

**Onelife Capital Advisors Ltd.****September 27, 2011**

<b>Price Band</b>	<b>: ₹100 - 110 per share</b>
<b>Minimum Bid Lot Size</b>	<b>: 50 Equity Shares</b>
<b>Maximum Bid Lot Size</b>	<b>: 1800 Equity Shares</b>
<b>IPO opens during</b>	<b>: Sept 28 – Oct 04, 2011</b>
<b>Book Running Lead Manager</b>	<b>: Atherstone Capital Markets Ltd.</b>
<b>To list on</b>	<b>: NSE &amp; BSE</b>
<b>IPO Grading</b>	<b>: 1 / 5 (CARE)</b>
<b>PE</b>	<b>: 0x (based on base price)*</b>
	<b>: 0x (based on cap price)*</b>
<b>Market Cap post-listing</b>	<b>: ₹146.96Cr or \$29.83mn (based on the cap price)</b>
<b>Market Cap of Free Float</b>	<b>: ₹36.85Cr or \$7.48mn (based on the cap price)</b>

\*Loss making company, hence the EPS is negative based on FY11 earnings

**IPO of 3.35mn equity shares of ₹10each, aggregating to ₹36.85Cr or \$7.48mn (at the cap price).**

### **Shareholding Pattern**

	<b>Pre-Issue</b>		<b>Post-Issue</b>	
	<b>No. of Shares</b>	<b>% Holding</b>	<b>No. of Shares</b>	<b>% Holding</b>
Promoters	100100000	100.00%	10010000	74.92%
QIBs (excl. Mutual Funds)	0	0.00%	1591250	11.91%
Mutual Funds	0	0.00%	83750	0.63%
Non Institutional Investors	0	0.00%	502500	3.76%
Public	0	0.00%	1172500	8.78%
<b>Total</b>	<b>100100000</b>	<b>100.00%</b>	<b>13360000</b>	<b>100.00%</b>

### **Executive Summary**

- Onelife Capital Advisors Ltd. (OCAL) was originally incorporated in August 2007 and commenced investment banking activities and registered itself with SEBI as “Category 1 Merchant Banker” in February 2010.
- India’s financial services sector has experienced a new pace of growth in the last decades which was unprecedented for the Indian economy. India has a transparent, technology enabled and well regulated capital market.
- OCAL serves SMEs throughout the course of growth which gradually evolve into larger enterprises thereby enabling the company to offer clients a larger bouquet of services including complex structured products viz. mergers and acquisitions (including cross border), international fund raising and off market capital raising.

### **Our View**

The company is loss making company and has turnover of less ₹1Cr. Also the peers has better valuation as well as larger in size of operations than Onelife Capital Advisors Ltd. Looking into the growth aspects and risks involved in the business along with the expensive valuation, we recommend **not to subscribe** for the IPO at the Issue price band of ₹100 - ₹110.

## Company Background

Onelife Capital Advisors Ltd. (OCAL) was originally incorporated as a private limited company in August 2007 with the name “Onelife Corporate Advisory Services Private Ltd.” Further the name of the company was changed to “Onelife Capital Advisors Private Ltd.” in November 2009. Subsequently the company was converted to a public limited company and the name of the company was changed to “Onelife Capital Advisors Ltd.” in December 2010.

The company commenced investment banking activities and registered itself with SEBI as “Category 1 Merchant Banker” (as defined under Securities and Exchange Board of India (Merchant Bankers) Rule, 1992) in February 2010 and thereafter as an “underwriter” under the Securities and Exchange Board of India (Underwriting) Regulations, 1993. OCAL received Bombay Stock Exchange Membership and license for Trading and Clearing on September 24, 2010 and Portfolio Management Services License as defined under SEBI(Portfolio Managers) Rules, 1993 on December 21, 2010.

## Promoters and Management

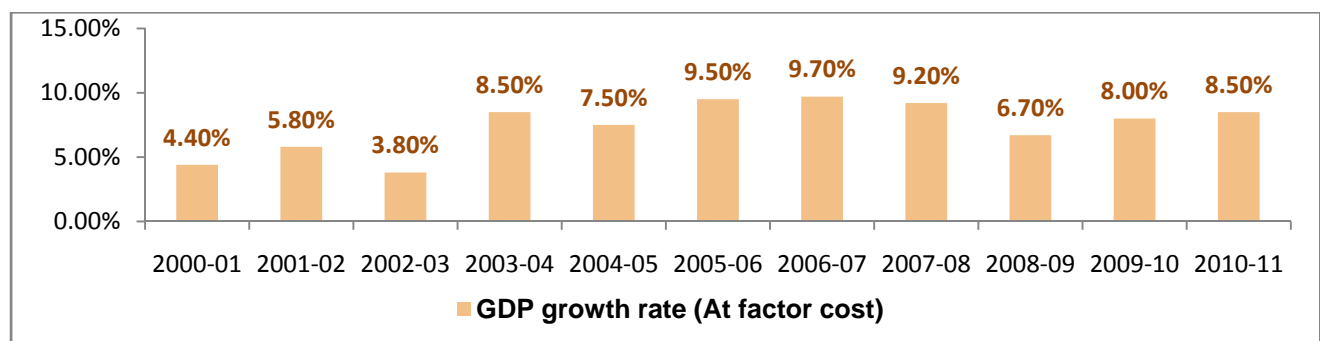
**Mr. Thiruvaidamarudur Krishna Prabhakar Naig** is the Chairman of OCAL and has been associated with the company since its inception with more than 26 years of experience in the field of Capital Market and Investment Banking activities.

**Mr. Pandoo Naig** is the Managing Director of OCAL and has over 11 years of experience in capital markets as investor, trader, sub-broker et. al. He handles the affairs of Investment Banking where his focus is on fund raising for emerging companies, advisory and financial services.

## Industry Overview

### Indian Economy overview

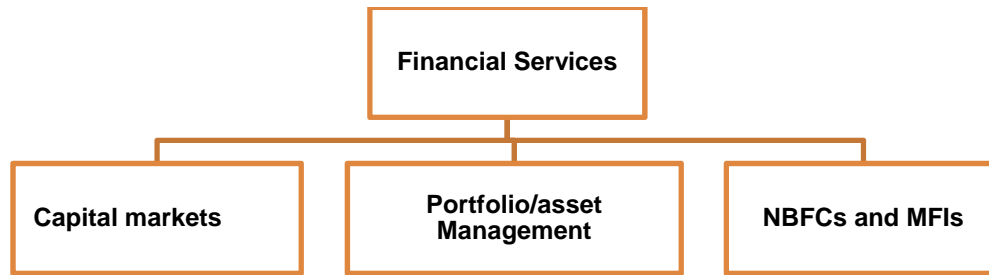
Indian economy has registered a growth of 8.5% in 2010-11, as against 8.6% in advance estimates. The downward revision in the GDP growth rate is mainly on account of lower performance in mining & quarrying, manufacturing & trade, hotels, transport, & communication and financing, insurance, real estate & business services than anticipated. Economic activities which showed significant growth in 2010-11 over the corresponding period last year were agriculture, forestry & fishing 6.6%, construction 8.1%, trade, hotels, transport & communications 10.3% and insurance, real estate & business services 9.9%.



Source: RHP

### Indian Financial Services Sector

Financial services as an industry is wide and diverse. Financial sector can be broadly defined as the products and services offered by institutions like Banks, NBFC, MFI and other financial institution. India’s financial services sector has experienced a new pace of growth in the last decades which was unprecedented for the Indian economy. The market has not only been benefited by the proactive measures taken by the regulator and government but also with the entry of best in world professionals and organizations. These changes have not only increased the awareness of retail investors but also increased confidence level of both domestic and international investors on the Indian equity markets.



**Indian Capital Market**

India has a transparent, technology enabled and well regulated capital market. Capital market achieves one of the most important functions of channeling idle resources to productive resources or from less productive resources to more productive resources. The capital market transactions involve lots of checks and balances with efficient electronic trading and settlement systems. The stock markets have a range of players including mutual funds, FII, hedge funds, corporate and other institutions.

Securities and Exchange Board of India (SEBI) regulates the Indian capital markets. There are 24 exchanges (including active and non active exchanges) in the country, which offer screen based trading system. The trading system is connected using the VSAT technology. BSE is one of the oldest exchanges in Asia. National Stock Exchange (NSE) is forth largest exchange in the world in terms of number of trades. These exchanges constitute an organized market for securities issued by the Central and State Governments, public sector companies and public limited companies.

**Key strengths of the Indian capital markets include**

- Fully automated trading system on all stock exchanges
- Wide range of products, an integrated platform for trading in both cash and derivatives
- Nationwide network for trading in a variety of securities
- Clearly laid out Regulations
- Proactive regulator
- Robust legal system

**Primary Market**

Primary markets create a flow of new securities to the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. Here the issuer of securities raises the funds to meet its fund requirements. Primary market offerings could either be in the form of public offerings or private placements. The issuers here could include corporate, Government, municipal corporations and in some cases existing shareholders and institutional investors offering their securities for sale.

During the year 2009-10, the resources raised through Public Issues, Rights Issues, QIP and Preferential Allotments are summarized in the table below:

Particulars	No. of Issues	Amount Mobilised 2009-10	
		(₹ Cr)	(\$ Mn)
<b>Equity Public Issues</b>			
IPOs	33	23,684	5,247
FPOs	3	21,941	4,861
Rights Issues	16	4,893	1,084
QIP	64	42,484	9,412
Preferential Allotment	134	15,530	3,440
<b>Non-Convertible Debentures</b>			
Initial Public Offer	1	1,000	443
Further Issue	2	1,500	111
<b>Total</b>	<b>253</b>	<b>111032</b>	<b>24598</b>

## Secondary Market

Secondary markets provide a medium of exchange and enable investors to trade in the securities. An efficient securities market distinguishes financial investments from various forms of other illiquid investments. Stock Exchanges provide the platform and the mechanism for effecting transactions between different market participants. Secondary market comprises of trading in equities, bonds and derivatives.

As on March 31, 2010 the number of companies listed at NSE is 1470. The trading volumes on NSE have been witnessing phenomenal growth over the past decade.

<b>NSE Trading Value</b>	<b>(Figures in ₹ Cr)</b>			
<b>Segment/Year</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
Capital Market	1,945,287	3,551,038	2,752,023	4,138,023
Futures & Options	7,356,271	13,090,478	11,010,482	17,663,665
Wholesale Debt Market	219,106	282,317	335,952	563,816
Currency Futures	0	0	162,272	1,782,608
Interest Rate Futures	0	0	0	2,975
<b>Total</b>	<b>9,520,664</b>	<b>16,923,833</b>	<b>14,260,729</b>	<b>24,151,087</b>

## Wholesale Debt Market (WDM) Segment

In the WDM segment, all government securities, state development loans and treasury bills are 'deemed' listed as and when they are issued. Other than those mentioned above, all eligible debt securities whether publicly issued or privately placed can be made available for trading in the WDM segment. Amongst other requirements, privately placed debt paper of banks, institutions and corporate require an investment grade credit rating to be eligible for listing. As at end March 2010, 4140 securities with issued capital of ₹31,50,880Cr and a market capitalisation of ₹ 31,65,929Cr were available for trading on the WDM segment.

<b>NSE Market Capitalisation (As at end March)</b>	<b>(Figures in ₹ Cr)</b>			
<b>Segment/Year</b>	<b>Mar-07</b>	<b>Mar-08</b>	<b>Mar-09</b>	<b>Mar-10</b>
Capital Market	3,367,350	4,858,122	2,896,194	6,009,173
WDM	1,784,801	2,123,346	2,848,315	3,165,929
<b>Total</b>	<b>5,152,151</b>	<b>6,981,468</b>	<b>5,744,510</b>	<b>9,175,102</b>

## Business Operations

Onelife Capital Advisors Ltd. (OCAL) is a financial service company offering Investment Banking services and venturing into Portfolio Management and Equity Broking services. OCAL is a SEBI registered Category I, Merchant Banker and has also secured license to undertake business in equity broking by securing approval from the BSE. The company has also received SEBI Portfolio Management Services License vide certificate dated December 21, 2010 and obtained Brokerage and Clearing Member License from BSE on September 24, 2010 but is yet to commence operations for offering both the services.

OCAL's present focus is primarily on investment banking operations, including merchant banking. OCAL offers services like Initial Public Offerings, Rights Issue, Buyback of Shares, Follow on Public Offering, Qualified Institutional Placements, Open Offers and other Equity Linked Financing.

Currently, OCAL is assisting small sized companies in recalibrating their vision, business strategy and teams to reach their growth aspirations. These companies are in sectors like Oral care, Packaging, Oil and Gas, Water Purification, Ferrous Alloy, Sponge Iron, Digital Marketing, Metal recycling and Glass Manufacturing. As on July 15, 2011, OCAL has signed nine mandates for fund raising through IPO, and two mandates for joint venture.

## Strengths

- **Existing Corporate Relationships**

The company has focus on nurturing long-term relationships with companies and servicing these companies through the course of their development, by providing ongoing and innovative solutions has enabled company to form relationships with these clients, thereby leading to repeat business. The company serves SMEs throughout the course of growth. These SMEs gradually evolve into larger enterprises thereby enabling the company offers clients a larger bouquet of services including complex structured products viz. mergers and acquisitions (including cross border), international fund raising and off market capital raising.

- **Research Backed Decision Making**

The company has focused on identification of growth stage investment opportunities and assessing the fair value of such businesses. It employs a top-down analysis, which begins with an analysis of the overall market and ends with the individual company.

## Objects of the Issue

The objects of the issue are:

- Purchase of Corporate Office at Mumbai
- Development of Portfolio Management Services
- Brand Building Activities
- General Corporate Purposes
- Achieve the benefits of listing on the Stock Exchanges.

## Utilization of net proceeds

Particulars	Amount ₹ Cr
Purchase of Corporate Office	7.00
Development of Portfolio Management Services	11.57
Brand Building	7.70
General Corporate Purposes	[•]
Issue Expenses	[•]
Total	[•]

## Investment Risks

(Please refer to the RHP for a complete listing of risk factors)

- The company has planned to utilize 35% of the fund for PMS where there are no revenues since inception. Further the company has identified the cities but has not short listed the premises. This may change the company's outlays and timelines while rolling out this business services.
- The company is a new entrant in the Portfolio Management Services and Brokerage Market with no customer base, track record and prior experience. The company may find it difficult to start and manage the business and attract customers
- As per the current market condition, the company's business can adversely affect in many ways, including reduced businesses in all activities, including the advisory business. Such situations could completely cripple the business operations.
- The funding requirements of the Company and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised by any bank or financial institution.
- Investment banking, Equity Brokerage and PMS industry are intensely competitive. The company is relatively small investment bank with limited history and has started the business on February 2010. Due to this there could be lot of t pressure in terms of business survival.

# KEYNOTE

## Restated Profit & Loss Statements

	(₹)			
Particulars	FY08	FY09	FY10	FY11
Income from operations	0	0	6,131,523	3,700,000
Other income	0	0	35,820	214,637
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>6,167,343</b>	<b>3,914,637</b>
Staff cost	0	0	2,106,797	4,983,499
Administration and other expenses	300	5,515	1,719,523	4,841,710
Preliminary expenses written off	0	2,000	232,486	928,044
Depreciation	22,903	35,783	61,532	157,169
<b>Total</b>	<b>23,203</b>	<b>43,298</b>	<b>4,120,338</b>	<b>10,910,422</b>
<b>Net profit before tax</b>	<b>(23,203)</b>	<b>(43,298)</b>	<b>2,047,005</b>	<b>(6,995,785)</b>
Add: preliminary expenses charged off	0	2,000	232,486	928,044
Less: preliminary expenses incurred	10,000	0	1,152,530	0
Less: provision for gratuity	0	0	28,391	(28,391)
<b>Net profit before tax as restated</b>	<b>(33,203)</b>	<b>(41,298)</b>	<b>1,098,570</b>	<b>(6,039,350)</b>
Total tax expense as restated	0	0	675,000	0
<b>Net profit after tax</b>	<b>(33,203)</b>	<b>(41,298)</b>	<b>423,570</b>	<b>(6,039,350)</b>

## Restated Balance Sheets

	(₹)			
Particulars	FY08	FY09	FY10	FY11
Gross block	112,360	112,360	448,294	725,041
Less: accumulated depreciation	22,903	58,686	120,218	277,387
<b>Net block (A)</b>	<b>89,457</b>	<b>53,674</b>	<b>328,076</b>	<b>447,654</b>
<b>Investments (B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,096,430</b>
Sundry debtors	0	0	4,483,023	4,483,023
Cash & bank balances	252,340	152,340	5,302,593	379,860
Loan and advances	0	0	41,381,429	109,408,520
<b>Total current Assets (C)</b>	<b>252,340</b>	<b>152,340</b>	<b>51,167,045</b>	<b>114,271,403</b>
<b>Total assets (A+B+C) (D)</b>	<b>341,797</b>	<b>206,014</b>	<b>51,495,121</b>	<b>144,815,487</b>
Secured loans	0	0	0	0
Unsecured loans	275,000	175,000	0	0
Current liabilities	0	5,515	342,661	144,203
Provisions - gratuity	0	0	28,391	86,565
Income tax	0	0	675,000	675,000
<b>Total liabilities (E)</b>	<b>275,000</b>	<b>180,515</b>	<b>1,046,052</b>	<b>905,768</b>
<b>Net worth (D-E)</b>	<b>66,797</b>	<b>25,499</b>	<b>50,449,069</b>	<b>143,909,719</b>
Equity share capital	100,000	100,000	50,100,000	100,100,000
Reserves & surplus	(33,203)	(74,501)	1,277,113	43,809,719
<b>Total</b>	<b>66,797</b>	<b>25,499</b>	<b>51,377,113</b>	<b>143,909,719</b>
Less: miscellaneous expenditure	0	0	928,044	0
<b>Net worth</b>	<b>66,797</b>	<b>25,499</b>	<b>50,449,069</b>	<b>143,909,719</b>

**Keynote Capitals Ltd.**

**Member**

Stock Exchange, Mumbai (INB 230930539)  
National Stock Exchange of India Ltd. (INB 010930556)  
Over the Counter Exchange of India Ltd. (INB 200930535)  
Central Depository Services Ltd. (IN-DP-CDSL-152-2001)

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Tel Nos. 022-2269 4322 / 24 / 25

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