security.

21.3 Business Income

- 21.3.1 Under current Indian tax laws and regulations, if the shares are held as stock-in-trade by any of the Public Shareholders of the Company, then the gains would be characterized as business income and taxable under

the head “Profits and Gains from Business or Profession.

21.4 Tax Deduction at Source

- 21.4.1 In case of resident Public Shareholders – in absence of any specific provision under the Income-tax Act, 1961, the Acquirers shall not deduct tax on the consideration payable to resident Public Shareholders pursuant to the Offer. Such resident Public Shareholder will be liable to pay tax on their income as per the provisions of the Income Tax Act as applicable to them.
- 21.4.2 In case of non-resident Public Shareholders, other than Foreign Portfolio Investor, the responsibility of discharge of the tax due on the gains (if any) is on the Shareholder Broker / custodians / authorized dealers/ non-resident shareholder since the tendering of shares under the Offer is through the Recognised Stock Exchanges in India.
- 21.4.3 In the case of Foreign Portfolio Investor, Section 196D of the Income Tax Act provides for specific exemption from withholding tax in case of capital gains arising in hands of Foreign Portfolio Investor. Thus, no withholding of tax is required in case of consideration payable to Foreign Portfolio Investor.
- 21.4.4 In case of interest payments, if any, by the Acquirers for delay in payment of Offer consideration or a part thereof, the Acquirers will deduct taxes at source at the applicable rates under the Income Tax Act.

21.5 Others

- 21.5.1 Notwithstanding the details given above, all payments will be made to Public Shareholders subject to compliance with prevailing tax laws.
- 21.5.2 The tax deducted by the Acquirers while making payment to a Public Shareholder may not be the final tax liability of such Public Shareholder and shall in no way discharge the obligation of the Public Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the income tax authorities.

THE ABOVE NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THIS NOTE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN.

HENCE PUBLIC SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRERS, PACS AND THE MANAGER DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY PUBLIC SHAREHOLDER AS A REASON OF THIS OFFER.

22. DECLARATION BY THE BOARD OF DIRECTORS

Declaration as required under clauses (ix) and clause (x) of Schedule I to the SEBI Buyback Regulations

The Board of Directors made the below mentioned declaration as on the date of passing the board resolution approving the Buyback i.e. March 26, 2019:

- I. That immediately following the date of the Board Meeting held on Tuesday, March 26th, 2019 and the date of passing of Shareholder’s Resolution approving the proposed Buyback, there will be no grounds on which the company can be found unable to pay its debts;
- II. That as regards the company’s prospects for the year immediately following the date of the Board Meeting held on Tuesday, March 26th, 2019 as well as the year immediately following the date of passing of the shareholder’s resolution approving the proposed Buyback, and having regard to Board’s

intension with respect to the management of the company's business during that year and to the amount and character of the financial resources which will, in the Board's view, be available to the company that year, the company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of Board Meeting approving the Buyback held on Tuesday, March 26th, 2019, as also from the date of the shareholder's resolution approving the proposed Buyback;

- III. That in forming their opinion for the above purpose, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if company is being wound up under the provisions of the Act, and the Insolvency and Bankruptcy Code, 2016 (to the extent notified and in force).

This declaration is made and issued under the authority of the Board of Directors in terms of the resolution passed at the meeting held on March 26, 2019.

For and on behalf of the Board of Directors of Company

Sd/-

Name: Rakesh Kumar Jain

Director

DIN: 00050524

Sd/-

Name: Richa Arora

Whole Time Director and Company Secretary

DIN: 07825684

23. AUDITORS CERTIFICATE

The text of the Report addressed by the Statutory Auditor dated March 26, 2019 received from M/s Walecha Inder & Associates, Chartered Accountants, Statutory Auditors of the Company, addressed to the Company is reproduced below:

QUOTE

Independent Auditor's Report on Buyback of shares pursuant to the requirement of Schedule I to the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended

The Board of Directors
Frontline Securities Limited
M-6, IInd Floor, M Block Market,
Greater Kailash-II
New Delhi 110048

Subject: Statutory Auditor's report in respect of proposed Buyback of equity shares by Frontline Securities Limited ("the Company") in terms of the clause (xi) of Schedule I of Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018 (as amended)

In connection with the proposal of Frontline Securities Limited ("the Company") to Buyback its equity shares in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended ('the Regulations'), and in terms of the resolution passed by the directors of the Company in their meeting held on March 26th, 2019, which is subject to the approval of the shareholders of the Company, we have been engaged by the Company to perform a reasonable assurance engagement on the Statement of Determination of the Amount of Permissible Capital Payment (the "Statement"), which we have initialed for identification purposes only.

Auditor's Responsibility

1. Pursuant to the requirements of the Regulations, it is our responsibility to provide reasonable assurance on the following "Reporting Criteria":
 - i. whether the amount of capital payment for the buyback is within the permissible limit and computed in accordance with the provisions of Section 68 of the Act;
 - ii. whether the Board of Directors, in their meeting held on March 26th, 2019, have formed the opinion, as specified in Clause (X) of Schedule I to the Regulations, on a reasonable ground that the Company,

- having regard to its state of affairs, will not be rendered insolvent within a period of one year from the aforesaid date and from the date on which the results of the postal ballot with regard to the proposed Buyback will be declared; and
- iii. whether we are aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned therein is unreasonable in the circumstances as at the date of the declaration.
2. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting Criteria mentioned in paragraph 1 above. The procedures selected depend on the auditor's judgment, including an assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - i. we have inquired into the state of affairs of the Company in relation to its audited financial statements for the year ended March 31, 2018.
 - ii. examined the authorization for Buyback as per the Articles of Association of the Company;
 - iii. examined that the amount of capital payment for the Buyback, as detailed in Annexure A, is within the permissible limits computed in accordance with Section 68 of the Act;
 - iv. examined that the ratio of debt owned by the Company, if any, is not more than twice the capital and its free reserve after such Buyback;
 - v. examined that all shares for Buyback are fully paid-up;
 - vi. examined resolutions passed in the meetings of the Board of Directors in this regard;
 - vii. examined the Director's declarations for the purpose of Buyback and solvency of the Company;
 - viii. obtained necessary representations from the management of the Company.
 3. The financial statements for the year ended March 31, 2018, referred to in paragraph 2 (i) above, have been audited by us, on which we issued an unmodified audit report vide our report dated May 28, 2018. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143 of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Opinion

4. Based on our examination as above, the information and explanations given to us, and based on representation provided to us, in our opinion,
 - i. the Statement of Permissible Capital Payment towards Buyback of Equity Shares, as contained in Annexure A, is in our view properly determined in accordance with Section 68 of the Act; and
 - ii. the Board of Directors, in their meeting held on March 26th, 2019, have formed the opinion, as specified in clause (x) of Schedule I of the Regulations (Refer Annexure B attached), on reasonable grounds that the Company will not be rendered insolvent within a period of one year from the aforesaid date and from the date on which the results of the postal ballot with regard to the proposed Buyback will be declared; and
 - iii. we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned therein is unreasonable in the circumstances as at the date of declaration.
 - iv. Apart from the audited financials for the year ended March 31, 2018, we have also considered unaudited (Limited Reviewed) financial statements for the Quarter ended December 31, 2018.

For **Walecha Inder & Associates**
Chartered Accountants
Registration Number: 014205N

Inderjeet Walecha
Partner
Membership Number: 093694
Place of Signature: New Delhi, India
Date: March 26th, 2019

Annexure A
Statement of determination of the maximum amount of permissible capital payment for buyback of Equity Shares in accordance with the provisions of the Act and the Regulations (the “Statement”)

a) Permissible limit for Buyback under Section 68(2)(c) of the Companies Act, 2013		
Particulars	Amount in Rs.	
Paid-up capital as at March 31, 2018* (59,27,846 Equity Shares of Rs. 10 each fully paid-up) (A)		5,92,78,460
Free Reserves as on March 31, 2018		
Securities Premium Account	NIL	
Surplus in Statement of Profit and Loss	23,81,99,114	
General Reserve	50,47,852	
Total Free Reserves as on March 31, 2018 (B)		24,32,46,966
Total (A+B)		30,25,25,426
Maximum amount permissible for the Buyback (i.e. 24.99% of total paid-up equity capital and free reserves)		7,56,01,104
Amount approved by the Board of Directors for Buyback		7,56,01,080

b) Maximum limit of Buyback of Equity Shares in a financial year		
Particulars	No. Of Shares	
Paid-up capital as at March 31, 2018		59,27,846
Paid up shares as on December 31, 2018		1,18,55,692*
25% thereof being maximum equity capital eligible for Buyback		29,63,923
Maximum shares approved by the Board of Directors for Buyback		18,90,027

**Calculation in respect to Buyback is done on the basis of Audited Financial Statements of the Company for the year ended March 31, 2018. While doing such calculation, the company has taken effect of the sub-division of the equity shares that was approved by the shareholders in its meeting held on 25th September, 2018.*

For **Walecha Inder & Associates**
Chartered Accountants
Registration Number: 014205N

Inderjeet Walecha
Partner
Membership Number: 093694
Date: March 26th, 2019

ANNEXURE-B
Declaration of the Board of Directors

It is hereby declared that the Board of Directors has made a full enquiry into the affairs and prospects of the Company and after taking into account the financial position of the company including the projections and also considering all contingent liabilities, the Board has formed an opinion:

- I. That immediately following the date of the Board Meeting held on Tuesday, March 26th, 2019 and the date of passing of Shareholder’s Resolution approving the proposed Buyback, there will be no grounds on which the company can be found unable to pay its debts;
- II. That as regards the company’s prospects for the year immediately following the date of the Board Meeting held on Tuesday, March 26th, 2019 as well as the year immediately following the date of passing of the shareholder’s resolution approving the proposed Buyback, and having regard to Board’s intension with respect to the management of the company’s business during that year and to the amount and character of the financial resources which will, in the Board’s view, be available to the company that year, the company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of Board Meeting approving the Buyback held on Tuesday, March 26th, 2019, as also from the date of the shareholder’s resolution approving the proposed Buyback;

- III. That in forming their opinion for the above purpose, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if company is being wound up under the provisions of the Act, and the Insolvency and Bankruptcy Code, 2016 (to the extent notified and in force).

For and on behalf of the Board of Directors of
FRONTLINE SECURITIES LIMITED

Rakesh K. Jain
(Director)
DIN: 00050524

Richa Arora
(Company Secretary and Whole Time Director)
DIN: 07825684

Place: Noida
Date: March 26th, 2019

UNQUOTE

24. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Corporate Office of the company at: B-22, Sector-4, Noida- 201301 between 10:00 a.m. and 5:00 p.m. on all working days (Monday to Friday) during the offer period except Saturday, Sunday and Public holidays:

1. Certificate of Incorporation of the Company
2. Memorandum and Articles of Association of the Company.
3. Annual report of the Company for the Financial Years ended March 31, 2018, 2017 and 2016.
4. Copy of resolution passed by the Board of Directors at their meeting held on March 26, 2019.
5. Copy of resolution passed by the Shareholders of the Company through postal ballot results of which were declared on May 09, 2019 alongwith the Scrutinizer's Report.
6. Copy of report dated March 26, 2019 received from Walecha Inder and Associates, Chartered Accountants, the Statutory Auditors of the company, in terms of the SEBI Buyback Regulations.
7. Copy of the certificate from M/s. Walecha Inder & Associates, Chartered Accountants, dated May 09, 2019 certifying that the Company has adequate funds for the purposes of Buyback.
8. Public Announcement dated May 09, 2019 published on May 10, 2019.
9. Copy of Escrow Agreement dated May 06, 2019 between the Company, Manager to the Offer and Escrow Agent.
10. Declaration of solvency and affidavit dated March 26, 2019, as prescribed under section 68(6) of the Companies Act.
11. SEBI Observation vide letter no. [●] dated [●], 2019.

25. DETAILS OF THE REMEDIES AVAILABLE TO THE SHAREHOLDERS / BENEFICIAL OWNERS

In case of any grievance relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit etc.) the investor can approach the Compliance Officer or Manager to the Offer and / or Registrar to the Offer.

If the Company makes any default in complying with the provisions of Section 68 of the Act or Rules thereunder, or SEBI Buyback Regulations, the Company or any officer of the Company who is in default shall be punishable in accordance with the provisions of the Act and Regulations

Details of the Compliance Officer

Name: Richa Arora
Designation: Whole Time Director and Company Secretary
Address: B-22, Sector-4, Noida- 201301
Tel: +91-120-2534066 / 67 / 68;
Fax: +91-120-2534111
Email: secretarial@fsltechnologies.com

Investor may contact the Compliance Officer for any clarification or to address their grievances, if any, during 10.00 a.m. to 5.00 p.m. on all working days except Saturday, Sunday and Public holidays.

Details of the Registrar of Companies

Registrar of Companies, NCT Delhi & Haryana
4th Floor, IFCI Tower
61 Nehru Place, New Delhi - 110 019.
Phone: +91 11 2623 5707 - 09

26. DETAILS OF INVESTOR SERVICE CENTRE AND REGISTRAR TO THE OFFER

In case of any query, the Eligible Shareholders may also contact the Registrar to the Offer during working hours i.e. 10:00 a.m. to 5:00 p.m. on all working days at the following address except Saturday, Sunday and public holidays.



Link Intime India Private Limited
C-101, 1st Floor, 247 Park
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083, Maharashtra, India
Tel No.: +91 22 4918 6200
Fax No.: +91 22 4918 6195
Email id.: fsl.buyback2019@linkintime.co.in
Website: www.linkintime.co.in
SEBI Regn. No.: INR000004058
Validity Period: Perpetual
Contact Person: Sumeet Deshpande

27. DETAILS OF THE MANAGER TO THE OFFER



Sundae Capital Advisors Private Limited
611, Shahpuri Tirath Singh Tower
58, C - Block, Community Centre
Janak Puri, New Delhi - 110 058
Tel. No. +91 11 4914 9740
Email: fsl.buyback@sundaecapital.com
Investor Grievance e-mail id: grievances.mb@sundaecapital.com
Website: www.sundaecapital.com
SEBI Regn. No.: INM000012494
Validity Period : Perpetual
Contact Person: NitiN Somani / Anchal Lohia

28. DIRECTORS RESPONSIBILITY STATEMENT

As per Regulations 24(i)(a) of the SEBI Buyback Regulations, the Board of Directors of the Company accepts responsibility for the information contained in this Draft Letter of Offer and confirms that this Draft Letter of Offer contains true, factual and material information and does not contain any misleading information. This Draft Letter of Offer is issued under the authority of the Board in terms of the resolution passed by the Board on March 26, 2019.

For and on behalf of the Board of Directors of
Frontline Securities Limited

**Sd/-
Rakesh Kumar Jain
Director**

**Sd/-
Arun Kumar Jain
Director**

**Sd/-
Richa Arora
Whole Time Director and Company
Secretary and Compliance Officer**

Date: May 10, 2019
Place: Noida

**TENDER FORM (FOR ELIGIBLE SHAREHOLDERS HOLDING SHARES IN DEMATERIALISED FORM)
FORM OF ACCEPTANCE CUM ACKNOWLEDGMENT**

OFFER OPENS ON	<input type="checkbox"/>
OFFER CLOSES ON	<input type="checkbox"/>

Status: Please tick (☐)	
Individual	Foreign Institutional Investor
Foreign Company	Non Resident Indian
Body Corporate	Bank / Financial Institution
VCF	Mutual Funds
Partnership/LLP	Insurance Company
Pension/PF	Others (Specify)
Tax Residency Status: Please tick appropriate box	
Resident in India	Non Resident in India
Resident of _____	(country of residence)

For the Registrar to the Offer	
Inward No.	
Date	
Stamp	

To
Frontline Securities Limited
C/o Link Intime India Private Limited
C-101, 1st Floor, 247 Park, L.B.S. Marg
Vikhroli (West), Mumbai - 400 083

Dear Sirs,

Sub: Offer of buyback of up to 18,90,027 (Eighteen Lakhs Ninety Thousand Twenty Seven) equity shares of Frontline Securities Limited at a price of Rs. 40/- (Rupees Forty only) per Equity Share payable in cash

- I/We (having read and understood the Letter of Offer dated [●] issued by the Company), hereby tender my/Offer my/our Equity Shares in response to the Buyback in accordance with the terms and conditions set out below and in the Letter of Offer.
- I/We authorize the Company to Buyback the Equity Shares offered (as mentioned below) and to issue instruction(s) to the Registrar to the Offer to extinguish the Equity Shares.
- I/We hereby warrant that the Equity Shares comprised in this Tender Offer are offered for Buyback by me/us free from all liens, equitable interest, charges and encumbrance.
- I/We declare that there are no restraints/injunctions or other covenants of any nature which limits/restricts in any manner my/our right to tender Equity Shares for Buyback and that I/We am are legally entitled to tender the Equity Shares for Buyback.
- I/We agree that the Company will pay the Offer Price only after due verification of the validity of the documents and that the consideration will be paid as per Stock Exchange mechanism.
- I/ We agree to return to the Company any Buyback consideration that may be wrongfully received by me / us.
- I/We agree to receive, at my own risk, the invalid/unaccepted Equity Shares under the Offer in the demat account from where I / We have tendered the Equity Shares in the Buyback. In case, if for any reason the Equity Shares cannot be credited to the demat account, I / We agree to receive a single share certificate for the unaccepted Equity Shares in physical form.
- I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender/offer and agree to abide by any decision that may be taken by the Company to effect the Buyback in accordance with the Companies Act and the Buyback Regulations.
- Details of shares held and tendered / offered in the Buyback:

Particulars	In Figures	In Words
Number of Equity Shares held as on Record Date (May 24, 2019)		
Number of Equity Shares entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares offered for Buyback		
- Number of Equity Shares held for a period more than 12 months		
- Number of Equity Shares held for a period less than or equal to 12 months		

Note: An Eligible Person may tender Equity Shares over and above his / her / their Buyback Entitlement. Number of Equity Shares validly tendered by any Eligible Person up to the Buyback Entitlement of such Eligible Person shall be accepted to the full extent. The Equity Shares tendered by any Eligible Person over and above the Buyback Entitlement of such Eligible Person shall be accepted in accordance with the provisions given in the Letter of Offer.

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ACKNOWLEDGEMENT SLIP FOR FRONTLINE SECURITIES LIMITED - BUYBACK 2019

(to be filled by the Eligible Shareholder) (subject to verification)

DP ID: _____

Client ID _____

Received from Mr. / Ms. / M/s. _____

Form of Acceptance-cum-Acknowledgement, Original TRS along with:

No. of Equity Shares offered for Buy-Back

(In Figures) _____ (In Words) _____

STAMP OF BROKER

10. Details of account with Depository Participant (“DP”)

Name of the Depository (tick whichever is applicable)	<input type="checkbox"/> NDSL	<input type="checkbox"/> CDSL
Name of the Depository Participant		
DP ID No.		
Client ID No. with the Depository Participant		

11. Eligible Shareholders Details:

	First /Sole Holder	Joint Eligible Shareholder 1	Joint Eligible Shareholder 2	Joint Eligible Shareholder 3
Full Name(s)				
PAN No.				
Address of the First/Sole Eligible Shareholder				
Telephone No. & Email ID of First/Sole Holder				
Signature(s)*				

*Corporate must affix rubber stamp

12. Applicable for all Non-resident shareholders
I / We being a Non-Resident Shareholder, agree to obtain and submit all necessary approvals, if any and to the extent required from the concerned authorities including approvals from the Reserve Bank of India (“RBI”) under Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended (the “FEMA Regulations”) and the rules and regulations framed there under, for tendering Equity Shares in the Buy-Back, and also undertake to comply with the reporting requirements, if applicable, under the FEMA Regulations and any other rules, regulations and guidelines, in regard to remittance of funds outside India. I / We undertake to pay income taxes in India on any income arising on such Buy-Back and taxable in accordance with prevailing income tax laws in India within 7th day of the succeeding month in which the Shares are bought back by the Company. I / We also undertake to indemnify the Company against any income tax liability on any income earned on such Buy-Back of Shares by me / us.

Instructions:

- This Offer will open on [●] and close on [●].
- This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this tender form.
- Eligible Shareholders who desire to tender their Equity Shares in the dematerialized form under the Buyback would have to do so through their respective Shareholder Broker by indicating the details of Equity Shares they intend to tender under the Buyback.
- Shareholders should submit their duly filled Tender Form along with the TRS (Transaction Registration slip) generated by the exchange to at the office of Registrar to the Offer only after placing the bid via the Shareholder Broker.
- The Equity Shares tendered in the Buyback shall be rejected if (i) the Equity Shareholder is not an Eligible Shareholder of the Company as on the Record Date; (ii) if there is a name mismatch in the demat account of the Eligible Shareholder, (iii) in case of receipt of the completed Tender Form and other documents but non-receipt of Equity Shares in the special account of the Clearing Corporation, or (iv) a non-receipt of valid bid in the exchange bidding system.**
- The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to the Buyback being on a proportionate basis in terms of the Buyback Entitlement.
- In case of non-receipt of the Letter of Offer, Eligible Shareholders holding Equity Shares may participate in the Buyback by providing their application in plain paper in writing signed by all Eligible Shareholders (in case of joint holding), stating name and address of the Eligible Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP name, DP ID, beneficiary account number and number of Equity Shares tendered for the Buyback.
- Eligible Shareholders to whom the Buyback is made are free to tender Equity Shares to the Extent of their Buyback Entitlement in whole or in part or in excess of their Buyback Entitlement.
- All documents sent by Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
- By agreeing to participate in the Buyback the Non-Resident Shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reporting’s, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
- For details, please also read and follow the procedure set out in the Clause 20 in the Letter of Offer.

All capitalized items shall have the meaning ascribed to them in the Letter of Offer.

-----Tear Here-----

ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUYBACK SHOULD BE ADDRESSED TO THE REGISTRAR AT THE FOLLOWING ADDRESS QUOTING YOUR FOLIO NO / DPID/ CLIENT ID:

Link Intime India Private Limited
“Frontline Securities Limited - Buyback 2019”
 C-101, 1st Floor, 247 Park, L.B.S. Marg
 Vikhroli (West), Mumbai - 400 083
 Tel No.: +91 22 4918 6200; Fax No.: +91 22 4918 6195
 Email id.: fsl.buyback2019@linkintime.co.in; Website: www.linkintime.co.in
 Contact Person: Sumeet Deshpande