

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a registered Equity Shareholder(s) of Frontline Securities Limited (the "Company") as on the Record Date in accordance with Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Buy Back Offer i.e. Turnaround Corporate Advisors Private Limited or to the Registrar to the Buy Back Offer i.e. Link Intime India Private Limited.

Please refer to the "Definitions" section of this Letter of Offer for the definitions of capitalized terms used herein.



Frontline Securities Limited
CIN: L74899DL1994PLC058837

Registered Office: M-6, IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048.

Corporate Office/Correspondence Address: B-22, Sector-4, Noida-201301

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

Tel. No.: 0120-2534066, 67, 68; Fax No.: 0120-2534111; Email: secretarial@fsltechnologies.com; Website: www.fslindia.com

CASH OFFER TO BUY BACK UPTO 12,77,866 (TWELVE LAKHS SEVENTY SEVEN THOUSAND EIGHT HUNDRED SIXTY SIX ONLY) FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF RS.10 EACH ("EQUITY SHARES" OR "SHARES"), AT A PRICE OF RS. 62/- (RUPEES SIXTY TWO ONLY) PER EQUITY SHARE ("BUY BACK PRICE") PAYABLE IN CASH FOR AN AGGREGATE AMOUNT OF RS. 7,92,27,692/- (RUPEES SEVEN CRORES NINETY TWO LAKHS TWENTY SEVEN THOUSAND SIX HUNDRED NINETY TWO ONLY)("BUY BACK SIZE") WHICH REPRESENTS 24.99% OF THE AGGREGATE OF COMPANY'S SHARE CAPITAL AND FREE RESERVES AS ON MARCH 31, 2017, THROUGH THE TENDER OFFER ROUTE, ON A PROPORTIONATE BASIS ("BUY BACK OFFER" OR "OFFER" OR "BUY BACK"). THE MAXIMUM NUMBER OF EQUITY SHARES CONSTITUTES 17.78% OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

1. The Buy Back (as defined below) is in accordance with Article 134 of the Articles (as defined below), Sections 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act (as defined below), the Share Capital Rules (as defined below), to the extent applicable, and in compliance with the Buy Back Regulations (as defined below) and subject to such other approvals, permissions and sanctions as may be necessary, and such other 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 (as defined below).
2. The Buy Back Size is within the statutory limits of 25% of the total paid-up equity share capital and free reserves as per the standalone Audited Financial Statements of the Company as on March 31, 2017 (the last audited financial statements available as on the date of the Board Meeting (as defined below) recommending the proposal of the Buy Back). The Buy Back Size (as defined below) is 24.99% of the aggregate of the total paid-up equity share capital and free reserves of the Company, and represents 17.78% of the total issued and paid-up equity share capital of the Company.
3. A copy of the Public Announcement (as defined below) and this Letter of Offer shall also be available on the website of Securities and Exchange Board of India at: <http://www.sebi.gov.in>
4. This Letter of Offer is being sent to the Equity Shareholder(s) (as defined below)/ beneficial owner(s) of Equity Shares as on the Record Date i.e. Friday, December 22, 2017.
5. The procedure for tendering and settlement is set out in paragraph 22 on page 24 of this Letter of Offer. The Form of Acceptance-cum-Acknowledgement (the Tender Form) is enclosed together with this Letter of Offer.
6. For mode of payment of consideration to the Eligible Shareholders, please refer to paragraph 22.29 on page 28 of this Letter of Offer.
7. Eligible Shareholders are advised to refer to Details of the Statutory Approvals (paragraph 19 of page 20) and Note on Taxation (paragraph 23 of page 29) before tendering their Equity Shares in the Buy Back.

BUY BACK OPENS ON THURSDAY, JANUARY 18, 2018

BUY BACK CLOSES ON THURSDAY, FEBRUARY 01, 2018

LAST DATE/TIME OF RECEIPT OF COMPLETED APPLICATION FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR: BY 5.P.M. ON MONDAY, FEBRUARY 05, 2018

MANAGER TO THE BUY BACK OFFER

REGISTRAR TO THE BUY BACK OFFER



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED
Contact Person: Ms. Deepali Jain
Regd. Off.: 714, Vishwadeep Building, Plot No. 4, District Centre, Janakpuri, New Delhi- 110058
Tel. No.: +91-11-45510390
Email id: info@tcagroup.in
Website: www.tcagroup.in
SEBI Regn. No.: MB/INM000012290
Validity Period: Valid till August 29, 2021



LINK INTIME INDIA PRIVATE LIMITED
Contact Person: Mr. Sumeet Deshpande
Regd. Off.: C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India
Tel No.: +91 022 49186200
Fax No.: +91 022 49186195
Email id.: fsl.buyback2017@linkintime.co.in
Website: www.linkintime.co.in
SEBI Regn. No.: INR000004058
Validity Period: Perpetual

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1. SCHEDULE OF THE ACTIVITIES OF THE OFFER

| Activity | Date | Day |
|---|-------------------|-----------|
| Date of Board Meeting approving the Buy Back | October 20, 2017 | Friday |
| Date of Equity Shareholders Meeting approving the Buy Back | December 08, 2017 | Friday |
| Date of Publication of Public Announcement for the Buy Back | December 11, 2017 | Monday |
| Record Date for determining the Entitlement and the names of Eligible Shareholders | December 22, 2017 | Friday |
| Date of Opening of Buy Back | January 18, 2018 | Thursday |
| Date of Closing of Buy Back | February 01, 2018 | Thursday |
| Last date of receipt of physical share certificates along with completed Tender Forms and other specified documents by the Registrar* | February 05, 2018 | Monday |
| Last date of verification^ | February 07, 2018 | Wednesday |
| Last date of intimation regarding acceptance / non-acceptance of tendered Equity Shares^ | February 09, 2018 | Wednesday |
| Last date of dispatch of consideration / share certificate(s) /demat instruction(s)^ | February 12, 2018 | Monday |
| Last date of Extinguishment of Equity Shares^ | February 19, 2018 | Monday |

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 Buy Back Offer Tender Forms along with the requisite documents including physical share certificates, superscribing the envelope as "Frontline Securities Limited - Buy Back 2017", or hand deliver the same to the Registrar to the Buy Back Offer at the address mentioned on the cover page or in paragraph 20 of this Letter of Offer.

2. DEFINITION OF KEY TERMS

| | |
|-----------------------------------|--|
| Acceptance | Acceptance of Equity Shares, tendered by Eligible Shareholders in the Buy Back Offer |
| Acquisition Window | The separate window made available by BSE Limited to facilitate acquisition of Equity Shares through the stock exchange mechanism pursuant to an offer in accordance with the SEBI Circulars |
| Additional Shares / Additional | Additional Equity Shares tendered by an Eligible Shareholders over and above the Buy Back Entitlement of such Eligible Shareholders. |
| AOP | Association of Persons |
| Articles | Articles of Association of the Company |
| Board Meeting | Meeting of the Board of Directors held on October 20, 2017 approving the proposal for the Buy Back Offer |
| Board of Directors/Board | Board of Directors of the Company, including any committee constituted by the Board to exercise its powers |
| BSE | BSE Limited |
| Buy Back Committee | Buy Back Committee comprising of Mr. Rakesh Kumar Jain, Non-Executive Chairman and Director, Mr. Arun Kumar Jain, Director and Ms. Richa Arora, Whole Time Director and Company Secretary, constituted and authorized for the purposes of the Buy Back Offer vide resolution dated October 20, 2017 of the Board of Directors. Ms. Richa Arora, Whole Time Director and Company Secretary, shall act as Secretary to the committee |
| Buy Back Entitlement | The number of Equity Shares that an Eligible Shareholder is entitled to tender in the Buy Back Offer, based on the number of Equity Shares held by that Eligible Shareholder on the Record Date and the ratio of Buy Back applicable in the category to which such Eligible Shareholder belongs |
| Buy Back Offer / Buy Back / Offer | Offer by Frontline Securities Limited to Buy Back up to 12,77,866 (Twelve Lakhs Seventy Seven Thousand Eight Hundred Sixty Six) fully paid-up Equity Shares of face value Rs. 10/- each from all the Eligible Shareholders, on a proportionate basis, through the Tender Offer route at a price of Rs. 62/- (Rupees Sixty Two only) per equity share |
| Buy Back Price | Price at which Equity Shares will be bought back from the Eligible Shareholders, i.e., Rs. 62 /- (Rupees Sixty Two only) per Equity Share |
| Buy Back Regulations/Regulations | Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, including any amendments, statutory modification(s) or re-enactment(s) thereof for time being in force |
| Buy Back Size | Number of Equity Shares proposed to be bought back multiplied by the Buy Back Price, i.e. an aggregate amount of up to Rs. 7,92,27,692 (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only) excluding any expenses incurred or to be incurred in relation to the Buy Back viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty and other incidental and related expenses |
| Buying Broker | Farsight Securities Limited |
| CDSL | Central Depository Services (India) Limited |

| | |
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| Clearing Corporation | Indian Clearing Corporation Limited |
| Closing Date | Thursday, February 01, 2018 |
| Companies Act or Act | Companies Act, 2013 including any amendments, statutory modification(s) or re-enactment(s) thereof for time being in force |
| Depositories | Collectively, National Securities Depository Limited and Central Depository Services (India) Limited |
| DIN | Director Identification Number |
| DP | Depository Participant |
| DTAA | Double Taxation Avoidance Agreement |
| Eligible Equity Shares | Eligible Equity Shares means the lower of: 1.Total number of Equity Shares held by an Eligible Shareholder as on the Record Date; or 2.Total number of Equity Shares tendered by an Eligible Shareholder |
| Eligible Shareholder(s) | Shareholder(s) eligible to participate in the Buy Back Offer and would mean all equity shareholder(s) / beneficial owner(s) of Equity Shares of the Company as on the Record Date i.e. December 22, 2017 |
| Equity Shareholder(s) / Shareholder(s) | Holders of the Equity Shares of the Company and includes beneficial owners thereof |
| Equity Shares / Shares | Fully paid-up equity shares of face value Rs. 10/- each of the Company |
| Escrow Account | The escrow account opened with HDFC Bank Limited in terms of the Escrow Agreement |
| Escrow Agent | HDFC Bank Limited |
| Escrow Agreement | Escrow Agreement dated December 07, 2017 entered into by and between the Company, Manager to the Buy Back Offer and Escrow Agent |
| FCNR | Foreign currency Non Resident account |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999, as amended |
| FII(s) | Foreign Institutional Investor(s) |
| Form / Tender Form | Form of Acceptance-cum-Acknowledgement |
| Frontline / Company | Frontline Securities Limited |
| FY | Financial Year |
| General Category | Eligible Shareholders other than the Small Shareholders |
| HUF | Hindu Undivided Family |
| Income Tax Act | Income-tax Act, 1961, as amended |
| Letter of Offer / Offer Document | The Letter of Offer dated January 12, 2018 |
| Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| LTCG | Long-term Capital Gains |
| Management Rules | Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force |
| Manager / Manager to the Buy Back Offer/TCA | Turnaround Corporate Advisors Private Limited |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Funds Transfer |
| NOC | No Objection Certificate |
| Non-Resident Shareholders | Includes Non-Resident persons and bodies corporate, NRI(s), FII(s) and erstwhile OCBs |
| NRE | Non-residents external account |
| NRI | Non Resident Indian being citizens of India or persons of Indian origin (as defined under section 115C of the Income Tax Act) |
| NSDL | National Securities Depository Limited |
| OCB | Overseas Corporate Bodies |
| Offer Period / Tendering Period | Period of ten working days from the date of opening of the Buy Back Offer till its closure (both days inclusive) |
| Opening Date | Thursday, January 18, 2018 |
| PAN | Permanent Account Number |
| Persons in Control | Promoters, Promoter Group, the Directors of the Promoter and Persons Acting in concert, including such persons as have been disclosed under the filings made by the Company from time to time under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| Public Announcement / PA | Announcement of the Buy Back dated December 08, 2017, which was published on December 11, 2017 |
| RBI | Reserve Bank of India |
| Record Date | The date for the purpose of determining the entitlement and the names of the Eligible Shareholders, to whom this Letter of Offer and Tender Form will be sent and who are |

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| | eligible to participate in the Buy Back Offer in accordance with Buy Back Regulations. This date shall be Friday, December 22, 2017. |
| Registrar to the Buy Back Offer/Registrar | Link Intime India Private Limited |
| RTGS | Real Time Gross Settlement |
| SEBI | Securities and Exchange Board of India |
| SEBI Circulars | SEBI 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 any amendments thereof. |
| Seller Member or Seller Broker | A stock broker (who is a member of the BSE and/or NSE) of an Eligible Shareholder, through whom the Eligible Shareholder wants to participate in the Buy Back |
| Share Capital Rules | Companies (Share Capital and Debentures) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force |
| Small Shareholder | An Eligible Shareholder, who holds Equity Shares of market value not more than Two Lakhs Rupees, on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on Record Date i.e. December 22, 2017 |
| STCG | Short-term Capital Gains |
| Tender Offer | Method of Buy Back as defined in Regulation 2(1)(o) of the Buy Back Regulations |
| 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 Letter of Offer to SEBI should not, in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI, does not take any responsibility either for the financial soundness of the Company to meet the Buy Back commitments or for the correctness of the statements made or opinions expressed in the Offer Document. The Manager to the Buy Back Offer, M/s. Turnaround Corporate Advisors Private Limited, has certified that the disclosures made in the Offer Document are generally adequate and are in conformity with the provisions of Companies Act and Buy Back Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Equity Shares in the Buy Back.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the Offer Document, the Manager to the Buy Back Offer is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buy Back Offer, M/s. Turnaround Corporate Advisors Private Limited has furnished to SEBI a due diligence Certificate dated December 14, 2017 in accordance with SEBI (Buy Back of Securities) Regulations 1998 which reads as follows:

"We have examined various documents and materials contained in the annexure to this letter, as part of the due-diligence carried out by us in connection with the finalization of the Public Announcement and the Draft Letter of Offer. 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 Buy Back Offer;*
- *All the legal requirements connected with the said Offer, including SEBI (Buy Back of Securities) Regulations 1998, including any amendments, statutory modification(s) or re-enactment(s) thereof for time being in force 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 Buy Back Offer;*
- *Funds used for Buy Back shall be as per the provisions of the Companies Act, 2013 including any amendments, statutory modification(s) or re-enactment(s) thereof for time being in force."*

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 Buy Back.

Promoters/Directors of the Company declare and confirm that no information/material likely to have a bearing on the decision of the Eligible Shareholders 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 and the Buy Back Regulations.

Promoters/Directors of the Company also declare and confirm that funds borrowed from Banks and Financial Institutions will not be used for the Buy Back.

4. TEXT OF THE RESOLUTION PASSED AT THE BOARD MEETING

The Buy Back through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on October 20, 2017. The extracts of the minutes of the Board Meeting are as follows:

“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, 1998 (**“Buy Back 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 by the way of Postal Ballot, the approval of the Board be and is hereby accorded for the Buy Back by the Company of its up to 12,77,866 (Twelve Lakhs Seventy Seven Thousand Eight Hundred Sixty Six) fully paid-up Equity Shares of Rs. 10/- each, of the Company, (**“Equity Shares”**) representing up to 17.78% of the total paid up Equity Share Capital of the Company as on 31st March, 2017, at a price 62 (Rupees Sixty Two Only) per Equity Share (**“Buy Back Price”**) payable in cash for an aggregate amount of up to Rs. 7,92,27,692 (Rupees Seven Crores, Ninety Two Lakhs, Twenty Seven Thousand, Six Hundred Ninety Two only) excluding any expenses incurred or to be incurred in relation to the Buy Back viz. 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 sum of fully paid-up Equity Share Capital and free reserves of the Company as per its latest audited financial statements, 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 for the financial year ended March 31st 2017, 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 (**“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, 2017 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 15% of the number of Equity Shares which the Company proposes to Buy Back or the number of Equity Shares entitled as per the shareholding of small shareholders, as defined in the Buy Back Regulations (**“Small Shareholders”**) as of the Record Date, whichever is higher, shall be reserved for Small Shareholders.

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 and promoter group 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 be implemented from current surplus and/ or cash balances and/or internal accruals of the Company on such terms and conditions as the Board may decide from time to time in its absolute discretion, as it may deem fit.

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 October 20th 2017 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 October 20th 2017 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 October 20th 2017 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 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 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. 7,92,27,692 (Rupees Seven Crores, Ninety two lakhs, Twenty seven

thousand, Six hundred Ninety Two only) does not exceed 25% of the total paid-up Equity Share Capital and Free Reserves of the Company as on 31st March, 2017.

- h) That the maximum number of shares proposed to be purchased under the Buy Back i.e. 12,77,866 (Twelve Lakhs Seventy Seven Thousand Eight Hundred Sixty Six) 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, 2017.

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, 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 M/s Turnaround Corporate Advisors Private Limited, A SEBI registered Category -I Merchant Banker, as the Manager to the Buy Back be confirmed and approved in terms of their offer Letter dated 17th October, 2017.

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/ authorised 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. Arun Kumar Jain, 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, authorised, empowered and deemed to have been authorised and empowered to exercise all powers and discharge all functions which the Board is authorised, 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 for determining 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 Buy Back offer) to operate said accounts;

6. Filing response to the queries raised by the Manager to the Buy Back Offer, Securities and Exchange Board of India, the Stock Exchanges and other appropriate authorities in connection with the proposed buy-Back.
7. To finalise 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 authorise 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 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, Stock Exchanges, 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 PUBLIC ANNOUNCEMENT

- 5.1. As per Regulation 8(1) of the Buy Back Regulations, the Company has made a Public Announcement (PA) dated December 08, 2017 for the Buy Back of Equity Shares, which was published on December 11, 2017, in the following newspapers which is within two working days from December 08, 2017, i.e. the date of announcement of the results of resolution approved through the postal ballot approving the Buy Back:

| Publication/Newspaper | Language | Edition |
|-----------------------|----------|--------------|
| Business Standard | English | All Editions |
| Business Standard | Hindi | All Editions |

The Public Announcement is available on the SEBI website at www.sebi.gov.in

6. DETAILS OF THE BUY BACK

- 6.1. The Board of Directors, at their meeting held on October 20, 2017 has, in accordance with Article 134 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and 110 and all other applicable provisions of the Act, the Share Capital Rules, the Management Rules, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Buy Back Regulations, approved the proposal to Buy Back the Company’s Equity Shares, subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed by the appropriate authorities which may be agreed by the Board of Directors, and subject to such conditions and modifications as may be prescribed or imposed by such government, regulatory, statutory or appropriate authorities. The Company sought approval of its shareholders for the said Buy Back, by a special resolution, through the Postal Ballot Notice dated October 20, 2017. The shareholders approved the said proposal of Buy Back of Equity Shares and the results of the postal ballot were announced on December 08, 2017, which are available on the websites of the BSE Limited at www.bseindia.com. The Company was thus authorized to Buy Back a number of Equity Shares not exceeding 12,77,866, from the from all the Eligible Shareholders, for an amount not exceeding Rs.7,92,27,692/- (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only). The Buy Back Size does not include any expenses incurred or to be incurred in relation to the Buy Back viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty and other incidental and related expenses. The Buy Back Size is 24.99% of the total paid-up equity share capital and free reserves of the Company as per the audited standalone Balance Sheet as on March 31, 2017. The Buy Back Offer will comprise a purchase of up to 12,77,866 Equity Shares, aggregating up to 17.78% of the paid-up equity shares of the Company as on March 31, 2017 at a price of Rs. 62/- (Rupees Sixty Two only) per Equity Share on a proportionate basis through the “Tender Offer” route, in accordance and consonance with the provisions contained in the Buy Back Regulations, the Act, Share Capital Rules and Management Rules, as amended.
- 6.2. The Buy Back shall be undertaken on a proportionate basis from the Eligible Shareholders through the Tender Offer process prescribed under Regulation 4(1)(a) of the Buy Back Regulations. Additionally, the Buy Back shall be implemented by the Company using the “Mechanism for acquisition of shares through stock exchange” as specified by the SEBI Circulars. Once the Buy Back is concluded, all Equity Shares purchased by the Company in the Buy Back will be extinguished.
- 6.3. The aggregate paid-up share capital and free reserves of the Company as per the audited Balance Sheet as on March 31, 2017 is Rs. 31,70,37,635. Under the provisions of the Act, the maximum amount utilized for the Buy Back shall not exceed 25% of the total paid-up capital and free reserves of the Company, as per the audited standalone financial statements of the Company as on March 31, 2017, i.e., Rs. 7,92,59,408. The maximum amount proposed to be utilized for the Buy Back Offer is Rs.7,92,27,692/- (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only), excluding brokerage and other costs and is therefore within the limit of 25% of the Company’s total paid-up equity capital and free reserves, as per the audited standalone Balance Sheet as on March 31, 2017.
- 6.4. Further, under the Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the fully paid-up Equity Shares of the Company in that financial year. Accordingly, the maximum number of Equity Shares that can be bought back in the current financial year is 17,96,672 Equity Shares (calculated on the basis of the total paid-up equity capital of the Company as on March 31, 2017). As the Company proposes to buy back up to 12,77,866 Equity Shares, which aggregates up to 17.78% of the paid-up Equity Shares of the Company as on March 31, 2017, the same is within the aforesaid 25% limit.
- 6.5. The Shareholding of a) the Promoter(s) / Promoter Group being individuals and the companies/entities forming part of the Promoter Group and Persons in Control; b) the Directors of Hope Consultants Limited (Company forming part of Promoters/ Promoter Group); and c) the Directors and Key Managerial Personnel of the Company, as on the the date of the Board Meeting at which the Buy Back was approved and the Postal Ballot Notice, i.e., October 20, 2017 are as follows:

- a) Shareholding of the Promoter(s) / Promoter Group being individuals and the companies/entities forming part of the Promoter Group and Persons in Control, as on the date of Public Announcement:

| Sr. No. | Category | No. of Equity Shares | Percentage of shareholding |
|---------|--------------------------|----------------------|----------------------------|
| 1 | Hope Consultants Limited | 4,10,043 | 5.7056 |
| 2 | Rakesh Kumar Jain | 31,45,910 | 43.7741 |

| | | | |
|---|--------------|------------------|----------------|
| 3 | Prerna Jain | 17,88,504 | 24.8863 |
| 4 | Vidha Jain | 24,510 | 0.3410 |
| 5 | Aridhi Jain | 8,310 | 0.1156 |
| | Total | 53,77,277 | 74.8227 |

b) Shareholding of the Directors of Hope Consultants Limited (Company forming part of Promoters/ Promoter Group):

Apart from the Equity Shares held by Mr. Rakesh Kumar Jain, being the Director of Hope Consultants Limited and holding the Equity Shares of the Company in the capacity of Promoters of the Company, the shareholding of Directors of Hope Consultants Limited in the Company is stated below:

| Sr. No. | Category | No. of Equity Shares | Percentage of shareholding |
|---------|-----------------------|----------------------|----------------------------|
| 1 | Mr. Rajeev Kumar Jain | 200 | 0.00 |
| 2 | Mr. Sharad Jain | 32,935 | 0.46 |
| | Total | 33,135 | 0.46 |

c) Shareholding of the Directors and Key Managerial Personnel of the Company:

Apart from equity shares held by Mr. Rakesh Kumar Jain in the Capacity of promoter of the Company, the shareholding of the Director and Key Managerial Personnel of the Company is stated below:

| S. 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 | 10 | - |
| 4. | Mr. Arun Kumar Jain | Independent Director | 210 | - |
| 5. | Mr. Baljit Singh bedi | Independent Director | 600 | 0.01% |
| 6. | Ms. Sarabjeet Kaur Kocher | Women Director | - | - |
| 7. | Ms. RichaArora | Whole Time Director and Company Secretary | - | - |
| 8. | Ms. Swarna Gowri S.* | Chief Financial Officer | - | - |
| 9. | Mr. Mayank Agarwal | Chief Financial Officer | - | - |
| | Total | | 820 | 0.01% |

*(Resigned w.e.f October 21, 2017)

- 6.6. In terms of the Buy Back Regulations, under the Tender Offer route, the Promoters of the Company have the option to participate in the Buy Back. In this regard, the Promoters of the Company, have expressed their intention ("Participating Promoters"), vide their letter dated October 18, 2017, to participate in the Buy Back and offer upto an aggregate maximum of 53,77,277 Equity Shares or such lower number of Equity Shares as required in compliance with the Buy Back Regulations / terms of the Buy Back. The extent of their participation in the Buy Back has been detailed in herein below:

| Sr. No. | Name | Equity Shares held on October 20, 2017 | Equity Shares intended to be offered in the Buy Back |
|---------|--------------------------|--|--|
| 1. | Hope Consultants Limited | 4,10,043 | 4,10,043 |
| 2. | Rakesh Kumar Jain | 31,45,910 | 31,45,910 |
| 3. | Prerna Jain | 17,88,504 | 17,88,504 |
| 4. | Vidha Jain | 24,510 | 24,510 |
| 5. | Aridhi Jain | 8,310 | 8,310 |
| | Total | 53,77,277 | 53,77,277 |

- 6.7. The Participating Promoters intend to offer upto their respective shareholding as on the Record Date, or such lower number of equity shares as required in compliance with the Buy Back Regulations / terms of the Buy Back.
- 6.8. Pursuant to the proposed Buy Back and depending on the response to the Buy Back, the voting rights of the Promoters in the Company may increase over the existing 74.82% holding in the total equity capital and voting rights of the Company. The Promoters of the Company are already in control over the Company and therefore any further increase in voting rights of the Promoters will not result in any change in control over the Company
- 6.9. Post the Buy Back, the Public Shareholding of the Company may fall below the minimum level required as per Regulation 38 of the Listing Regulations. In the event the public shareholding falls below the minimum level, the Promoter Group shall take necessary steps to reduce the shareholding of the Promoter Group in accordance with the provisions contained under Rule 19A of the Securities Contract (Regulation) Rules, 1957, so that the Company is in due compliance of the Minimum Public Shareholding requirement. The Company and the Promoters shall ensure compliance with the requirement of Minimum Public Shareholding requirements even after the Buy Back.

7. **AUTHORITY FOR THE BUY BACK**

- 7.1. The Buy Back is in accordance with the provisions of Article 134 of the Articles of Association of the Company, the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013, ("Companies

Act”), the Companies (Share Capital and Debentures) Rules, 2014 (“Share Capital Rules”), the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (the “Buy Back Regulations”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 7.2. The Board of Directors on October 20, 2017 passed a resolution to Buy Back equity shares of the Company.
- 7.3. The Shareholders approved the Buy Back by special resolution through Postal Ballot, the results of which were announced on December 08, 2017 (which is deemed to be the date of passing the special resolution by the Shareholders).

8. NECESSITY OF THE BUY BACK

The Buy Back is being proposed by the Company to return surplus funds to the shareholders, which are over and above its ordinary capital requirements and in excess of any current investment plans, in an expedient, efficient and cost effective manner. Additionally, the Company’s management strives to increase shareholder’s value and the Buy Back would result in the following benefits, amongst other things:

- The Buy Back will improve the Earnings Per Share (EPS), Return on Capital Employed (ROCE) and Return on Equity (ROE);
- The Buy Back will help in achieving an optimal capital structure;
- The Buy Back 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;
- The Buy Back, which is being implemented through the Tender Offer route as prescribed under the Buy Back Regulations, would involve allocation of higher number of shares as per their entitlement or 15% of the outlay to small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public shareholders, who would get classified as “small shareholder”;
- The Buy Back gives an option to the Members holding Equity Shares of the Company, to either (i) choose to participate and get cash in lieu of Equity Shares to be accepted under the Buy Back Offer or (ii) choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buy Back Offer, without additional investment.

9. MAXIMUM NUMBER OF SECURITIES THAT THE COMPANY PROPOSES TO BUY BACK

The Company proposes to Buy Back up to 12,77,866 (Twelve Lakh Seventy Seven Thousand Eight Hundred Sixty Six only) Equity Shares of face value of Rs. 10/- each of the Company.

10. MAXIMUM AMOUNT OF FUNDS REQUIRED FOR BUY BACK, BUY BACK AMOUNT AS A PERCENTAGE OF THE TOTAL PAID UP CAPITAL AND FREE RESERVES AND SOURCE OF FUNDS FROM WHICH BUY BACK WOULD BE FINANCED

- 10.1. The maximum amount proposed to be utilized for the Buy Back Offer is Rs.7,92,27,692/- (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only), excluding any expenses incurred or to be incurred in relation to the Buy Back viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty and other incidental and related expenses. The aggregate paid-up share capital and free reserves of the Company as per the audited Balance Sheet as on March 31, 2017 is Rs. 31,70,37,635. The Buy Back Size is 24.99% of the total paid-up equity share capital and free reserves of the Company as per the audited Balance Sheet as on March 31, 2017.
- 10.2. The funds for Buy Back will be financed out of Company’s current balances of cash and cash equivalents and other current investments and/or internal accruals of the Company.
- 10.3. The Company does not intend to raise additional debt for the explicit purposes of the Buy Back. Borrowed funds will not be used for the Buy Back.

11. MANAGEMENT DISCUSSION AND ANALYSIS OF THE LIKELY IMPACT OF BUY BACK ON THE COMPANY

- 11.1. The Buy Back is not likely to cause any material impact on the profitability / earnings of the Company.
- 11.2. Participating Promoters have expressed their intention, vide their letter dated October 18, 2017, to participate in the Buy Back and offer upto an aggregate maximum of 53,77,277 Equity Shares or such lower number of Equity Shares as required in compliance with the Buy Back Regulations / terms of the Buy Back.
- 11.3. As per the information provided by the promoters vide their individual letters dated October 18, 2017, details of the date and price of acquisition of the equity shares that promoters intend to tender are set-out below:

i. Hope Consultants Limited

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|--|--------------------------------------|---|
| 1. | Up to August 31, 1994 [#] | 47,500 | Not Available |
| 2. | January 20, 1995 | 4,05,200 | 10.00 |
| 3. | January 21, 1995 to March 31, 1996 [#] | (51,400) | Not Available |
| 4. | August 20, 1996 | 3,00,575 | 12.50 |
| 5. | August 21, 1996 to May 07, 1997 [#] | (32,400) | Not Available |
| 6. | October 25, 2000 | 5,70,000 | 14.00 |
| 7. | November 21, 2000 | 4,30,000 | 14.00 |
| 8. | November 22, 2000 to March 31, 2001 [#] | (70,500) | Not Available |
| 9. | March 31, 2001 to March 31, 2002 [#] | 60,000 | Not Available |

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|--------------------------------|--------------------------------------|---|
| 10. | April 01, 2006 ^s | 22,56,068 | Not Applicable |
| 11. | February 05, 2014 | (6,00,000) | 33.00 |
| 12. | July 30, 2015 | (6,00,000) | 27.50 |
| 13. | July 8, 2016 | (14,40,000) | 17.40 |
| 14. | August 19 th , 2016 | (8,65,000) | 19.00 |

The exact dates of said acquisition/(sale) are Not Available.

\$ Allotted 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.

ii. Rakesh Kumar Jain

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|------------------------------------|--------------------------------------|---|
| 1. | Up to 1 st April, 2008# | 97,910 | 7.00 |
| 2. | 9 th August, 2010 | 45,215 | 25.00 |
| 3. | 12 th August, 2010 | 30,296 | 25.00 |
| 4. | 16 th August, 2010 | 37,399 | 25.00 |
| 5. | 17 th August, 2010 | 46,500 | 25.00 |
| 6. | 18 th August, 2010 | 45,829 | 25.00 |
| 7. | 20 th August, 2010 | 45,790 | 25.00 |
| 8. | 25 th August, 2010 | 20,600 | 25.00 |
| 9. | 26 th August, 2010 | 46,371 | 25.00 |
| 10. | 13 th December, 2010 | 45,000 | 25.00 |
| 11. | 1 st June, 2011 | 4,70,000 | 26.70 |
| 12. | 2 nd May, 2012 | 4,75,000 | 24.40 |
| 13. | 5 th March, 2014 | (3,00,000) | 38.00 |
| 14. | 12 th June, 2014 | (2,40,000) | 66.00 |
| 15. | 30 th July, 2015 | 6,00,000 | 27.50 |
| 16. | 8 th July, 2016 | 2,90,000 | 17.40 |
| 17. | 19 th August 2016 | 12,40,000 | 19.02 |
| 18. | 17 th April, 2017 | 1,50,000 | 53.00 |

The exact dates of said acquisition/(sale) are Not Available.

iii. Prerna Jain

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|------------------------------------|--------------------------------------|---|
| 1. | Up to 1 st April, 2004# | 2,71,220 | 13.00 |
| 2. | 1 st September, 2010 | 45,700 | 25.00 |
| 3. | 2 nd September, 2010 | 45,000 | 25.00 |
| 4. | 3 rd September, 2010 | 18,800 | 25.00 |
| 5. | 5 th March, 2014 | (1,25,000) | 38.00 |
| 6. | 10 th June, 2014 | (2,00,000) | 65.00 |
| 7. | 1 st March, 2016 | 2,32,784 | 28.00 |
| 8. | 4 th April, 2016 | 3,25,000 | 27.00 |
| 9. | 8 th July, 2016 | 11,50,000 | 17.40 |
| 10. | 17 th April, 2017 | 25,000 | 53.00 |

The exact dates of said acquisition/(sale) are Not Available.

iv. Vidha Jain

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|-------------------------------------|--------------------------------------|---|
| 1. | Up to 1 st April, 1999 # | 1,54,510 | 4.00 |
| 2. | 9 th June, 2014 | (1,30,000) | 65.00 |

The exact dates of said acquisition/(sale) are Not Available.

v. Aridhi Jain

| Sr. No. | Date of Acquisition/ Disposal | No. of Equity Shares Acquired/(Sold) | Cost of Acquisition/Sale (in Rs. per Share) |
|---------|---------------------------------------|--------------------------------------|---|
| 1. | Up to 1 st January, 2003 # | 1,08,310 | 7.00 |
| 2. | 9 th June, 2014 | (1,00,000) | 65.00 |

The exact dates of said acquisition/(sale) are Not Available.

11.4. All of the Directors and Key Managerial Personnel of the Company are eligible to participate in the Buy Back on the same

terms as all other Eligible Shareholders. Except as otherwise provided herein, the Directors and Key Managerial Personnel have not indicated whether they intend to participate in the Buy Back or the number of Equity Shares that they intend to tender in the Buy Back.

- 11.5. Assuming that the response to the Buy Back is to the extent of 100% (full Acceptance) from all the Eligible Shareholders up to their Buy Back Entitlement, the aggregate shareholding of the public and others post Buy Back may decrease from 26.82% to 23.58 %.
- 11.6. The Buy Back will not result in a change in control or otherwise affect the existing management structure of the Company.
- 11.7. Consequent to the Buy Back and based on the number of Equity Shares bought back from the Eligible Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, their shareholding would undergo a change.
- 11.8. The debt-equity ratio post Buy Back will be compliant with the permissible limit of 2:1 prescribed by the Companies Act, even if the response to the Buy Back is to the extent of 100% (full acceptance).
- 11.9. The Buy Back will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations.
- 11.10. Salient financial parameters consequent to the Buy Back based on the latest audited results as on March 31, 2017 are as under:

| Parameter (based on audited results for year ended) | Pre Buy-back | Post Buy-back |
|--|--------------|---------------|
| Networth^ (Rs. Lakhs) | 3170.38 | 2378.09 |
| Return on Networth^ (%) | 14.193% | 18.921% |
| Earnings per Share (Rs.) | 6.261 | 7.615 |
| Book Value per Share (Rs.)^ | 44.115 | 40.247 |
| P/E as per the latest audited financial results** | 9.54 | 7.84 |
| Total Debt / Capital and Free Reserves*** Ratio | 0.044:1 | 0.059:1 |

Notes:

- ^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 balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- Pre and Post-Buy Back calculations are based on financial numbers as on March 31, 2017 except as mentioned under
- The Post-Buy Back numbers are calculated by reducing the net worth by the proposed Buy Back amount (assuming full acceptance). Simultaneously outstanding Equity Shares (for calculating the EPS) have been calculated by reducing the Maximum Number of Equity Shares from the pre-buy back number of shares.
- ** P/E ratio based on the closing market price as on December 11, 2017 i.e. Rs. 59.70/- (BSE)
- *** Free Reserves means reserves which are available for distribution as dividend, as per the latest audited balance sheet of a Company, and includes securities premium account.

12. BUY BACK PRICE AND BASIS OF CALCULATING BUY BACK PRICE

- 12.1. The Buy Back Price of Rs. 62/- per equity share ("Buy Back 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 on the BSE Limited ("BSE"), where the Equity Shares are listed, Book value of shares, the net worth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buy Back on the earnings per share. The Buy Back Price offers a premium of 6.90% over the closing price of the Equity Shares on BSE Limited, as on October 12, 2017, 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 Buy Back was considered.
- 12.2. For trends in the market price of the Equity Shares, please refer to paragraph 18 of this Letter of Offer.
- 12.3. The closing market price of the Equity Shares as October 12, 2017, being last trading day prior to the date of intimation to the BSE for the Board Meeting for considering the Buy Back, was Rs. 58/- on BSE.
- 12.4. The Buy Back Price is at premium of about 40.54% to the Company's book value per equity share, which pre Buy Back, as on March 31, 2017 is Rs. 44.115.
- 12.5. The Earning per Share of the Company pre-Buy Back as on March 31, 2017 was Rs. 6.261 which will increase to Rs. 7.615 post Buy Back based on the assumption mentioned in notes to table on salient financial parameters in paragraph 11.10 of this Letter of Offer.

- 12.6. The Return of Net-worth of the Company pre Buy Back as on March 31, 2017 was 14.193% which will increase to 18.921% post Buy Back based on the assumption mentioned in notes to table on salient financial parameters in paragraph 11.10 of this Letter of Offer.

13. SOURCES OF FUNDS FOR THE BUY BACK

- 13.1. Assuming full acceptance, the funds that would be employed by the Company for the purpose of the Buy Back of 12,77,866 Equity Shares at a price of Rs. 62/- (Rupees Sixty Two only) per Equity Share would be Rs.7,92,27,692/- (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only).
- 13.2. The Funds for Buy Back will be financed out of Company's current balances of cash and cash equivalents and other current investments and/or internal accruals of the Company.
- 13.3. The Company does not intend to raise additional debt for the explicit purposes of the Buy Back. Borrowed funds will not be used for the Buy Back.
- 13.4. This Buy Back is not likely to cause any material impact on the earnings of the Company, except for the cost of financing the Buy Back, being a reduction in the investment income that the Company could have otherwise earned on the funds deployed.

14. DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT TO BE DEPOSITED THEREIN

- 14.1. In accordance with Regulation 10 of the Buy Back Regulations, an escrow agreement dated December 07, 2017 has been entered into between the Company, Turnaround Corporate Advisors Private Limited and HDFC Bank Limited ("Escrow Agent") having its branch at K. G. Marg, New Delhi.
- 14.2. Pursuant to the Escrow Agreement, an escrow account in the name and style "Frontline Securities Limited - Escrow Account" bearing account number 57500000118761 has been opened with the Escrow Agent. In accordance with Regulation 10 of the Buy Back Regulations, the Company has deposited an amount of Rs. 1,98,06,923/- (Rupees One Crore Ninety Eight Lakh Six Thousand Nine Hundred Twenty Three only), being an amount equivalent to 25% of the Buy Back Size, in the Escrow Account on January 11, 2018. In accordance with the Buy Back Regulations, M/s Turnaround Corporate Advisors Private Limited, the Manager to the Buy Back Offer will be empowered to operate the Escrow Account.
- 14.3. M/s Walecha Inder & Associates, Chartered Accountant (Firm Registration Number 014205N), located at 6-8, Sanjay Market, R-Block, Greater Kailash-I, New Delhi-110048, Tel. No. +91-11-26476782, 26229541, signing through their Partner Mr. Inder Jeet Walecha (Membership Number: 093694) have certified, vide their certificate December 11, 2017, that the Company has adequate funds to fulfill its part of obligations for the purposes of Buy Back of 12,77,866 Equity Shares at a price of Rs. 62/- (Rupees Sixty Two only) each.
- 14.4. The Manager to the Buy Back Offer has satisfied itself about the ability of the Company to implement the Buy Back Offer in accordance with the Buy Back Regulations.

15. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 15.1. The capital structure of the Company, as on the date of the Public Announcement, is as follows:

| Particulars | No. of shares | Amount (Rs. Lakhs) |
|--|---------------|--------------------|
| Authorised Equity Shares | 1,00,00,000 | 1,000.00 |
| Issued, Subscribed and Paid-up Equity Shares | 71,86,689 | 718.67 |

- 15.2. During the 3 years preceding the date of the Public Announcement, the Company has not bought back any Equity Shares under any Buy Back programme.
- 15.3. As on the date of the Public Announcement, there are no outstanding preference shares, partly paid-up equity shares or outstanding convertible instruments or calls in arrears.
- 15.4. The shareholding pattern of the Company pre-Buy Back, as well as the post Buy Back shareholding, is as shown below:

| Particulars | Pre-Buy-back | | Post Buy-back [#] | |
|---|----------------------|--|----------------------------|---|
| | No. of Equity Shares | % to the existing equity share capital | No. of Equity Shares | % to post Buy-back equity share Capital |
| Promoters and persons acting in concert, (collectively "the Promoters") | 53,77,277 | 74.82 | 45,15,443 | 76.42 |
| Indian Non-Institutional (Individuals) | 12,38,466 | 17.23 | | |

| | | | | |
|------------------|------------------|---------------|------------------|---------------|
| HUF | 763 | 0.01 | 13,93,380 | 23.58 |
| NRI - Non Repat | 100 | 0.00 | | |
| NRI - Repat | 2,04,484 | 2.85 | | |
| Clearing Members | 829 | 0.01 | | |
| Bodies Corporate | 3,64,770 | 5.08 | | |
| Total | 71,86,689 | 100.00 | 59,08,823 | 100.00 |

Assuming full acceptance of Equity Shares in the Buy Back in the ratio of their entitlement

- 15.5. Assuming 100% response to the Buy Back Offer, the issued, subscribed and paid-up equity share capital of the Company after the completion of the Buy Back Offer would be as follows:

| Particulars | No. of Shares | Amount (Rs. Lakhs) |
|--|---------------|--------------------|
| Issued, Subscribed and Paid-up Equity Shares | 59,08,823 | 590.88 |

- 15.6. Assuming response to the Buy Back is to the extent of 100% (full acceptance) from all the Eligible Shareholders upto their entitlement, the aggregate shareholding of the Promoter Group/Persons in Control, post Buy Back will increase to 76.42% of the post Buy Back equity share capital of the Company.

- 15.7. Details of number of Equity Shares purchased/sold/transferred as well as minimum and maximum price at which such purchases and sales were made along with relevant dates by any member of the Promoter Group including the Directors of the Companies forming part of the Promoter Group as well as the Persons in Control of the Company for a period of six months preceding the date of the Board Meeting at which the Buy Back was approved till the date of the postal ballot notice, i.e. October 20, 2017:

(a) Details of transactions by the Promoters / Promoter Group and Persons in Control of the Company:

| Name | Aggregate No. of Shares Purchased/ Sold | Nature of Transaction | Maximum Price | Date of Maximum Price | Minimum Price (Rs.) | Date of Minimum Price |
|-------------------|---|--|---------------|-----------------------|---------------------|-----------------------|
| Rakesh Kumar Jain | 1,50,000 | Shares Acquired through Stock Exchange | 50.70 | 17/04/2017 | 50.70 | 17/04/2017 |
| Prerna Jain | 25,000 | Shares Acquired through Stock Exchange | 50.70 | 17/04/2017 | 50.70 | 17/04/2017 |

(b) Details of transactions by the Directors of the company forming part of Promoters / Promoter Group:

Apart for the transactions made by Mr. Rakesh Kumar Jain in his capacity as Promoter of the Company, which are reflected hereinabove, no transaction (either purchase / sale / inter-se transfer) is undertaken by Directors of the Company forming part of Promoters/Promoters Group, during period of six months preceding the date of the Board Meeting at which the Buy Back was approved till the date of the postal ballot notice, i.e. October 20, 2017.

(c) Details of transactions by the Directors and Key Managerial Personnel of the Company:

Apart for the transactions made by Mr. Rakesh Kumar Jain in his capacity as Promoter of the Company, which are reflected hereinabove, no transaction (either purchase / sale / inter-se transfer) is undertaken by any person being Director and/or Key Managerial Personnel of the Company, during the period of six months preceding the date of the Board Meeting at which the Buy Back was approved till the date of the postal ballot notice, i.e. October 20, 2017.

- 15.8. Except for the details mentioned under paragraph 15.7 above, no Equity Shares have been purchased/sold/transferred by any member of the Promoter Group including the Directors of the Companies forming part of the Promoter Group as well as the Persons in Control of the Company during the period of twelve months preceding the date of the Public Announcement.

16. BRIEF INFORMATION OF THE COMPANY

- 16.1. 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 of business 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 L74899DL1994PLC058837. The registered office of the Company is situated at M-6, IInd Floor, M Block Market, Greater Kailash-II, New Delhi-110048. The registered office is owned by a group company and a part of it has been leased to the Company. The company's corporate office is located at B-22, Sector-4 Noida-201301. The corporate office is owned by a group company and a part of it has been leased to the Company. The Company also owns a commercial property admeasuring approximately 3000 sq feet at E-169, Masjid Moth, Greater Kailash-III, New Delhi-1100048. This property was let out by the Company. Besides this, the Company has already constructed a large business Block at Plot -15, Tech Zone, Greater Noida, in which the total constructed area is around 70000 sq feet. This property is under final construction stage and would become operational

in 6-12 months.

16.2. The Company is operating in service industry and is currently 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 is engaged in providing Mutual Fund Distribution Services and is registered with AMFI vide registration no. 11660. The Company also provides other services like Wealth Management, Corporate Advisory, Tax Planning, Mergers and Acquisitions, Life Insurance and associated services.

16.3. **Growth of the Business over a period of time:**

The total income of the Company for the year ended March 31, 2015 was Rs. 658.09 Lakhs which for the year ended March 31, 2017 has decreased to Rs. 560.01 Lakhs reflecting a compounded annual growth rate of (5.24)% over the period of three years ending March 31, 2017. Similarly the profit after Tax for the year ended March 31, 2015 was Rs. 477.32 Lakhs which for the year ended March 31, 2017 has decreased to Rs. 449.97 Lakhs reflecting a compounded annual growth rate of (1.95)% over the period of three years ending March 31, 2017.

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

| S. No | Date of Allotment / (Extinguishment) of Shares | No. of Equity Shares Issued/ (Extinguished) of Face Value of Rs. 10 each | Reasons of Allotment/ (Extinguishment) | Consideration | Cumulative Equity Share Capital in Rs. |
|-------|--|--|--|----------------|--|
| 1 | May 05, 1994 | 70 | Subscribers to the Memorandum | Cash | 700 |
| 2 | August 31, 1994 | 2,00,000 | Preferential Allotment | Cash | 20,00,700 |
| 3 | January 20, 1995 | 28,03,230 | Public issue | Cash | 3,00,33,000 |
| 4 | August 20, 1996 | 15,01,650 | Right issue | Cash | 4,50,49,500 |
| 5 | October 25, 2000 | 30,35,000 | Preferential Allotment | Cash | 7,53,99,500 |
| 6 | November 21, 2000 | 19,65,000 | Preferential Allotment | Cash | 9,50,49,500 |
| 7 | February 07, 2014 | (23,18,261) | Buy Back | Not Applicable | 7,18,66,890 |

16.5. 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.

16.6. The details of the Board of Directors of the Company are as follows:

| Name, Designation, Occupation and DIN | Age (In Years) | Qualifications | Date of Appointment/ Reappointment | Details of directorships in other companies |
|--|----------------|--------------------|------------------------------------|--|
| RAKESH KUMAR JAIN Designation: Non-Executive & Promoter Director (Chairman) Occupation: Business DIN: 00050524 | 60 Years | 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. JSA Advisors LLP 8. Frontline Commodities and Derivatives LLP (under the process of strike off) 9. FSL Education Services LLP 10. Jain Singhal & Associates LLP |
| GAURI SHANKER PANDEY Designation: Whole Time Director (Executive Director) Occupation: Service DIN: 00050614 | 60 Years | B. Com | March 16, 2013 | 1. Wonder Buildtech Private Limited 2. FSL Software Technologies Limited |

| Name, Designation, Occupation and DIN | Age (In Years) | Qualifications | Date of Appointment/ Reappointment | Details of directorships in other companies |
|---|----------------|-----------------|------------------------------------|---|
| SARABJEET KAUR KOCHER Designation: Non-Executive Non-Independent Woman Director Occupation: Business DIN: 00013395 | 41 Years | C.S. and LLB | July 01, 2002 | Nil |
| ARUN KUMAR JAIN Designation: Non-Executive Independent Director Occupation: Service DIN: 00050925 | 55 Years | B. Tech. | August 31, 1994 | 1. Vardhman Electricals Private Limited |
| ATUL KUMAR JAIN Designation: Non-Executive Independent Director Occupation: Service DIN: 00133750 | 54 Years | C.A. and B. Com | May 05, 1994 | 1. DS Agri and Cattle Farms Limited 2. DS Agronomy Limited 3. DS Agrarian Estates Limited 4. DS Arboriculture and Farms Limited 5. DS India Agri and Dairy Limited 6. DS Cattle Farms Limited 7. DS Dairy and Agri Projects Limited 8. DS Dairy Farming Limited 9. Murlidhar Corporate Homz Private Limited 10. Sharanam Corporate Housing Private Limited 11. Greatvalue Realtech Private Limited 12. AR Aerotech Private Limited |
| CHARANJEET SINGH BEDI Designation: Non-Executive Independent Director Occupation: Business DIN: 00095912 | 62 Years | MBBS | October 19, 1996 | 1. ABC Telecom Private Limited 2. Three-D Solutions Private Limited |
| BALJIT SINGH BEDI Designation: Non-Executive Independent Director Occupation: Business DIN: 00112425 | 61 Years | 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 | 24 Years | C.S , B.Com(H) | May 29, 2017 | Nil |

16.7. 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 of the Company |

16.8. The Buy Back will not result in any benefit to any Promoters, Promoter Group being in control of the Company or to any Director or to any group company except to the extent of the cash consideration received by them from the Company pursuant to their respective participation in the Buy Back in their capacity as Shareholders of the Company and the change in their shareholding as per the response received in the Buy Back Offer as a result of the cancellation of Equity

Shares which will lead to a reduced Equity Share Capital base post Buy Back.

17. FINANCIAL INFORMATION ABOUT THE COMPANY

- 17.1. The salient financial information of the Company, as extracted from the audited results for the last three financial years and unaudited results for six months ended September 30, 2017 is given below:

| <i>(Figures in Rupees Lakhs.)</i> | | | | |
|--|-------------------------------------|----------------------------------|----------|----------|
| Particulars | 6 Months period ending (Un-audited) | 12 Months period ending March 31 | | |
| | September 30, 2017 | 2017 | 2016 | 2015 |
| Total Income | 549.76 | 560.01 | 479.89 | 658.09 |
| Total Expenses | 36.07 | 68.36 | 80.92 | 89.33 |
| Finance Cost | 0.06 | 0.01 | 0.06 | 0.14 |
| Depreciation and amortization expenses | 2.08 | 3.42 | 4.11 | 3.73 |
| Profit before tax | 513.06 | 491.65 | 398.97 | 568.77 |
| Provision for tax (including Deferred Tax) | 73.04 | 41.69 | 45.00 | 91.44 |
| Profit /(Loss) after tax | 440.02 | 449.97 | 353.97 | 477.33 |
| Equity share capital | 718.67 | 718.67 | 718.67 | 718.67 |
| Reserves & Surplus* | 2,891.37 | 2,451.71 | 2,133.97 | 1,984.91 |
| Networth** | 3,610.04 | 3,170.38 | 2,852.64 | 2,613.58 |
| Total debt (excluding working capital loans) | 124.47 | 140.25 | 165.59 | 187.93 |

* Excluding RBI Reserve and Capital Redemption Reserve

**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 balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

- 17.2. Financial Ratios for the last three financial years and six months ended September 30, 2017 are as under:

| <i>(Figures in Rupees Lakhs.)</i> | | | | |
|-----------------------------------|-------------------------------------|----------------------------------|---------|---------|
| Particulars | 6 Months period ending (Un-audited) | 12 Months period ending March 31 | | |
| | September 30, 2017 | 2017 | 2016 | 2015 |
| Earnings Per Share (Rs.) | 6.123 | 6.261 | 4.925 | 6.642 |
| Debt Equity Ratio | 0.034 | 0.044 | 0.058 | 0.072 |
| Book Value (Rs. per share) | 50.232 | 44.115 | 39.693 | 36.367 |
| Return on Networth (%) | 12.189% | 14.193% | 12.409% | 18.263% |
| Total Debt / Networth | 0.034 | 0.044 | 0.058 | 0.072 |

- 17.3. The Company shall comply with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, if applicable.

18. STOCK MARKET DATA

- 18.1. The Equity Shares of the Company are currently listed on BSE Limited ("BSE"). 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.
- 18.2. The high, low and average market prices for the preceding three years i.e. 2014-15, 2015-16 and 2016-17 during the period April- March of each year and the monthly high and low market prices for the six full months preceding the date of the Public Announcement and also during the period December 01, 2017 to December 11, 2017 and the corresponding volumes on the BSE are as follows:

BSE

| Period | High (Rs.)- | Date of High | Number of Shares traded on that date | Low (Rs.)@ | Date of Low | Number of Shares traded on that date | Average Price (Rs.) # | Total Volume traded in the period (Shares) |
|------------------------------|-------------|--------------------|--------------------------------------|------------|--------------------|--------------------------------------|-----------------------|--|
| Preceding 3 years | | | | | | | | |
| Financial Year 2014-15 | 73.00 | August 04, 2014 | 303 | 40.50 | April 01, 2014 | 574 | 57.80 | 780997 |
| Financial Year 2015-16 | 58.80 | April 09, 2015 | 100 | 23.75 | August 27, 2015 | 19980 | 34.64 | 1002125 |
| Financial Year 2016-17 | 38.60 | March 15, 2017 | 600 | 16.60 | July 28, 2016 | 1744 | 25.59 | 3405187 |
| | | March 16, 2017 | 650 | | | | | |
| | | March 17, 2017 | 150 | | | | | |
| | | March 20, 2017 | 410 | | | | | |
| | | March 27, 2017 | 51 | | | | | |
| | | March 28, 2017 | 250 | | | | | |
| | | March 31, 2017 | 6170 | | | | | |
| Preceding 6 months | | | | | | | | |
| June 1, 2017 - June 30, 2017 | 52.55 | June 05, 2017 | 120 | 46.05 | June 06, 2017 | 897 | 50.20 | 10482 |
| July 1, 2017 - July 31, 2017 | 63.00 | July 25, 2017 | 1001 | 50.50 | July 03, 2017 | 10 | 55.24 | 423508 |
| | | | | | July 14, 2017 | 2702 | | |
| Aug 1, 2017 - Aug 31, 2017 | 62.90 | August 30, 2017 | 1110 | 55.00 | August 16, 2017 | 355 | 58.87 | 4896 |
| Sep 1, 2017 - Sep 30, 2017 | 63.00 | September 29, 2017 | 132 | 50.60 | September 26, 2017 | 296 | 58.24 | 3580 |
| Oct. 1, 2017 - Oct. 31, 2017 | 63.00 | October 03, 2017 | 426 | 55.10 | October 09, 2017 | 260 | 59.05 | 14005 |
| Nov. 1, 2017 - Nov. 30, 2017 | 63.00 | November 28, 2017 | 353 | 53.20 | November 09, 2017 | 2 | 59.26 | 59710 |
| Dec. 1, 2017 - Dec. 8, 2017 | 62.00 | December 11, 2017 | 1334 | 58.05 | December 04, 2017 | 830 | 59.64 | 12376 |

(Source: www.bseindia.com)

-High is the highest price recorded for the equity share of the Company during the said period

@ Low is the lowest price recorded for the equity share of the Company during the said period

Average Price is the arithmetical average of closing prices during the said period

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.

- 18.3. The closing market price of the Equity Shares on October 18, 2017 being the last trading date before the date of the Board Meeting was Rs. 59.65 on BSE. There was no trading in the Equity Shares of the Company as on the date of the Board Meeting i.e. on October 20, 2017, on account of Trading Holiday of BSE. The closing market price of the Equity Shares on October 23, 2017 being the immediate next trading day after the date of Board Meeting was Rs. 57.40 on BSE.

19. DETAILS OF THE STATUTORY APPROVALS

- 19.1. The Buy Back Offer is subject to approval, if any required, under the provisions of the Act, the Buy Back Regulations, and applicable rules and regulations as specified by RBI under FEMA and/or such other applicable act, rules and regulations in force for the time being. As on date, there are no other statutory or regulatory approvals required to implement the Buy Back other than those indicated above.

- 19.2. Buy Back from Non-Resident Shareholders will be subject to approvals, if any, of the appropriate authorities as applicable. NRI, shareholders and OCB shareholders must obtain all approvals if required to tender the Equity Shares held by them in this Buy Back (including without limitation the approval from the RBI). It is the obligation of such Non-Resident Shareholders, NRI, OCB shareholders, to obtain such approvals (if required) and submit such approvals along with the Tender Form, so as to enable them to tender equity shares in the Buy Back and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to such Eligible Shareholders in respect of whom no prior RBI approval is required and not Accept Equity Shares from the Eligible Shareholders in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted.
- 19.3. By participating in the Buy Back, the Non-Resident Shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including the form FC-TRS, if necessary and such Non-Resident Shareholders undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
- 19.4. As of date, there is no other statutory or regulatory approval required to implement the Buy Back Offer, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buy Back Offer 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 Buy Back Offer, if any, shall be intimated to the BSE and hence be made available for the benefit of the Equity Shareholder.

20. DETAILS OF THE REGISTRAR TO THE BUY BACK AND COLLECTION CENTRES

The Company has appointed the following as the Registrar to the Buy Back:



LINK INTIME INDIA PRIVATE LIMITED

Contact Person: Mr. Sumeet Deshpande

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

Tel No.: +91 022 49186200

Fax No.: +91 022 49186195

Email id.: fsl.buyback2017@linkintime.co.in,

Website: www.linkintime.co.in

SEBI Regn. No.: INR000004058

Validity Period: Perpetual

In case of any query, the shareholders may contact the Registrar during working hours, i.e., 10 am to 5 pm India Standard Time on all working days except Saturday, Sunday and public holidays.

Eligible Shareholders who wish to tender their Equity Shares, are required to submit their form(s) with their broker for bidding. After entering a valid bid, the seller broker/shareholder along with the requisite documents to be sent either by registered post / courier to the Registrar to the Buy Back, superscribing the envelope as "Frontline Securities Limited - Buy Back 2017", or hand deliver the same to the Registrar at the address mentioned above. Eligible Shareholders holding Equity Shares in the dematerialized form are requested to refer to paragraph 22.17.

21. PROCESS AND METHODOLOGY FOR THE BUY BACK

- 21.1. The Company proposes to Buy Back not exceeding 12,77,866 Equity Shares from all the existing shareholders / beneficial owners of Equity Shares of the Company as on the Record Date, on a proportionate basis, through the Tender Offer route in accordance with the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013, Share Capital Rules and the Buy Back Regulations at a price of Rs. 62/- (Rupees Sixty Two only) per Equity Share, payable in cash for an aggregate amount of Rs. 7,92,27,692/- (Rupees Seven Crores Ninety Two Lakhs Twenty Seven Thousand Six Hundred Ninety Two only). The maximum number of Equity Shares proposed to be bought back represents 17.78% of the total paid-up equity share capital of the Company. The Buy Back Size is 24.99% of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2017.
- 21.2. As on date of the Public Announcement, the aggregate shareholding of the Promoter Group / Persons in Control is 53,77,277 Equity Shares, which represents 74.82 % of the existing Equity Share capital of the Company. In terms of the Buy Back Regulations, under the Tender Offer route, the promoters and promoters group of a company have the option to participate in the Buy Back. In this regard, the Participating Promoters of the Company, as listed in paragraph 6.6 of this Letter of Offer have expressed their intention, vide their letter dated October 18, 2017 to participate in the Buy Back and offer upto an aggregate maximum of 53,77,277 Equity Shares or such lower number of Equity Shares as required in compliance with the Buy Back Regulations / terms of the Buy Back.
- 21.3. Assuming 100% of the Eligible Shareholders elect to fully participate in the Buy Back up to their Buy Back Entitlement, post Buy Back the aggregate shareholding of the Promoters will be 45,15,443 Equity Shares, representing 76.42% of the post Buy Back equity share capital of the Company, i.e., an increase of 1.60% from their present holding of 74.82% of the

pre Buy Back equity share capital of the Company.

21.4. Record Date, Ratio of Buy Back and Entitlement of each Shareholder

- a) The Buy Back Committee in its meeting held on December 08, 2017 announced December 22, 2017 as the Record Date for the purpose of determining the entitlement and the names of the shareholders, who are eligible to participate in the Buy Back Offer.
- b) The Equity Shares proposed to be bought back by the Company shall be divided in two categories:
- Reserved category for Small Shareholders ("Reserved Category"); and
 - General category for all shareholders other than Small Shareholders ("General Category")
- c) As defined in the Buy Back Regulations, a "Small Shareholder" is a shareholder who holds Equity Shares having market value, on the basis of closing price on BSE as on Record Date, of not more than Rs. 2,00,000 (Rupees Two Lakhs). As on Record Date, the closing price on BSE was Rs. 60/- per Equity Share.
- d) Based on the above definition, there are 2217 Small Shareholders with aggregate shareholding of 4,09,624 Shares, as on Record Date, which constitutes 5.70 % of the outstanding paid up equity capital of the Company and 32.06 % of the number of Equity Shares which are proposed to be bought back as part of this Buy Back Offer.
- e) In compliance with Regulation 6 of the Buy Back Regulations, the reservation for the Small Shareholders, will be higher of:
- i. Fifteen percent of the number of Equity Shares which the Company proposes to Buy Back i.e. 15% of 12,77,866 Equity Shares which works out to 1,91,680 Equity Shares; or
 - ii. The number of Equity Shares entitled as per their shareholding as on the Record Date [i.e. $(4,09,624/71,86,689) \times 12,77,866$] which works out to 72,836 Equity Shares.
- All the outstanding Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoters Group also intends to offer Equity Shares held by them in the Buy Back.
- f) Based on the above and in accordance with Regulation 6 of the Buy Back Regulations, 1,91,680 Equity Shares will be reserved for Small Shareholders. Accordingly, General Category shall consist of 10,86,186 Equity Shares.
- g) Based on the above entitlements, the ratio of Buy Back for both categories is decided as below:

| Category of Shareholders | Ratio of Buy Back |
|--|---|
| Reserved Category for Small Shareholders | 416 Equity Shares for every 889 Equity Shares held on the Record Date |
| General Category for other Shareholders | 117 Equity Shares for every 730 Equity Shares held on the Record Date |

21.5. Fractional Entitlements

If the entitlement under Buy Back, 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 1 Equity Share) then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buy Back Offer, for both categories of Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 2 (Two) Equity Share 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 Buy Back Offer and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

21.6. Basis of Acceptance of Equity Shares validly tendered in the Reserved Category

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

- a) Full acceptance of Shares from Small Shareholders in the Reserved Category who have validly tendered their Shares, to the extent of their Buy Back Entitlement, or the number of Shares tendered by them, whichever is less.
- b) Post the acceptance as described in paragraph 21.6 (a) above, in case, there are any Shares left to be bought back in the Reserved Category, the Small Shareholders who were entitled to tender zero Equity Shares (on account of ignoring the fractional entitlement), and have tendered Additional Shares, shall be given preference and one Equity Share each from the Additional Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c) Post the acceptance as described in paragraph 21.6 (a) and (b) above, in case, there are any validly tendered unaccepted Shares in the Reserved Category ("Reserved Category Additional Shares") and Shares left to be bought back in Reserved Category, the Reserved Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buy Back Regulations, i.e. valid acceptances 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 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 paragraph 21.6 (b) above, shall be reduced by one.

- d) Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 21.6 (c) above, will be made as follows:
- For any Small Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Small Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

21.7. 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 Buy Back Offer by Shareholders (other than Small Shareholders) in the General Category in the following order of priority:

- a) Full Acceptance of Shares from Shareholders in the General Category who have validly tendered their Shares, to the extent of their Buy Back Entitlement, or the number of Shares tendered by them, whichever is less.
- b) Post the acceptance as described in paragraph 21.7 (a) above, in case, there are any validly tendered unaccepted Shares in the General Category (“General Category Additional Shares”) and Shares left to be bought back in General Category, the General Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buy Back Regulations, i.e. valid acceptances per Shareholder shall be equal to the General Category Additional Shares by the Shareholder divided by the total General Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in General Category.
- c) Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 21.7 (b) above, will be made as follows:
- For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

21.8. Basis of Acceptance of Equity Shares between the two categories

- a) After acceptances of tenders, as mentioned in paragraph 21.6 and 21.7 above, in case, there are any Shares left to be bought back in one category (“Partially Filled Category”) and there are additional unaccepted validly tendered Shares (“Further Additional Shares”) in the second category (“Over Tendered Category”), then the Further Additional Shares in the Over Tendered Category shall be accepted in a proportionate manner i.e. valid acceptances per shareholder shall be equal to Further Additional Shares validly tendered by the shareholder in the Over Tendered Category divided by the total Further Additional Shares in the Over Tendered Category and multiplied by the total Shares left to be bought back in the Partially Filled Category.
- b) If the Partially Filled Category is the General Category and the Over Tendered Category is the Reserved Category, then any Small Shareholder who has received a Tender Form with zero Buy Back Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before acceptance in paragraph 21.8(a) above out of the Shares left to be bought back in the Partially Filled Category provided no acceptance could take place from such Shareholder in accordance with paragraph 21.6.
- c) Adjustment for fraction results in case of proportionate acceptance, as defined in paragraph 21.8 (a) above:
- For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

21.9. For avoidance of doubt, it is clarified:

- a) That the Shares accepted under the Buy Back Offer from each Shareholder, in accordance with paragraph 21.4, 21.6, 21.7 and 21.8 above, shall be lower of the following:
- the number of Shares tendered by the respective Shareholder and
 - the number of Shares held by the respective Shareholder, as on the Record Date.

- b) The Shares tendered by any Shareholder over and above the number of Shares held by such Shareholder as on the Record Date shall not be considered for the purpose of Acceptance in accordance with paragraph 21.4, 21.6, 21.7, 21.8 and 21.9 above.
- c) Post allocation, up to the Entitlement of each Eligible Shareholder or the number of Equity Shares tendered by each Eligible Shareholder, whichever is lower, all over-tendered Equity Shares will be accepted by the Company on a proportionate basis. The ratio computed for over-tendered Equity Shares will be computed separately for the Reserved Category and the General Category.

21.10. Clubbing of Entitlement

In order to ensure that the same Eligible Shareholder with multiple demat accounts/folios does not receive a higher entitlement under the Small Shareholder category, the Company will club together the Equity Shares held by such Eligible Shareholders with a common PAN for determining the category (Small Shareholder or General) and entitlement under the Buy Back. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of Eligible Shareholders holding Equity Shares in physical form, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with common PAN will not be clubbed together for determining the category and will be considered separately where these Equity Shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the Depositories.

22. PROCEDURE FOR TENDER OFFER AND SETTLEMENT

- 22.1. The Buy Back is open all Equity Shareholders/beneficial owners of Equity Shares of the Company (as per the records made available to the Company by Depositories as on the Record Date), holding Equity Shares either in physical and/or dematerialized form on the Record Date. An Eligible Shareholder who wishes to tender their shares in the Buy Back must have an active trading account.
- 22.2. The Company proposes to effect the Buy Back through Tender Offer route, on a proportionate basis. This Letter of Offer and Tender Form, outlining the terms of the Buy Back Offer as well as the detailed disclosures as specified in the Buy Back Regulations, will be mailed to Eligible 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.
- 22.3. The Eligible Shareholder(s) who have registered their email ids with the Depositories / the Company shall be dispatched the Letter of Offer through electronic means. If Eligible Shareholder(s) who have been sent the Letter of Offer through electronic means wish to obtain a physical copy of the Letter of Offer, they may send a request in writing to the Company or Registrar at the address or email id mentioned on the cover page of the Letter of Offer by stating such Eligible Shareholder's name, address, number of Equity Shares held on Record Date, client ID number, DP name / ID, beneficiary account number, and upon receipt of such request, a physical copy of the Letter of Offer shall be provided to such Eligible Shareholder. The Eligible Shareholder(s) 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.
- 22.4. The Company will not accept any Equity Shares offered for Buy Back where there exists any restraint order of a Court 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.
- 22.5. The Company shall comply with Regulation 19(5) of the Buy Back Regulations which states that the Company shall not Buy Back the locked-in Equity Shares and non-transferrable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferrable.
- 22.6. Shareholders' participation in the Buy Back 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 Buy Back or they may choose not to participate and enjoy a resultant increase in their shareholding percentage, post Buy Back, as a result of the decrease in the paid-up Equity Share Capital, without additional investment. Shareholders may also accept a part of their Buy Back entitlement. Shareholders also have the option of tendering additional Equity Shares (over and above their Buy Back Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Equity Shares tendered in excess of the Buy Back Entitlement by the Shareholder shall be in terms of procedure outlined in paragraph 21 of this Letter of Offer.
- 22.7. The maximum tender under the Buy Back by any Shareholder cannot exceed the number of Equity Shares held by the Shareholder as on the Record Date.
- 22.8. The Buy Back shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act and the Buy Back Regulations and as may be determined by the Board (including the Committee authorized to complete the formalities of the Buy Back) and on such terms and conditions as may be permitted by law from time to

time.

- 22.9. For implementation of the Buy Back, the Company has appointed Farsight Securities Limited as the registered broker to the Company (“**Buying Broker**”) through whom the purchases and settlements on account of the Buy Back would be made by the Company. The contact details of the Buying Broker are as follows:

Name: Farsight Securities Limited

Address: 17-A/55, Triveni Plaza, Gurudwara Road, Karol Bagh, New Delhi - 110005

Telephone No.: +91-11-45044444 (Extn. 351, 338, 353)

Fax No.: +91-11-45044434

Contact Person: Mr. Naveen Kumar

E-mail: newaccount@farsightshares.com

Website: www.farsightshares.com

SEBI Registration No.: NSE: INB 0230853732, INF 0230853732, INE 0230853732; BSE: Exchange Registered

- 22.10. The Company will request BSE to provide the separate acquisition window to facilitate placing of sell orders by Eligible Shareholders who wish to tender Equity Shares in the Buy Back. The details of the platform will be specified by BSE from time to time.
- 22.11. All Eligible Shareholders may place orders in the Acquisition Window, through their respective stock brokers (“Seller Member(s)”). In the event Selling Member of any Eligible Shareholder is not registered with BSE trading member / stock broker, then that Eligible Shareholder can approach any BSE registered stock broker and can register himself by using quick unique client code (UCC) facility through that BSE registered stock broker (after submitting all details as may be required by such BSE registered stock broker in compliance with applicable law). In case the Eligible Shareholder is unable to register himself by using quick UCC facility through any other BSE registered stock broker, then that Eligible Shareholder may approach the Buying Broker, viz. Farsight Securities Limited, to register himself by using quick UCC facility.
- 22.12. During the Tendering Period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Shareholders through their respective Seller Members during normal trading hours of the secondary market.
- 22.13. Seller Members can enter orders for Equity Shares in demat form as well as Equity Shares in physical form.
- 22.14. Modification/ cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buy Back Offer. Multiple bids made by a single Eligible Shareholder for selling the Equity Shares shall be clubbed and considered as ‘one’ bid for the purposes of Acceptance. An order can be cancelled or modified by an Eligible Shareholder who has tendered his Equity Shares during the Tendering Period by contacting his Seller Member through whom the initial bid was placed by providing a request for modification/cancellation via his registered email address or registered telephone number or by visiting the Seller Member’s branch and submitting a written request.
- 22.15. The cumulative quantity tendered shall be made available on BSE’s website, www.bseindia.com, throughout the trading session and will be updated at specific intervals during the Tendering Period.
- 22.16. All documents sent by the Eligible Shareholder(s) will be at their own risk. Eligible Shareholder(s) are advised to safeguard adequately their interests in this regard.
- 22.17. **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 Buy Back would have to do so through their respective Seller Members by indicating to their brokers the details of Equity Shares they intend to tender under the Buy Back.
 - The Seller Member will be required to place a bid on behalf of the Eligible Shareholders who wish to tender Equity Shares in the Buy Back using the Acquisition Window. Before placing the bid, the Eligible Shareholder will need to transfer the tendered Equity Shares to Indian Clearing Corporation Limited (“Clearing Corporation”) by using the settlement number through the early pay-in mechanism as prescribed by the Depositories. This shall be validated at the time of order/bid entry. The details of the settlement number for the Buy Back will be provided in a separate circular which will be issued at the time of issue opening by the Clearing Corporation.
 - For Custodian Participant orders for Equity Shares in demat form, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification by the Seller Member shall revoke the custodian confirmation and the revised order shall be sent to custodian again for confirmation.
 - Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip (“TRS”) generated by the exchange bidding system to the Shareholder. TRS will contain the details order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
 - All the Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability

of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):

- i. Duly attested power of attorney, if any person other than the Eligible Shareholder(s) has signed the Tender Form;
 - ii. Duly attested death certificate and succession certificate/ legal heirship certificate, in case any Eligible Shareholder has expired; and
 - iii. In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- f. 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 Buy Back shall be deemed to have been accepted, for demat Shareholders.
- g. 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 Buy Back decided by the Company.
- h. The acceptance from all non-resident Shareholders (excluding FIIs) is subject to the Company receiving 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 deliver to the Company 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 non-resident Shareholder from the appropriate account as specified by RBI in its approval. In case the non-resident Shareholder is not in a position to produce the said certificate, the Equity 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 Equity Shares accepted under the Buy Back. If any of the above stated documents (as applicable) are not sent across to the Company, the Equity Shares tendered under the Buy Back are liable to be subsequently rejected.

22.18. Procedure to be followed by Eligible Shareholders holding Equity Shares in the Physical form

- a) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buy Back are required to approach their respective Seller Member along with the complete set of documents for verification procedures to be carried out including:
- i. The Tender Form duly signed (by all Eligible Shareholders in case Equity Shares are in joint names) the same order in which they hold the Equity Shares;
 - ii. Original Share certificates;
 - iii. Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Eligible Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company;
 - iv. Self-attested copy of the Eligible Shareholder's PAN Card; and
 - v. Any other relevant documents such as (but not limited to):
 - a. Duly attested Power of Attorney if any person other than the Eligible Shareholder has signed the relevant Tender Form;
 - b. Notarized copy of death certificate/ succession certificate or probated will, if the original Equity Shareholder has deceased;
 - c. Necessary corporate authorisations, such as Board Resolutions etc., in case of companies;
 - vi. In addition to the above, if the address of the Eligible Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Eligible Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
- b) Based on these documents, the Seller Member shall place bids on behalf of the Eligible Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Buy Back using the Acquisition Window. Upon placing the bid, the Seller Member shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- c) After placement of bid, as mentioned in clause (b) above, the Seller Member must ensure delivery of Tender Form, TRS, and other documents (as mentioned in clause (a) above) either by registered post or courier or hand delivery to the Registrar and Transfer Agent ("Registrar") (at the address mentioned in Paragraph 20 above) within than 2 (two) days of bidding by the Seller Member. The envelope should be superscribed as "Frontline Securities Limited - Buy Back 2017". One copy of the TRS will be retained by the Registrar and it will provide acknowledgement of the same to the Seller Member/Eligible Shareholder.
- d) Eligible Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for Buy Back shall be subject to verification as per the Buy Back Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the BSE shall display such bids as "Unconfirmed Physical Bids". Once, Registrar confirms the bids it will be treated as "Confirmed Bids".

- e) The Eligible Shareholders should ensure that the physical share certificates and other documents should reach the Registrar not later than 2 (two) days from the date of closing of the Buy Back i.e. Monday, February 05, 2018 (by 5 PM).
- f) In case any person has submitted Equity Shares in physical form for dematerialization, such Eligible Shareholder should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buy Back Offer before Closing Date.

22.19. Additional requirements in respect of tenders by Non-resident shareholders (Read with paragraph 19 “Details of the Statutory Approvals”)

- a) Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI under Foreign Exchange Management Act, 1999 and Rules and Regulations framed thereunder, if applicable, to acquire the Equity Shares held by them.
- b) In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Shareholders shall obtain and enclose a letter from its authorized dealer/ bank confirming that at the time of acquiring the said Equity Shares, payment for the same was made by the non-resident Eligible Shareholders from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non- Resident Eligible Shareholder is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non repatriation basis and in that case the Non-Resident Eligible 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 Equity Shares accepted under the Buy Back.
- c) If any of the above stated documents, as applicable, are not enclosed along with the Tender Form, the Equity Shares tendered under the Buy Back Offer are liable to be rejected.

22.20. In case of non-receipt of this Letter of Offer:

- i. **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.fslindia.com or by providing their application in writing on plain paper, signed by all Eligible Shareholders, 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 Buy Back.
- ii. **In case the Equity Shares are in physical form:** An Eligible Shareholder may participate in the Offer by providing their application in writing on plain paper signed by all Eligible Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buy Back Offer and the distinctive numbers thereof, enclosing the original share certificate(s), copy of Eligible Shareholders’ PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company’s website. Eligible Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in paragraph 22.18 (a) above), reach the collection centres not later than 2 (two) days from the Closing Date i.e. Monday, February 05, 2018 (by 5 PM). If the signature(s) of the Eligible Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buy Back Offer.

22.21. Please note that Eligible Shareholder(s) who intend to participate in the Buy Back will be required to approach their respective Seller Member (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Member or broker in the electronic platform to be made available by BSE before the Closing Date.

22.22. The Company shall accept Equity Shares validly tendered by the Eligible Shareholder(s) in the Buy Back on the basis of their shareholding as on the Record Date and the Buy Back Entitlement. Eligible Shareholder(s) who intend to participate in the Buy Back using the, plain paper option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buy Back Offer, before participating in the Buy Back.

22.23. Non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any Eligible Shareholder, shall not invalidate the Buy Back Offer in any way.

22.24. The acceptance of the Buy Back Offer made by the Company is entirely at the discretion of the Eligible Shareholders of the Company. The Company does not accept any responsibility for the decision of any Eligible Shareholder to either participate or to not participate in the Buy Back Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interest in this regard.

22.25. Depositories are required to provide information to the Clearing Corporation about the shareholder on whose behalf the Seller Member has placed a sell order. This information shall include investor PAN, beneficiary account details and bank details including IFSC code.

22.26. **Method of Settlement**

Upon finalization of the basis of acceptance as per Buy Back Regulations:

- a) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as intimated by the Clearing Corporation from time to time.
- b) The Company will transfer the consideration pertaining to the offer through Buying Broker who in turn will make the funds pay-in to the Clearing Corporation's Bank account on or before the pay-in date for settlement. For Equity Shares accepted under the Buy Back, the Eligible Shareholders will receive funds payout in their bank account attached with Depository Account from the Clearing Corporation and in case of physical shares, the Clearing Corporation will release the funds to the Seller Members as per the secondary market pay out mechanism. The payment of consideration to all Eligible Shareholders validly participating in the Buy Back will be made in Indian National Rupees.
- c) The Equity Shares bought back in the demat form will be transferred directly to the escrow account of the Company (the "Demat Escrow Account") provided it is indicated by the Buying Broker or it will be transferred by the Buying Broker to the Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of the BSE.
- d) Excess demat shares or unaccepted demat shares, if any, tendered by the Eligible Shareholders will be transferred by the Clearing Corporation directly to the Eligible Shareholders' Depository account. If the securities transfer instruction is rejected in the depository system, due to any issue then such securities will be transferred to the Seller Member's depository pool account for onward transfer to the Eligible Shareholder. In case of Custodian Participant orders, excess demat shares or unaccepted demat shares, if any, will be returned to the respective Custodian depository pool account. The Custodian Participants will return these unaccepted shares to their respective clients on whose behalf the bids have been placed.
- e) The Eligible Shareholders will have to ensure that they keep the depository participant account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of shares under the Buy Back.
- f) Equity Shares in Physical form, to the extent tendered but not accepted, will be returned back to the concerned Eligible Shareholders directly by the Registrar to the Buy Back Offer. The Company will issue a new single share certificate for all the unaccepted physical Equity Shares and return the same to the sole/first shareholder (in case of joint shareholders).
- g) Share certificates in respect of unaccepted / rejected Equity Shares and other documents, if any, will be sent by Registered Post / Speed Post at the Eligible Shareholders' sole risk to the sole/first shareholder (in case of joint shareholders), at the address recorded with the Company.
- h) Every Seller Member who puts in a valid bid on behalf of an Eligible Shareholder, must issue a contract note for the Equity Shares accepted in the Offer. The Buying Broker must also issue a contract note to the Company for the Equity Shares accepted under the Buy Back.
- i) If Eligible Shareholders' bank account details are not available or if the fund transfer instruction is rejected by Reserve Bank of India or bank due to any reasons, then the amount payable to the Eligible Shareholders will be transferred to the Seller Member for onward transfer to the Eligible Shareholder.

22.27. Eligible Shareholders who intend to participate in the Buy Back should consult their respective Seller Members for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Eligible Shareholders, for tendering Equity Shares in the Buy Back (secondary market transaction). The Buy Back consideration received by the selling Eligible Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Eligible Shareholders.

22.28. The Equity Shares lying to the credit of the Demat Escrow Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Buy Back Regulations.

22.29. **Settlement of Funds/Payment of Consideration**

- a) The settlements of fund obligation for dematerialised and physical Equity Shares shall be effected as per the SEBI Circulars and as prescribed by BSE and Clearing Corporation from time to time.
- b) Clearing Corporation shall settle the trades by making direct funds payout to the Eligible Shareholders and the Seller Members must issue a contract note. The Buyer's Broker must also issue a contract note to the Company for the Equity Shares accepted under the Buy Back. If the Eligible Shareholder's bank account details are not available or if the fund transfer instruction is rejected by Reserve Bank of India or bank due to any reasons, then the amount payable to Eligible Shareholders will be transferred to the Seller Member for onward transfer to the Eligible Shareholder.
- c) In case of certain client types viz. NRI, Foreign Clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out will be given to their respective Shareholder Broker's settlement accounts for releasing the same to their respective

Shareholder's account onward. For this purpose, the client type details will be collected from the Depositories.

22.30. Rejection Criteria

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

- **For Eligible Shareholders holding Equity Shares in the dematerialized form if:**
 - a) The Shareholder is not a Eligible Shareholder of the Company as on the Record Date; or
 - b) If there is a name mismatch in the dematerialised account of the Shareholder
- **For Eligible Shareholders holding Equity Shares in the physical form if:**
 - a) The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours of Monday, February 05, 2018 by 5:00p.m. Indian Standard Time;
 - b) If there is any other company share certificate enclosed with the Tender Form instead of the share certificate of the Company;
 - c) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
 - d) If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
 - e) In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar.

23. NOTE ON TAXATION

Following is the extract of the view on "applicable sections of Income Tax Act, 1961 relating to treatment of income tax in case of Buy Back of Shares" given by M/s 14.3. M/s Walecha Inder & Associates, Chartered Accountant (Firm Registration Number 014205N), located at 6-8, Sanjay Market, R-Block, Greater Kailash-I, New Delhi-110048, Tel. No. +91-11-26476782, 26229541, signing through their Partner Mr. Inder Jeet Walecha (Membership Number: 093694), vide their letter dated December 11, 2017.

THE SUMMARY OF THE INCOME-TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME-TAX ACT, 1961 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 INCOME-TAX IMPLICATIONS.

IN VIEW OF THE PARTICULARISED NATURE OF INCOME-TAX CONSEQUENCES, SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY INCOME-TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF BUY BACK OF LISTED EQUITY SHARES ON THE RECOGNISED STOCK EXCHANGE IN INDIA SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

General: The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income-tax Act, 1961 (the "IT Act").

A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.

Accordingly, since the Company is incorporated in India, the Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the IT Act.

Further, the non-resident shareholder can avail benefits of the Double Taxation Avoidance Agreement ("DTAA") between India and the respective country of which the said shareholder is tax 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 IT Act.

The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the buy back of shares, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc. The summary of income-tax implications on buy back of listed equity shares on the Recognised Stock Exchange in India is set out below. All references to equity shares herein refer to listed equity shares unless stated otherwise.

Classification of Shareholders: Shareholders can be classified under the following categories:

- Resident Shareholders being:
 - Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI)
 - Others
- Non Resident Shareholders being:
 - Non Resident Indians (NRIs)
 - Foreign Portfolio Investors (FPIs)
 - Others:
 - Company
 - Other than company

Classification of Income: Shares can be classified under the following two categories:

- Shares held as investment (Income from transfer taxable under the heading "Capital Gains")
- Shares held as stock-in-trade (Income from transfer taxable under the heading "Profits and Gains from Business or Profession")

Gains arising from the transfer of shares may be treated either as "capital gains" or as "business income" for income-tax purposes, depending upon whether such shares were held as a capital asset or trading asset (i.e. stock-in-trade).

Traditionally, the issue of characterization of income arising from sale of shares has been a subject matter of litigation with the income-tax authorities. There have been various judicial pronouncements on whether gains from transactions in securities should be taxed as "business profits" or as "capital gains".

However, these pronouncements, while laying down certain guiding principles have largely been driven by the facts and circumstances of each case. The apex body of Income-tax has issued Circular No. 6 of 2016, as per which, if the taxpayer opts to consider the shares as stock-in-trade, the income arising from the transfer of such shares would be treated as its business income. Also, if such shares are held for a period of more than 12 months and if the taxpayer desires to treat the income arising from the transfer thereof as "capital gains", the same should not be put to dispute by the income-tax officers provided such stand is consistently followed by the taxpayer in subsequent years.

Further, investments by FPIs in any securities in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 would be treated as capital asset under the provisions of the IT Act.

Shares held as investment: As per the provisions of the IT Act, where the shares are held as investments (i.e. capital asset), income arising from the transfer of such shares is taxable under the head "Capital Gains". Capital gains on buy back of shares are governed by the provisions of section 46A of the IT Act and such capital gains in the hands of shareholders would be computed as per provisions of section 48 of the IT Act. The provisions of buy back tax under section 115QA in Chapter XII-DA of the IT Act do not apply for shares listed on the Recognised Stock Exchange in India.

Period of holding: Depending on the period for which the shares are held, the gains would be taxable as "short-term capital gain" or "long-term capital gain":

In respect of equity shares held for a period less than or equal to 12 months prior to the date of transfer, the same should be treated as a "short-term capital asset", and accordingly the gains arising therefrom should be taxable as "short term capital gains" ("STCG").

Similarly, where equity shares are held for a period more than 12 months prior to the date of transfer, the same should be treated as a "long-term capital asset", and accordingly the gains arising therefrom should be taxable as "long-term capital gains" ("LTCG").

Buy Back of shares through a Recognized Stock Exchange in India: Where a transaction for transfer of such equity shares (i.e. buy back) is transacted through a Recognized Stock Exchange and is chargeable to Securities Transaction Tax ("STT"), then the taxability will be as under (for all categories of shareholders):

LTCG arising from such transaction would typically be exempt from tax under section 10(38) of the IT Act. However, in certain specified cases, the said exemption is available only if purchase of such shares is chargeable to STT; and

STCG arising from such transaction would be subject to tax at 15% under section 111A of the IT Act.

Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the income-tax on such STCG taxable under section 111A of the IT Act.

In addition to the above STCG tax, surcharge, education cess and secondary and higher education cess are leviable (Please see this document for rate of surcharge and cess).

Non-resident shareholders can avail benefits of the DTAA between India and the respective country of which the said shareholder is a tax resident subject to satisfying relevant conditions (including non-applicability of GAAR) and providing and maintaining necessary information and documents as prescribed under the IT Act.

As an overall point, since the Buy Back is to be undertaken on the BSE, such transaction is chargeable to the STT. STT is a tax payable in India on the value of securities on every purchase or sale of specified securities that are listed on the

Recognised Stock Exchanges in India. Currently, the STT rate applicable on the purchase or sale of shares on the stock exchange is 0.1% of the value of the security.

Shares held as stock-in trade: If the shares are held as stock-in-trade by any of the shareholders of the Company, then the gains would be characterized as business income and taxable under the heading "Profits and Gains from Business or Profession." In such a case, the provisions of section 46A of the IT Act would not apply.

Resident Shareholders:

For individuals, HUF, AOP, BOI, profits would be taxable at applicable slab rates.

For persons other than stated in (a) above, profits would be taxable at 30%.

No benefit of indexation (inflation adjustment on cost base) by virtue of the period of holding would be available in any case.

Non Resident Shareholders:

Non-resident shareholders can avail benefits of the DTAA between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions (including non-applicability of GAAR) and providing and maintaining necessary information and documents as prescribed under the IT Act.

Where DTAA provisions are not applicable:

For non-resident individuals, HUF, AOP, BOI, profits would be taxable at applicable slab rates.

For foreign companies, profits would be taxed in India at 40%.

For other non-resident shareholders, such as foreign firms, profits would be taxed in India at 30%.

In addition to the above, surcharge, education cess and secondary and higher education cess are leviable.

(Please see below for rate of surcharge and cess).

Tax Deduction at Source:

In case of Resident Shareholders: In absence of any specific provision under the IT Act, the Company is not required to deduct tax on the consideration payable to resident shareholders pursuant to the Buy Back.

In case of Non-resident Shareholders:

In case of FPIs: Section 196D of the IT Act provides for specific exemption from withholding tax in case of capital gains arising in hands of FPIs. Thus, no withholding of tax is required in case of consideration payable to FPIs.

In case other than FPIs: Section 195(1) of the IT Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax is required to deduct tax at source (including applicable surcharge and cess). Subject to regulations in this regard, wherever applicable and it is required to do so, tax at source (including applicable surcharge and education cess) shall be deducted at appropriate rates as per the IT Act. In doing this, the Company will be guided by generally followed practices and make use of data available in its records except in cases where the non-resident shareholders provide a specific mandate in this regard.

Since the Buy Back is through the Recognised Stock Exchanges in India, the responsibility of discharge of the tax due on the gains (if any) is primarily on the non-resident shareholder given that practically it is very difficult to withhold taxes. It is therefore important for the non-resident shareholders to suitably compute such gains (if any) on this transaction and immediately pay taxes in India in consultation with their custodians, authorized dealers and/or tax advisors, as appropriate.

Rate of Surcharge and Cess: In addition to the basic tax rate, surcharge, education cess and secondary and higher education cess are leviable as follows:

Surcharge:

In case of individuals, HUF, AOP and BOI: Surcharge at 15% is leviable where the total income exceeds Rs. 1 Crores and at 10% where the total income exceeds Rs. 50 Lakhs.

In case of domestic companies: Surcharge at 12% is leviable where the total income exceeds Rs. 10 Crore and at 7% where the total income exceeds Rs. 1 Crore.

In case of foreign companies: Surcharge at 5% is leviable where the total income exceeds Rs. 10 Crores and at 2% where the total income exceeds Rs. 1 Crore.

Cess:

Education Cess at 2% and Secondary and Higher Education Cess at 1% is leviable in all cases.

THE ABOVE DISCLOSURE 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 DISCLOSURE 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, SHAREHOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.

24. **DECLARATION BY THE BOARD OF DIRECTORS**

- 24.1. The Board of Directors of the Company confirms that there are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.
- 24.2. 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 October 20th, 2017 and the date of passing the Shareholder's Resolution approving the proposed Buy Back, 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 October 20th, 2017 as well as the year immediately following the date of passing of 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 the Board meeting approving the Buy Back held on October 20th, 2017 as also from the date of the shareholders' resolution approving the proposed Buy Back;
 - 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 October 20, 2017.

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

Sd/-
Rakesh Kumar Jain
(Director)
DIN: 00050524

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

25. **AUDITORS CERTIFICATE**

Report addressed to the Board of Directors by the Company's Auditors on the permissible capital payment and the opinion formed by directors regarding insolvency:

The text of the report dated October 20, 2017 received from M/s. Walecha Inder & Associates, Chartered Accountants, the Company's Statutory Auditors addressed to the Board of Directors is reproduced below:

Independent Auditor's Report on Buy Back of shares pursuant to the requirement of Schedule II to the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, 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 Buy Back of equity shares by Frontline Securities Limited ("the Company") in terms of the clause (xi) of Part A of Schedule II of Securities and Exchange Board of India (Buy Back of Securities), Regulations, 1998 (as amended)

In connection with the proposal of Frontline Securities Limited ("the Company") to buy back 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 (Buy Back of Securities) Regulations, 1998, as amended ('the Regulations'), and in terms of the resolution passed by the directors of the Company in their meeting held on October 20th, 2017, 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 initiated 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 October 20th, 2017, have formed the opinion, as specified in Clause (X) of Part A of Schedule II 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 Buy Back 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 3 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, 2017.
 - ii. examined the authorization for Buy Back as per the Articles of Association of the Company;
 - iii. examined that the amount of capital payment for the Buy Back, 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 Buy Back;
 - v. examined that all shares for Buy Back 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 buy back 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, 2017, referred to in paragraph 4 (i) above, have been audited by us, on which we issued an unmodified audit report vide our report dated May 29th, 2017. 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 Buy Back 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 October 20th, 2017, have formed the opinion, as specified in clause (x) of Part A of Schedule II 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 Buy Back 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.

For **Walecha Inder & Associates**

Chartered Accountants

Registration Number: 014205N

Sd/-

Inder Jeet Walecha

Partner

Membership Number: 093694

Place of Signature: New Delhi, India

Date: October 20th, 2017

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 Buy Back under Section 68(2)(c) of the Companies Act, 2013 | | |
|---|---------------|--------------|
| Particulars | Amount in Rs. | |
| Paid-up capital as at March 31 st , 2017* (71,86,689 Equity Shares of Rs. 10 each fully paid-up) (A) | | 7,18,66,890 |
| Free Reserves as on March 31 st , 2017 | | |
| Securities Premium Account | 2,37,54,125 | |
| Surplus in Statement of Profit and Loss | 21,63,68,768 | |
| General Reserve | 50,47,852 | |
| Total Free Reserves as on March 31 st , 2017 (B) | | 24,51,70,745 |
| Total (A+B) | | 31,70,37,635 |
| Maximum amount permissible for the Buy Back (i.e. 25% of total paid-up equity capital and free reserves) | | 7,92,59,408 |
| Amount approved by the Board of Directors for Buy Back | | 7,92,27,692 |

| b) Maximum limit of Buy Back of Equity Shares in a financial year | | |
|---|---------------|-----------|
| Particulars | No. Of Shares | |
| Paid-up capital as at March 31, 2017* | | 71,86,689 |
| 25% thereof being maximum equity capital eligible for Buy Back | | 17,96,672 |
| Maximum shares approved by the Board of Directors for Buy Back | | 12,77,866 |

*Calculation in respect to buy Back is done on the basis of Audited Financial Statements of the Company for the year ended March 31, 2017.

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

Sd/-
Inder Jeet Walecha
Partner
Membership Number: 093694
Date: October 20th, 2017

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 October 20th, 2017 and the date of passing the Shareholder's Resolution approving the proposed Buy Back, 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 October 20th, 2017 as well as the year immediately following the date of passing of 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 the Board meeting approving the Buy Back held on October 20th, 2017 as also from the date of the shareholders' resolution approving the proposed Buy Back;
- 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

Sd/-
Rakesh Kumar Jain
(Director)
DIN: 00050524

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

Place: Noida
Date: October 20th, 2017

26. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of Frontline Securities Limited at the Corporate Office of the Company at B-22, Sector-4, Noida-201301, from 11:00 a.m. to 4:00 p.m. on any day, except Saturdays, Sundays and public holidays, during the Tendering Period.

- i. Copy of the Certificate of Incorporation and the Memorandum and Articles of Association of Frontline Securities Limited;
- ii. Copy of the annual reports of Frontline Securities Limited for the years ended March 31, 2017, March 31, 2016 and March 31, 2015;
- iii. Copy of the resolution passed by the Board of Directors at the meeting held on October 20, 2017 approving proposal for Buy Back;
- iv. Copy of the postal ballot notice to the Equity Shareholders dated October 20, 2017, along with Explanatory Statement;
- v. Copy of Certificate dated October 20, 2017 received from M/s Walecha Inder & Associates, the Statutory Auditors of the Company, in terms of clause (xi) of Part A to Schedule II of the Buy Back Regulations;
- vi. Copy of special resolution passed by the Equity Shareholders of the Company by Postal Ballot, the results of which were announced on December 08, 2017;
- vii. Copy of Declaration of Solvency and an affidavit in form SH-9 as prescribed under Section 68(6) of the Act;
- viii. Copy of Escrow Agreement dated December 07, 2017 between Frontline Securities Limited, HDFC Bank Limited and Turnaround Corporate Advisors Private Limited confirming lien has been marked on the scrow amount in favour of the Manager to the Buy Back Offer.
- ix. Certificate dated January 11, 2018 from HDFC Bank Limited confirming the balance credit of Escrow Account;
- x. Copy of the certificate from M/s. Walecha Inder & Associates, Chartered Accountant dated December 11, 2017 certifying that the Company has adequate funds for the purposes of Buy Back of 12,77,866 Equity Shares at the price of Rs. 62/- (Rupees Sixty Two only) per Equity Share;
- xi. Copy of Public Announcement published in the newspapers on December 11, 2017 regarding Buy Back of Equity Shares;
- xii. Certificate from M/s. Walecha Inder & Associates, Chartered Accountant dated December 11, 2017 regarding view applicable sections of Income Tax Act, 1961 relating to treatment of income tax in case of Buy Back of Shares;
- xiii. Copy of SEBI observation letter no. CFD/DCR1/OW/P/2018/909/1 dated January 09, 2018.

27. COMPLIANCE OFFICER

Ms. Richa Arora, Whole Time Director and Company Secretary and Compliance Officer
Frontline Securities Limited
Corporate Office: B-22, Sector-4, Noida-201301
Tel. No.: 0120-2534066, 67, 68, Fax No.: 0120-2534111
Email: secretarial@fsltechnologies.com

Investor may contact the Compliance Officer for any clarification or to address their grievances, if any, during office hours i.e. 10:00 a.m. till 5:00 p.m. on all working days except Saturdays, Sundays and Public holidays.

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

- o In case of any grievances relating to the Buy Back (i.e. non-receipt of the Buy Back consideration, Share certificate, demat credit, etc.) the investor can approach the Compliance Officer and/or Manager to the Buy Back and/or Registrar to the Buy Back for redressal.
- o If the Company makes any default in complying with the provisions of Sections 68, 69 or 70 of the Act or any rules made thereunder, or any regulation or under clause (f) of sub-section (2) of Section 68 of the Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Act.
- o The address of the concerned office of the Registrar of Companies is as follows:

Sh. Rakesh Kumar Tiwari (ROC Delhi)
Registrar of Companies
4th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019
Phone: 011-26235703, 26235708
Fax: 011-26235702
Email: roc.delhi@mca.gov.in

29. **INVESTOR SERVICE CENTRES**

In case of any query, the shareholders may contact the Registrar & Share Transfer Agent on any day except Saturdays, Sundays and Public holidays between 10:00 AM till 4:30 PM at the following address:

Link Intime India Private Limited

Unit: FSL Buyback Offer

Contact Person: Mr. Sumeet Deshpande

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

Tel No.: +91 022 49186200

Fax No.: +91 022 49186195

Email id.: fsl.buyback2017@linkintime.co.in

Website: www.linkintime.co.in

SEBI Regn. No.: INR000004058

Validity Period: Perpetual

30. **MANAGER TO THE BUY BACK OFFER**



TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

Contact Person: Ms. Deepali Jain

Regd. Off.: 714, Vishwadeep Building, Plot No. 4, District Centre, Janakpuri, New Delhi- 110058

Tel. No.: +91-11-45510390

Email id: info@tcagroup.in

Website: www.tcagroup.in

SEBI Regn. No.: MB/INM000012290

Validity Period: Valid till August 29, 2021

31. **DECLARATION BY THE DIRECTORS REGARDING AUTHENTICITY OF THE INFORMATION IN THE OFFER DOCUMENT**

As per Regulation 19(1)(a) of the Buy Back Regulations, the Board of Directors of the Company accept full responsibility for the information contained in this Letter of Offer. The Letter of Offer is issued under the authority of the Board of Directors by the Buy Back Committee through Resolution passed by the Buy Back Committee meeting held on January 12, 2018.

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: January 12, 2018
Place: Noida

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED FORM)**

Bid Number:

Date:

| | | |
|--|--|---|
| BUY BACK OPENS ON | Thursday, January 18, 2018 | |
| BUY BACK CLOSES ON | Thursday, February 01, 2018 | |
| For Registrar / Collection Centre use | | |
| Inward No. | Date | Stamp |
| | | |
| Status (please tick appropriate box) | | |
| <input type="checkbox"/> Individual | <input type="checkbox"/> FII/FPI | <input type="checkbox"/> Insurance Co |
| <input type="checkbox"/> Foreign Co | <input type="checkbox"/> NRI/OCB | <input type="checkbox"/> FVCI |
| <input type="checkbox"/> Body Corporate | <input type="checkbox"/> Bank/FI | <input type="checkbox"/> Pension/PF |
| <input type="checkbox"/> VCF | <input type="checkbox"/> Partnership/LLP | <input type="checkbox"/> Others (Specify) |
| India Tax Residency Status: Please tick appropriate box | | |
| <input type="checkbox"/> Resident in India | <input type="checkbox"/> Non-Resident in India | Resident of _____ (shareholder to fill country of residence) |
| Route of Investment (For NR Shareholders only): Please tick appropriate box | | |
| <input type="checkbox"/> Portfolio Investment Scheme | <input type="checkbox"/> Foreign Investment Scheme | |

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: Letter of Offer dated January 12, 2018 for Buy Back of upto 12,77,866 fully paid-up Equity Shares of Rs. 10/- each of Frontline Securities Limited at a price of Rs. 62/- per Equity Share.

- 1) I/We having read and understood the Letter of Offer dated January 12, 2018 hereby tender / offer my/our Equity Shares in response to the Buy Back Offer on the terms and conditions set out below and in the Letter of Offer.
- 2) I/We authorize the Company to Buy Back the Equity Shares offered (as mentioned below) and to issue instruction to Registrar to the Buy Back Offer i.e. Link Intime India Private Limited to extinguish the Equity Shares.
- 3) I/We hereby warrant that the Equity Shares comprised in this tender offer are offered for the Buy Back by me/ us free from all liens, equitable interest, charges and encumbrance.
- 4) I/We declare that there are no restraints / injunctions or other order of any nature which limits / restricts in any manner my / our right to tender Equity Shares for the Buy Back and that I / we am / are legally entitled to tender the Equity Shares for the Buy Back.
- 5) I/We agree that the consideration for the accepted Equity Shares will be paid to the Eligible Shareholder as per the provisions of Buy Back Regulations and circulars issued by SEBI.
- 6) I/We agree that the excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered would be returned to the Eligible Shareholder as per the provisions of Buy Back Regulations and circulars issued by SEBI.
- 7) I/We undertake to return to the Company any Buy Back consideration that may be wrongfully received by me/us.
- 8) 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 Buy Back in accordance with the Act and the Buy Back Regulations.
- 9) Details of Equity Shares held and offered/tendered for the Buy Back:

| Particulars | In Figures | In Words |
|--|------------|----------|
| Number of Equity Shares held as on Record Date (December 22, 2017) | | |
| Number of Equity Shares Entitled for Buy Back (Buy Back Entitlement) | | |
| Number of Equity Shares offered for Buy Back (Including Additional Shares, if any) | | |

Note: An Eligible Shareholder may tender Equity Shares over and above his/her Buy Back entitlement. Number of Equity Shares validly tendered by any Eligible Shareholder up to Buy Back entitlement of such eligible shareholder shall be accepted to the full extent. The Equity Shares tendered by any Eligible Shareholder over and above the Buy Back entitlement of such Eligible Shareholder shall be accepted in accordance with Paragraph 21 of the Letter of Offer. Equity Shares tendered by any Eligible Shareholder over and above the number of Equity Shares held by such Eligible Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.

Tear along this line

ACKNOWLEDGMENT SLIP: FRONTLINE SECURITIES LIMITED – BUY BACK OFFER

(To be filled by the Equity Shareholder) (Subject to verification)

| | | | |
|---|--|------------|-----------------|
| DP ID | | Client ID | |
| Received from Mr./Ms./Mrs. | | | |
| Form of Acceptance-cum-Acknowledgement, Original TRS along with: | | | |
| No. of Equity Shares offered for Buy Back (In Figures) | | (in words) | |
| Please quote Client ID No. & DP No. for all future correspondence | | | Stamp of Broker |

10. Details of Account with Depository Participant (DP):

| | | | | |
|---|--|------|--|------|
| Name of the Depository (tick whichever is applicable) | | NSDL | | CDSL |
| Name of the Depository Participant | | | | |
| DP ID No. | | | | |
| Client ID No. with the DP | | | | |

12. Equity Shareholders Details:

| Particulars | First/Sole Holder | Joint Holder 1 | Joint Holder 2 | Joint Holder 3 |
|--|-------------------|---|----------------|----------------|
| Full Name(s) Of the Holder | | | | |
| Signature(s)* | | | | |
| PAN | | | | |
| Address of the Sole/First Equity Shareholder | | | | |
| Telephone No. of Sole/First Equity Shareholder | | Email ID of Sole/First Equity Shareholder | | |

* Corporate must affix rubber stamp and sign.

INSTRUCTIONS

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

- This Offer will open on Thursday, January 18, 2018 and close on Thursday, February 01, 2018.
- 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 Buy Back would have to do so through their respective Seller Broker by indicating the details of Equity Shares they intend to tender under the Buy Back Offer.
- Eligible Shareholders should submit their duly filled Tender Form to the office of Registrar to the Buy Back Offer (as mentioned in Paragraph 20 of the Letter of Offer) only post placing the bid via the Seller Broker.
- In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form shall file a copy of the following documents:
 - Approval from the appropriate authority for such merger;
 - The scheme of merger; and
 - The requisite form filed with MCA intimating the merger.
- The Buy Back shall be rejected for demat shareholders 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 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 pro-rated Buy Back as may be decided by the Company / Registrar to the Buy Back Offer, in accordance with the Buy Back Regulations.
- Eligible Shareholders to whom the Offer is made are free to tender shares to the extent of their entitlement in whole or in part or in excess of their entitlement, but not exceeding their holding as on Record Date.
- All documents sent by Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
- The Equity Shares in the Buy Back Offer shall be rejected if the tenderer is not an Eligible Shareholder of the Company as on the Record date, if there is a name mismatch in the demat account of the Shareholder or if the Eligible Shareholder has made a duplicate bid.
- By agreeing to participate in the Buy Back the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reporting, 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.
- Eligible Shareholders have to fill up the EVENT number issued by Depository in the column for settlement details along with the market type as "Buy Back", ISIN, Quantity of Equity Shares and CM BP ID of broker and execution date in the Delivery Instruction Slips (DIS) so that Equity Shares can be tendered for Buy Back Offer.

Tear along this line

ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUY BACK, IF ANY, SHOULD BE ADDRESSED TO REGISTRAR TO THE BUY BACK AT THE FOLLOWING ADDRESS QUOTING YOUR CLIENT ID AND DP ID:

**Investor Service Centre: Frontline Securities Limited – Buy Back Offer
Link Intime India Private Limited**

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

Contact Person: Mr. Sumeet Deshpande

Tel: +91 022 49186200; Fax: +91 022 49186195; E-mail: fsl.buyback2017@linkintime.co.in

Website: www.linkintime.co.in; SEBI Registration Number: INR000004058

CIN: U67190MH1999PTC118368

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM)**

Bid Number:

Date:

| | | |
|--|--|---|
| BUY BACK OPENS ON | Thursday, January 18, 2018 | |
| BUY BACK CLOSES ON | Thursday, February 01, 2018 | |
| For Registrar / Collection Centre use | | |
| Inward No. | Date | Stamp |
| | | |
| Status (please tick appropriate box) | | |
| <input type="checkbox"/> Individual | <input type="checkbox"/> FII/FPI | <input type="checkbox"/> Insurance Co |
| <input type="checkbox"/> Foreign Co | <input type="checkbox"/> NRI/OCB | <input type="checkbox"/> FVCI |
| <input type="checkbox"/> Body Corporate | <input type="checkbox"/> Bank/FI | <input type="checkbox"/> Pension/PF |
| <input type="checkbox"/> VCF | <input type="checkbox"/> Partnership/LLP | <input type="checkbox"/> Others (Specify) |
| India Tax Residency Status: Please tick appropriate box | | |
| <input type="checkbox"/> Resident in India | <input type="checkbox"/> Non-Resident in India | Resident of _____ (shareholder to fill country of residence) |
| Route of Investment (For NR Shareholders only): Please tick appropriate box | | |
| <input type="checkbox"/> Portfolio Investment Scheme | <input type="checkbox"/> | <input type="checkbox"/> Foreign Investment Scheme |

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: : Letter of Offer dated January 12, 2018 for Buy Back of upto 12,77,866 fully paid-up Equity Shares of Rs. 10/- each of Frontline Securities Limited at a price of Rs. 62/- per Equity Share.

- I/We having read and understood the Letter of Offer dated January 12, 2018 hereby tender / offer my/our Equity Shares in response to the Buy Back Offer on the terms and conditions set out below and in the Letter of Offer.
- I/We authorize the Company to Buy Back the Equity Shares offered and as a consequence to extinguish the share certificates.
- I/We hereby warrant that the Equity Shares comprised in this tender / offer are offered for the Buy Back by me / us free from all liens, equitable interest, charges and encumbrance.
- I/We declare that there are no restraints / injunctions or other order of any nature which limits / restricts in any manner my / our right to tender Equity Shares for the Buy Back and that I / we am / are legally entitled to tender the Equity Shares for the Buy Back.
- I / We agree that the consideration for the accepted Equity Shares will be paid to the Eligible Shareholder as per the provisions of Buy Back Regulations and circulars issued by SEBI
- I/We agree that the Company is not obliged to accept any Equity Shares offered for the Buy Back where loss of share certificates has been notified to the Company.
- I/We agree that the Company will pay any Buy Back consideration only after due verification of the validity of the documents and signatures and that the consideration may be paid to the first named shareholder.
- I/We undertake to return to the Company any Buy Back consideration that may be wrongfully received by me/us.
- 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 affect the Buy Back in accordance with the Act and the Buy Back Regulations.
- I/We authorize the Company to split the share certificate and issue new consolidated certificate for the unaccepted Equity Shares in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buy Back due to oversubscription.
- Details of Equity Shares held and offered for the Buy Back:

| Particulars | In Figures | In Words |
|--|------------|----------|
| Number of Equity Shares held as on Record Date (December 22, 2017) | | |
| Number of Equity Shares Entitled for Buy Back (Buy Back Entitlement) | | |
| Number of Equity Shares offered for Buy Back (including Additional Shares, if any) | | |

Note: An Eligible Shareholder may tender Equity Shares over and above his/her Buy Back entitlement. Number of Equity Shares validly tendered by any Eligible Shareholder up to Buy Back entitlement of such Eligible Shareholder shall be accepted to the full extent. The Equity Shares tendered by any Eligible Shareholder over and above the Buy Back entitlement of such Eligible Shareholder shall be accepted in accordance with Paragraph 21 of the Letter of Offer. Equity Shares tendered by any Eligible Shareholder over and above the number of Equity Shares held by such Eligible Shareholder as on the Record Date shall not be considered for the purpose of Acceptance

Tear along this line

ACKNOWLEDGMENT SLIP: FRONTLINE SECURITIES LIMITED – BUY BACK OFFER
(To be filled by the Equity Shareholder) (Subject to verification)

| | |
|---|-----------------------------|
| Folio No. | |
| Received from Mr./Ms./Mrs. | |
| Form of Acceptance-cum-Acknowledgement, Original TRS along with: | |
| No. of Equity Shares offered for Buy Back (In Figures) | (In Words) |
| Please quote Folio No. for all future correspondence | Stamp of Broker / Registrar |

11. Details of Equity Share Certificate(s) enclosed: _____ Total No. of Share Certificates Submitted:

| Sr. No. | Folio No. | Share Certificate No. | Distinctive No(s) | | No. of Shares |
|--------------|-----------|-----------------------|-------------------|----|---------------|
| | | | From | To | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| Total | | | | | |

In case the number of folios and share certificates enclosed exceed 4 nos., Please attach a separate sheet giving details in the same format as above

12. Details of the bank account of the sole or first Eligible Shareholder to be incorporated in the consideration warrant (to be mandatorily filled):

| Name of the Bank | Branch and City | IFSC and MICR Code | Account Number (indicate type of account) |
|------------------|-----------------|--------------------|---|
| | | | |

13. Details of other Documents (Please ✓ as appropriate, if applicable) enclosed:

| | | | |
|--------------------------|---------------------------|--------------------------|---|
| <input type="checkbox"/> | Power of Attorney | <input type="checkbox"/> | Previous RBI approvals for acquiring the Equity Shares of Frontline Securities Limited hereby tendered in the Offer |
| <input type="checkbox"/> | Death Certificate | <input type="checkbox"/> | Succession Certificate |
| <input type="checkbox"/> | Self-attested copy of PAN | <input type="checkbox"/> | Corporate Authorisations |
| <input type="checkbox"/> | TRS | <input type="checkbox"/> | Others (please specify) |

14. Equity Shareholders Details:

| Particulars | First/Sole Holder | Joint Holder 1 | Joint Holder 2 | Joint Holder 3 |
|--|-------------------|---|----------------|----------------|
| Full Name(s) Of the Holder | | | | |
| Signature(s)* | | | | |
| PAN | | | | |
| Address of the Sole/First Equity Shareholder | | | | |
| Telephone No. of Sole/First Equity Shareholder | | Email ID of Sole/First Equity Shareholder | | |

*Corporate must affix rubber stamp and sign.

Instructions:

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

- This Offer will open on Thursday, January 18, 2018 and close on Thursday, February 01, 2018.
- 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 wish to tender their Equity Shares in response to this Buy Back Offer should submit the following documents to their Seller Broke, who in turn would deliver the said documents along with the Transaction Registration Slip (TRS) to the RTA; the documents should be sent to the RTA only after the placement of a valid bid; non-submission of the below mentioned documents directly to the Registrar shall result in the rejection of the tendered Equity Shares
 - The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) the same order in which they hold the shares.
 - Original share certificates
 - Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company/Registrar) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company
 - Self-attested copy of the Shareholder's PAN Card
 - Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form
 - Notarized copy of death certificate and succession certificate or probated/ will, as applicable, if the original Shareholder has deceased
 - Necessary corporate Authorisations, such as Board Resolutions etc., in case of Companies
 - In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhaar Card, Voter Identity Card or Passport.
- In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form shall file a copy of the following documents:
 - Approval from the appropriate authority for such merger;
 - The scheme of merger; and
 - The requisite form filed with MCA intimating the merger.
- Eligible Shareholders whom the Buy Back Offer is made are free to tender Equity Shares to the extent of their entitlement in whole or in part or in excess of their entitlement, but not exceeding the number of Shares held by them as on Record Date.
- All documents / remittances sent by or to Eligible Shareholders will be at their own risk and the Eligible Shareholders are advised to adequately safeguard their interests in this regard.
- For procedure followed by Eligible Shareholders for tendering shares in the Buy Back offer, please refer to Paragraph 21 of the Letter of Offer.
- All documents as mentioned above shall be enclosed with the valid Tender Form otherwise the shares will be liable for rejection. The shares shall be liable for rejection on the following grounds amongst others:
 - The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours of Monday, February 05, 2018 by 5:00p.m. Indian Standard Time;
 - If there is any other company share certificate enclosed with the Tender Form instead of the share certificate of the Company;
 - If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
 - If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
 - In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar.
- By agreeing to participate in the Buy Back the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reporting, 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.

The Equity Shares tendered in the Buy Back shall be rejected for the following reasons in addition to the point number 8 mentioned above (i) if the Shareholder is not a Eligible Shareholder of the Company on the Record Date; (ii) if there is a name mismatch in the share certificate of the Shareholder; or (iii) if the Eligible Seller has made a duplicate bid. (iv) if the documents mentioned in the Tender Form for Eligible Sellers holding Equity Shares in physical form are not received by the Registrar on or before Monday, February 05, 2018 by 5 PM;

Tear along this line

ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUY BACK, IF ANY, SHOULD BE ADDRESSED TO REGISTRAR TO THE BUY BACK AT THE FOLLOWING ADDRESS QUOTING YOUR FOLIO NO.:

Investor Service Centre: Frontline Securities Limited - Buy Back offer
Link Intime India Private Limited
 C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083
 Contact Person: Mr. Sumeet Deshpande
Tel: +91 022 49186200; **Fax:** +91 022 49186195; **E-mail:** fsl.buyback2017@linkintime.co.in
Website: www.linkintime.co.in; **SEBI Registration Number:** INR000004058
CIN: U67190MH1999PTC118368

Form No. SH-4 - Securities Transfer Form
[Pursuant to Section 56 of the Companies Act, 2013 and Sub-Rule (1) of Rule 11 of the Companies
(Share Capital and Debentures) Rules 2014]

Date of execution: ____/____/____

FOR THE CONSIDERATION stated below the “Transferor(s)” named do hereby transfer to the “Transferee(s)” named the securities specified below subject to the conditions on which the said securities are now held by the Transferor(s) and the Transferee(s) do hereby agree to accept and hold the said securities subject to the conditions aforesaid.

CIN:

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| L | 7 | 4 | 8 | 9 | 9 | D | L | 1 | 9 | 9 | 4 | P | L | C | 0 | 5 | 8 | 8 | 3 | 7 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Name of the company (in full): Frontline Securities Limited

Name of the Stock Exchange where the company is listed, (if any): BSE Limited

DESCRIPTION OF SECURITIES:

| Kind/ Class of securities (1) | Nominal value of each unit of security (2) | Amount called up per unit of security (3) | Amount paid up per unit of security (4) |
|-------------------------------|--|---|---|
| Equity Shares | Rs. 10.00 | Rs. 10.00 | Rs. 10.00 |

| No. of Securities being Transferred | | Consideration received (Rs.) | |
|-------------------------------------|----------|------------------------------|------------|
| In figures | In words | In words | In figures |
| | | | |

| Distinctive Number | From | | | |
|--------------------|------|--|--|--|
| | To | | | |
| | | | | |

| Corresponding Certificate Nos. | | | |
|--------------------------------|--|--|--|
| | | | |

Transferor’s Particulars

Registered Folio Number:

| Name(s) in full | Signature(s) |
|-----------------|--------------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |

I, hereby confirm that the transferor has signed before me.

Signature of the Witness: _____

Name of the Witness: _____

Address of the Witness: _____

Pin code: _____

| Transferee's Particulars | | |
|------------------------------|--|---|
| Name in full (1) | Father's/ Mother's / Spouse's Name (2) | Address & E-mail ID (3) |
| Frontline Securities Limited | N.A. | Address: M-6, IInd Floor, M-Block Market, Greater Kailash-II, New Delhi-110048 E-mail: secretarial@fsltechnologies.com |
| Occupation (4) | Existing Folio No., if any (5) | Signature (6) |
| Business | | |

Folio No .of Transferee

Specimen Signature of Transferee(s)

1. _____
2. _____
3. _____

Value of Stamp affixed : Rs. _____

Enclosures:

1. Certificate of shares or debentures or other securities
2. If no certificate is issued, Letter of allotment
3. Copy of PAN Card of all the Transferees (For all listed Cos.)
4. Others, Specify, _____

Stamps

For Office Use Only

Checked by _____

Signature Talled by _____

Entered in the Register of Transfer on _____

_____ Vide Transfer no _____

Approval Date _____

Power of attorney / Probate / Death certificate / Letter of Administration

Registered on _____ at _____

No _____

Name of Transferor

Name of Transferee

No. of Shares

Date of Transfer

Signature of authorized signatory