

**DRAFT LETTER OF OFFER**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The Letter of Offer will be sent to you as a Public Shareholder of Jindal Capital Limited. If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Equity Shares, please hand over the Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement (as defined below) to the member of the Stock Exchange (as defined below) through whom the said sale was effected.

**Mr. Sadhu Ram Aggarwal (“Acquirer 1”),**  
An individual residing at 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India,  
Email Id: caudit33@gmail.com, Tel: 9015546669

**Mr. Udit Aggarwal (“Acquirer 2”),**  
An individual residing at 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India,  
Email Id: caudit33@gmail.com, Tel: 9015546669

**Ms. Divya Aggarwal (“Acquirer 3”),**  
An individual residing at 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India,  
Email Id: cadivyaagg@gmail.com, Tel: 9015546669

**Ms. Ridhima Aggarwal (“Acquirer 4”),**  
An individual residing at H.No.1, Rajeev Enclave, Sector-5, Rohini, Delhi – 110085, India,  
Email Id: ridhimaaggarwal89@gmail.com, Tel: 9015546669

**Mr. Rahul Aggarwal (“Acquirer 5”),**  
An individual residing at H.No.1, Rajeev Enclave, Sector-5, Rohini, Delhi – 110085, India,  
Email Id: smprahul@gmail.com, Tel: 9015546669

**Ms. Manjula Aggarwal (“Acquirer 6”),**  
An individual residing at 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India,  
Email Id: manjulaaggarwal9@gmail.com, Tel: 9015546669

and



**CMV Informatics Private Limited (“Acquirer 7”)**  
A private limited company incorporated under the Companies Act, 1956 having registered office at 238, Modern Apartments, Sec-15, Rohini, Delhi-110085, India, CIN: U51399DL1998PTC092811,  
Email Id: cmvinformatic@gmail.com, Tel: 9015546669

MAKE A CASH OFFER OF INR 9.00 (RUPEES NINE ONLY) PER FULLY PAID UP EQUITY SHARE OF THE FACE VALUE OF INR 10 (RUPEES TEN ONLY) EACH, TO ACQUIRE UP TO 18,74,106 (EIGHTEEN LAKHS SEVENTY-FOUR THOUSAND ONE HUNDRED AND SIX) FULLY PAID UP EQUITY SHARES REPRESENTING 26.00% (TWENTY SIX PER CENT) OF THE TOTAL VOTING SHARE CAPITAL, UNDER THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 TO THE PUBLIC SHAREHOLDERS OF

**JINDAL CAPITAL LIMITED**

a listed public limited company incorporated under the Companies Act, 1956  
Registered Office: 79-A, Kamla Nagar, New Delhi– 110 007, India; CIN: L65910DL1994PLC059720  
Website: www.jindalcapital.in, Email Id: info@jindalcapital.in, Tel: 011-23841536, Fax: 011-23840864

- This Offer is being made by the Acquirers pursuant to Regulations 3(1) and 4 and other applicable provisions of the Takeover Regulations.**
- This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the Takeover Regulations.
- This Offer is NOT a competing offer in terms of Regulation 20 of the Takeover Regulations.**
- As on date, to the best of the knowledge and belief of the Acquirers, there are no statutory approvals (*defined below*) required to acquire equity shares that are validly tendered pursuant to this Offer other than the prior approval from the Reserve Bank of India (“RBI”). Further, the Offer would also be subject to any other statutory approval that may become applicable at a later date but before the completion of the Offer.
- Under Regulation 18(4) of the Takeover Regulations, the Acquirer is permitted to revise the Offer Price or the number of Offer Shares at any time prior to the commencement of 1 Working Day before the commencement of the Tendering Period in terms of the Takeover Regulations, i.e. January 19, 2021, the Acquirers shall (i) make corresponding increases to the escrow amounts, (b) make a public announcement in the Newspapers in which the detailed public statement (“DPS”) was published, and (c) simultaneously with the making of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. The Acquirer would pay such revised price for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the Letter of Offer.
- The Acquirer may withdraw the Offer in accordance with Regulation 23 of the Takeover Regulations. In the event of a withdrawal of the Offer, the Acquirer (through the Manager to the Offer) shall, within 2 (two) Working Days of such withdrawal, make a public announcement of such withdrawal, in the same newspapers in which the DPS had appeared.
- There has been no competing offer as on the date of this DLoF.**
- If there is a competing offer at any time hereafter, the offers under all subsisting bids will open and close on the same date.**
- Unless otherwise stated, the information set out in this DLoF reflects the position as of the date hereof.
- A copy of the public announcement in relation to this Offer (“PA”), DPS and Letter of Offer (including Form of Acceptance cum Acknowledgement) is also expected to be available on the website of Securities and Exchange Board of India (“SEBI”) (<http://www.sebi.gov.in>).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
	
<b>Khambatta Securities Limited</b> C-42, South Extension Part-II, New Delhi- 110049, India Tel: 011 4164 5051 eMail: vinay@khambattasecurities.com Website: www.khambattasecurities.com Contact Person: Mr. Vinay Pareek; Mr. Chandan Mishra SEBI Regn. No.: INM 000011914	<b>Skyline Financial Services Private Limited</b> D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020, India Tel.: 011-40450193-97 eMail: compliances@skylinerta.com; viren@skylinerta.com Website: www.skylinerta.com Contact Person: Ms. Sarita Singh SEBI Regn. No.: INR 000003241

**SCHEDULE OF THE ACTIVITIES PERTAINING TO THE OFFER**

<b>Nature of Activity</b>	<b>Day and Date<sup>#</sup></b>
Issue of Public Announcement	Friday, November 27, 2020
Publication of the Detailed Public Statement in newspapers	Monday, December 07, 2020
Filing of Draft Letter of Offer with SEBI	Monday, December 14, 2020
Last date of Public Announcement for Competing Offer(s)	Tuesday, December 29, 2020
Last date for SEBI observations on the Draft Letter of Offer (in the event SEBI has not sought clarifications or additional information from the Manager)	Tuesday, January 05, 2021
Identified Date*	Thursday, January 07, 2021
Last Date by which Letter of Offer is to be dispatched to the Shareholders	Wednesday, January 13, 2021
Last date by which a Committee of Independent Directors of the Target Company shall give its recommendation to the Public Shareholders	Tuesday, January 19, 2021
Last Date for upward revision of the Offer Price/Offer Size	Tuesday, January 19, 2021
Date of publication of Offer opening Public Announcement in the newspapers in which this DPS has been published	Wednesday, January 20, 2021
Date of commencement of tendering period (Offer Opening Date)	Thursday, January 21, 2021
Date of closure of tendering period (Offer Closing Date)	Thursday, February 04, 2021
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the Public Shareholders of the Target Company	Thursday, February 18, 2021
Last date for issue of post-offer advertisement	Thursday, February 25, 2021

*\*Identified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of Equity Shares of the Target Company (except the Acquirers and PAC and Sellers) are eligible to participate in the Offer any time before the closure of the Offer.*

*<sup>#</sup>The above Schedule of Activities is indicative (prepared on the basis of timelines provided by the Takeover Regulations) and are subject to receipt of statutory/ regulatory approvals and may have to be revised accordingly. Shareholders are requested to refer to the Letter of Offer for the final timeline.*

## **RISK FACTORS**

The risk factors set forth below are not a complete analysis of all risks in relation to the Offer or in association with the Acquirers but are only indicative in nature. The risk factors set forth above are limited to the transactions contemplated under the SPA (as defined below) and the Offer and do not pertain to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by Public Shareholders in this Offer but are merely indicative. Public Shareholders are advised to consult their stockbrokers, investment consultants and / or tax advisors, for analyzing and understanding all the risks with respect to their participation in this Offer.

For capitalized terms used herein please refer to 'Definitions / Abbreviations' set out below.

### **1. Risk relating to the underlying transaction**

- 1.1. As on the date of this Draft Letter of Offer ("DLoF"), to best of the knowledge of the Acquirers, there are no statutory approval(s) required by the Acquirers to complete the acquisition of the Sale Shares ('Underlying Transaction') under the SPA except the prior approval of Reserve Bank of India under Non-Banking Financial Companies (Approval of Acquisition or Transfer of Control) Directions, 2015 issued in terms of Notification No. DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 09, 2015 read with Chapter - IX of Master Direction DNBR.PD.007/03.10.119/2016-17, issued by RBI and as amended from time to time. Further, the underlying transaction is subject to the compliance of the terms and conditions as mentioned thereunder (as referred in para 2.1.2).
- 1.2. The Underlying Transaction is subject to completion risks as would be applicable to similar transactions.

### **2. Risks relating to the Offer**

- 2.1. As on the date of this DLoF, to the best of knowledge and belief of the Acquirers, no statutory approvals are required by the Acquirers to acquire the equity shares that are validly tendered pursuant to this Offer except the prior approval from RBI as mentioned in para 1.1. However, in case of any other statutory approvals are required or become applicable at a later date before the completion of the Offer, the Offer would be subject to the receipt of such other statutory approvals and the Acquirers shall make the necessary applications for such approvals. In the event of non-receipt of any of the statutory approvals, which may become applicable for acquisition of equity shares the Acquirers shall have the right to withdraw the Offer in accordance with the provisions of Regulation 23(1) of the Takeover Regulations. In the event of such a withdrawal of the Offer, the Acquirers shall, through the Manager to the Offer, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the Takeover Regulations.
- 2.2. In case of delay in receipt of any statutory approval(s), SEBI may, if satisfied that such delay in receipt of the statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirers to diligently pursue such approval(s), and subject to such terms and conditions as may be specified by SEBI (including payment of interest in accordance with Regulation 18(11) of the Takeover Regulations) grant an extension of time to the Acquirers pending receipt of such statutory approval(s) to make the payment of the consideration to the Public Shareholders whose Equity Shares have been accepted in the Offer. Furthermore, in case of delay in receipt of any such statutory approval(s), the Offer process may be delayed beyond the schedule of activities indicated in this DLoF.
- 2.3. In the event of any litigation leading to a stay order on or an injunction against this Offer by a court of competent jurisdiction, or SEBI instructing that the Offer should not proceed, the Offer may be withdrawn or the Offer process may be delayed beyond the schedule of activities indicated in this DLoF. Consequently, in the event of any delay, the payment of consideration to the Public Shareholders of the Target Company, whose Equity Shares are validly tendered and accepted by the Acquirers under this Offer, as well as the return of Equity Shares not accepted under this Offer by the Acquirers may be delayed.
- 2.4. The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer, on behalf of the Public Shareholders who have tendered their Equity Shares until the completion of the formalities of this Offer and the Public Shareholders who have tendered their Equity Shares will not be able to trade in such Equity Shares held in trust by the Registrar to the Offer during such period, even if the acceptance of the Equity Shares in this Offer and/or dispatch of payment consideration are delayed.

- 2.5. The Public Shareholders should note that under the Takeover Regulations, once the Public Shareholders have tendered their Equity Shares in the Offer, they will not be able to withdraw their Equity Shares from the Offer even in the event of a delay in the acceptance of the Equity Shares under the Offer and/or the dispatch of consideration.
- 2.6. All Public Shareholders, including non-resident holders of Equity Shares, must obtain all requisite approvals required, if any, to tender their Equity Shares in the Offer (including without limitation, approval from the RBI, if applicable) and submit copies of such approvals, along with the other documents required for accepting this Offer. In the event that copies of such approvals are not submitted, the Acquirers reserves the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit copies of such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares, along with the other documents required to be submitted to accept this Offer. In the event copies of such approvals are not submitted, the Acquirers reserves the right to reject such Equity Shares.
- 2.7. The Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility in this regard, including for the accuracy or otherwise of the tax provisions set forth in this DLoF.
- 2.8. The Acquirers and the Manager to the Offer accept no responsibility for statements made otherwise than in the PA, the DPS, this DLoF, the LoF, the Offer Opening PA or in any Corrigendum (if issued) or any other materials issued by or at the instance of the Acquirers and the Manager to the Offer in relation to the Offer (excluding all information which has been obtained from publicly available sources), and anyone or any person placing reliance on any other source of information (not released by the Acquirers or the Manager to the Offer) in relation to the Offer will be doing so at his/her/its own risk.
- 2.9. This DLoF has not been filed, registered or approved in any jurisdiction outside India. Recipients of this DLoF resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirers or the Manager to the Offer to any new or additional registration requirements
- 2.10. This Offer is subject to completion risks as would be applicable to similar transactions.

### **3. Risks relating to the Acquirers**

- 3.1. None of the Acquirers or the Manager make any assurance with respect to the continuation of past trends in the financial performance of the Target Company.
- 3.2. None of the Acquirers or the Manager can provide any assurance with respect to the market price of the Equity Shares before, during or after the Offer Period and each of them expressly disclaim any responsibility or obligation of any kind with respect to any decision by any Public Shareholder regarding whether or not to participate in the Offer.
- 3.3. None of the Acquirers or the Manager make any assurance with respect to their investment or disinvestment relating to their proposed shareholding in the Target Company.

### **CURRENCY OF PRESENTATION**

1. In this DLoF, all references to 'Rs.' / 'Rupee' / 'INR' are references to Indian Rupee(s), the official currency of India.
2. In this DLoF, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/or regrouping.

## CONTENTS

1.	<b>DISCLAIMER CLAUSE</b>	8
2.	<b>DETAILS OF THE OFFERS</b>	8
3.	<b>BACKGROUND OF THE ACQUIRERS</b>	10
4.	<b>BACKGROUND OF THE TARGET COMPANY</b>	17
5.	<b>OFFER PRICE AND FINANCIAL ARRANGEMENTS</b>	20
6.	<b>TERMS AND CONDITIONS OF THE OFFER</b>	22
7.	<b>PROCEDURE FOR ACCEPTANCE AND SETTLEMENT</b>	24
8.	<b>COMPLIANCE WITH TAX REQUIREMENTS</b>	28
9.	<b>DOCUMENTS FOR INSPECTION</b>	33
10.	<b>DECLARATION BY THE ACQUIRERS</b>	33

## DEFINITIONS / ABBREVIATIONS

Terms	Details / Definition
<b>Acquirers</b>	Mr. Sadhu Ram Aggarwal (“Acquirer 1”), Mr. Udit Aggarwal (“Acquirer 2”), Ms. Divya Aggarwal (“Acquirer 3”), Ms. Ridhima Aggarwal (“Acquirer 4”), Mr. Rahul Aggarwal (“Acquirer 5”), Ms. Manjula Aggarwal (“Acquirer 6”) and CMV Informatics Private Limited (“Acquirer 7”) (hereinafter collectively called “Acquirers”)
<b>Beneficial Owner</b>	Beneficial owners of the Equity Shares, whose names appeared as beneficiaries on the records of their respective Depository Participants at the close of business hours on the Identified Date or at any time before the closure of the Tendering Period.
<b>BSE</b>	BSE Limited.
<b>Buying Broker</b>	SS Corporate Securities Ltd
<b>Clearing Corporation</b>	Indian Clearing Corporation Limited.
<b>Designated Stock Exchange / Stock Exchange</b>	BSE Limited
<b>DIS</b>	Delivery Instruction Slip.
<b>DPS</b>	The Detailed Public Statement dated 04 December 2020, published on behalf of the Acquirers in the Newspapers on 07 December 2020.
<b>DP</b>	Depository Participant.
<b>DLoF / Draft Letter of Offer</b>	This draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the Takeover Regulations.
<b>Equity Shares</b>	Fully paid up equity shares of the Target Company having a face value of INR 10 each.
<b>Escrow Bank</b>	Kotak Mahindra Bank Limited
<b>Form of Acceptance- cum- Acknowledgment</b>	The form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer.
<b>FII</b>	Foreign Institutional Investor as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995.
<b>FPI</b>	Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended, registered with SEBI under applicable laws in India.
<b>Identified Date</b>	The date as mentioned in Schedule of Activities and falling on the 10th Working Day prior to the commencement of Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent.
<b>IT Act</b>	The Income Tax Act, 1961, as amended from time to time.
<b>Letter of Offer</b>	The Letter of Offer, duly incorporating SEBI’s comments on the DLoF including the Form of Acceptance-cum-Acknowledgement
<b>Maximum Consideration</b>	INR 1,68,66,954 (Rupees One Crore Sixty-Eight Lakhs Sixty-Six Thousand Nine Hundred and Fifty-Four only) being the maximum consideration payable assuming full acceptance of the Offer.
<b>Manager / Manager to the Offer</b>	Khambatta Securities Limited.
<b>NA</b>	Not Applicable
<b>NRI</b>	Non-Resident Indians and persons of Indian origin residing abroad.
<b>Offer / Open Offer</b>	Open offer being made by the Acquirers to the Public Shareholders of the Target Company, to acquire up to 18,74,106 Equity Shares at a price of INR 9.00 per Equity Share.
<b>Offer Escrow Account</b>	Account No. 5345046294 with the name “JINDAL CAPITAL LTD ESCROW ACCOUNT” opened with the Escrow Bank pursuant to an Escrow Agreement.
<b>Offer Opening Date</b>	Date of commencement of the Tendering Period and as mentioned in the Schedule of Activities.
<b>Offer Closing Date</b>	Date of closure of the Tendering Period and as mentioned in the Schedule of Activities.
<b>Offer Period</b>	Has the same meaning as ascribed to it under the Takeover Regulations.
<b>Offer Price</b>	INR 9.00 per Equity Share at which the Offer is being made to the Public Shareholders.
<b>Offer Shares</b>	18,74,106 Equity Shares representing 26.00% of the Voting Share Capital.
<b>Offer Size</b>	Up to 18,74,106 Equity Shares to be purchased in the Offer, assuming full acceptance representing 26.00% of the Voting Share Capital.
<b>PAC</b>	There is no Person Acting in Concert (“PAC”) along with the Acquirers for the purpose of this Open Offer in terms of Regulations 2(1)(q)(2) of the Takeover Regulations.
<b>PAN</b>	Permanent Account Number.
<b>Public Announcement / PA</b>	Announcement of the Offer made on behalf of the Acquirers dated 27 November, 2020.

<b>Public Shareholders</b>	All the equity shareholders of the Target Company excluding (i) the Acquirers and the PAC; (ii) parties to the SPAs; and (iii) the persons acting in concert or deemed to be acting in concert with the persons set out in (i) and (ii).
<b>RBI</b>	Reserve Bank of India.
<b>Registrar to the Offer</b>	Skyline Financial Services Private Limited having its registered office at D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020.
<b>RTA</b>	Link Intime India Pvt Ltd, being the registrar and share transfer agent of the Target Company.
<b>SALE SHARES</b>	51,41,929 (Fifty-One Lakhs Forty-One Thousand Nine Hundred and Twenty-Nine) Equity Shares having face value of INR 10 (Indian Rupees Ten only) each, constituting 71.34% (Seventy-One point Three-Four percent only) of the voting share capital of the Target Company, to be sold by the Sellers to the Acquirers, in terms of the SPA
<b>SCRR</b>	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
<b>SEBI</b>	Securities and Exchange Board of India.
<b>SEBI Act</b>	Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>SEBI (LODR) Regulations</b>	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
<b>SELLERS</b>	Mr. Pawan Kumar Jindal, Ms. Sarita Agarwal and Mr. Shray Jindal, M/s Pawan Kumar Jindal HUF, P K J Securities Private Limited, all from the Promoter and Promoter Group of Target Company.
<b>SPA</b>	A Share Purchase Agreement dated 27 November 2020, signed between the Promoters of Target Company and the Acquirers to acquire 51,41,929 Equity Shares, constituting 71.34% of the total Voting Share Capital.
<b>STT</b>	Securities Transaction Tax.
<b>Takeover Regulations</b>	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
<b>Target Company</b>	Jindal Capital Limited having its registered office at 79-A, Kamla Nagar, New Delhi – 110007, India.
<b>Tendering Period</b>	Period expected to commence from offer opening date and end on offer closing date (both days inclusive).
<b>TRS</b>	Transaction Registration Slip
<b>Voting Share Capital</b>	The total voting equity share capital of the Target Company on a fully diluted basis expected as of the 10th (Tenth) Working Day from the closure of the Tendering Period for the Offer.
<b>Working Day</b>	Working days of SEBI as defined in the Takeover Regulations, in Mumbai and New Delhi.

## **1. DISCLAIMER CLAUSE**

- 1.1. IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DLOF WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DLOF HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE TAKEOVER REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE PUBLIC SHAREHOLDERS OF JINDAL CAPITAL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE TARGET COMPANY WHOSE EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KHAMBATTA SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 11 DECEMBER 2020 TO SEBI IN ACCORDANCE WITH THE TAKEOVER REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## **2. DETAILS OF THE OFFERS**

### **2.1. Background of the Offer**

- 2.1.1. This Offer is a mandatory offer, being made by the Acquirers to all the Public Shareholders, in compliance with Regulations 3(1) & 4 and other applicable provisions of the Takeover Regulations, pursuant to the SPA dated 27 November 2020 entered into by and amongst the Sellers (who are part of Promoter and Promoter Group of the Target Company) the Acquirers for acquisition of 51,41,929 fully paid up Equity Shares having face value of INR 10 (Indian Rupees Ten only) each (“Sale Shares”) constituting 71.34% of the Voting Share Capital of the Target Company at a price of INR 9.00/- (Indian Rupees Nine only) per fully paid-up Equity Share (“Negotiated Price”) aggregating to INR 4,62,77,361/- (Rupees Four Crores Sixty-Two Lakhs Seventy-Seven Thousand Three Hundred and Sixty-One only) (“Purchase Consideration”) payable in cash. The Acquirers do not hold any shares in the Target Company.
- 2.1.2. The key terms and conditions of the Share Purchase Agreement are as follows:
- 2.1.2.1. Pursuant to the SPA, the Acquirers, relying on the representations and warranties of the Sellers, agreed to purchase the Sale Shares constituting 71.34% of the Voting Share Capital of the Target Company at the Negotiated Price for the Purchase Consideration.
- 2.1.2.2. The agreed purchase is subject to the ‘prior’ approval of RBI in accordance with Notification No. DBNR (PD)CC.No.065.03.10.001/2015-16 dated July 9, 2015, read with Chapter - IX of Master Direction DNBR.PD.007/03.10.119/2016-17, issued by RBI and as amended from time to time.
- 2.1.2.3. The Consideration for the Sale Shares under SPA shall be payable on or before the 5th working day from the opening of Open Offer. Upon receipt of payment for the Sale Shares from the Acquirers, the equivalent no. of shares as per the SPA shall be kept in an Escrow Account separately opened for such purpose. These shares will be transferred to the respective Acquirers in accordance with Schedule A of SPA within 5 working days of completion of Open Offer i.e. after the payments have been made to the public shareholders who have successfully tendered their shares in the open offer.
- 2.1.2.4. As a consequence of the SPA, the Sellers shall cease to be the Promoters of the Company and the Acquirers shall become the Promoters/ part of Promoter Group of the Company under the provisions of the Takeover Regulations.
- 2.1.2.5. The SPA is subject to the compliance of provisions of the Takeover Regulations.



- 2.1.2.6. The SPA contains mutual customary representations and warranties between the Acquirers and the Sellers, including in relation to compliance with applicable laws.

For some of the above terms more specifically defined in the SPA and other details of the SPA, shareholders of the Target Company may refer to the SPA which would be available to them for inspection during the Tendering Period as mentioned under Para 9 “Documents for Inspection”.

- 2.1.3. In accordance with Regulation 26(7) of the Takeover Regulations, the committee of independent directors of the Target Company are required to provide their written reasoned recommendations on the Offer to the Public Shareholders and such recommendations are required to be published in the specified form at least 2 (two) Working Days before the commencement of the Tendering Period.

## 2.2. Details of the Proposed Offer

- 2.2.1. The Public Announcement made on 27 November 2020 announcing the Offer is in compliance with Regulations 3(1) and 4 and other applicable provisions of the Takeover Regulations pursuant to the due acquisition of 71.34% of the Voting Share Capital of the Target Company.

- 2.2.2. The DPS dated 04 December 2020 was published in Newspapers mentioned below on 07 December 2020:

Sr. No.	Newspaper	Language	Editions
1.	Business Standard	English	All
2.	Business Standard	Hindi	All
3.	Mumbai Lakshdeep	Marathi	Mumbai

The Public Announcement and the DPS shall also be available at SEBI’s website: [www.sebi.gov.in](http://www.sebi.gov.in).

- 2.2.3. The Offer is being made to all the Shareholders of the Target Company except the parties to the SPA. The Equity Shares of the Target Company under this Offer will be acquired solely by the Acquirers as fully paid-up, free from any lien, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof
- 2.2.4. Pursuant to the Offer, the Acquirers proposes to acquire up to 18,74,106 Equity Shares, constituting 26.00% of the Voting Share Capital of the Target Company at an Offer Price of INR 9.00 per Offer Share, aggregating to INR 1,68,66,954 payable by way of cash, subject to the terms and conditions of this DLoF and in accordance with the Takeover Regulations.
- 2.2.5. All the Equity Shares validly tendered under this Offer to the extent of 26.00% of the Voting Share Capital will be acquired by the Acquirers in accordance with the terms and conditions set forth in this DLoF and subject to the necessary statutory approvals. The Public Shareholders who tender their Equity Shares should ensure that the Equity Share are free from all liens, charges, equitable interests and encumbrances and the Equity Shares will be acquired together with the rights attached thereto, including all rights to dividend, bonus and rights offer, if any, declared hereafter, and the tendering Public Shareholder shall have obtained any necessary consents for it to sell the Equity Shares on the foregoing basis. All Equity Shares validly tendered by the Public Shareholders will be accepted at the Offer Price by the Acquirers in accordance with the terms and conditions contained in the Public Announcement, DPS and this DLoF.
- 2.2.6. The Target Company does not have any (i) partly paid-up Equity Shares; or (ii) other convertible instruments;
- 2.2.7. There is no differential pricing for this Offer.
- 2.2.8. This Offer is unconditional and not subject to any minimum level of acceptance from the Public Shareholders, in terms of Regulation 19(1) of the Takeover Regulations.
- 2.2.9. This Offer is not a competing offer in terms of Regulation 20 of the Takeover Regulations.

- 2.2.10. The Acquirers have not acquired any Equity Shares between the date of the Public Announcement and the date of this DLoF.
- 2.2.11. There has been no competing offers to this Offer.
- 2.2.12. The Equity Shares of the Target Company are listed on only one Stock Exchange – BSE Limited.
- 2.2.13. As per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with Rules 19(2) and 19A of the Securities Contract (Regulation) Rules, 1957, as amended (“SCRR”), the Target Company is required to maintain at least 25% public shareholding as determined in accordance with SCRR, on a continuous basis for listing. If, as a result of the acquisition of Equity Shares in this Offer, pursuant to the SPAs and/ or during the Offer period (if any), the public shareholding in the Target Company falls below the minimum level required as per Rule 19A of the SCRR, the Acquirers hereby undertake that the public shareholding in the Target Company will be enhanced, in such manner and within the time period specified in the SCRR, such that the Target Company complies with the required minimum level of public shareholding.

### **2.3. Objects of the Acquisition / Offer**

- 2.3.1. The Offer is being made to the Public Shareholders in accordance with regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to the substantial acquisition of shares, of the Target Company by the Acquirers in accordance with and subject to the terms of the Share Purchase Agreement.
- 2.3.2. In terms of regulation 25(2) of the Regulations, the Acquirers do not currently have any intention to alienate any material assets of the Target or any of its subsidiaries in the succeeding 2 (two) years from the completion of this Offer save and except:
- 2.3.2.1. in the ordinary course of business; or
- 2.3.2.2. on account of regulatory approvals or conditions, or compliance with any law that is binding on or applicable to the operations of the Target Company; or
- 2.3.2.3. as has already been disclosed by the Target Company in the public domain.
- 2.3.3. After the completion of this Offer and pursuant to the transfer of the Sale shares so acquired, the Acquirers will hold the majority of the Equity Shares by virtue of which they will be in a position to exercise effective management and control over the Target Company.
- 2.3.4. The Acquirers reserves the right to streamline/ restructure, pledge/ encumber their holding in the Target Company and/ or the operations, assets, liabilities and/ or businesses of the Target Company through arrangements, reconstructions, restructurings, mergers, demergers, sale of assets or undertakings and/ or re-negotiation or termination of existing contractual/ operating arrangements, at a later date in accordance with applicable laws. Such decisions will be taken in accordance with procedures set out under applicable law, pursuant to business requirements and in line with opportunities or changes in economic circumstances, from time to time.

## **3. BACKGROUND OF THE ACQUIRERS**

### **3.1. Acquirer 1**

- 3.1.1. **Mr. Sadhu Ram Aggarwal** (“Acquirer 1”), is an individual aged about 62 Years and is a resident of 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India, Email Id: caudit33@gmail.com.
- 3.1.2. Acquirer 1 is an eminent consultant and an expert in the field of finance. He is well versed with the corporate laws and other allied laws. He is a commerce graduate from Delhi University and comes from a well-known family based in Jhajjar, Haryana. He is a qualified Chartered Accountant from Institute of Chartered Accountants of India (ICAI) having rich experience in the field of capital market. He has taken many discourses in financial planning and has served many corporate clients in past 35 years in said field.

- 3.1.3. The Net Worth of Acquirer 1 is approximately INR 6.37 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.1.4. Acquirer 1 does not hold any shares in the target Company as on date of this DPS. Further, Acquirer 1 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 1 proposes to acquire 7,00,000 Equity Shares of the Target Company constituting 9.71% of the total Voting Share Capital.
- 3.1.5. Acquirer 1 is not a part of any group. Further, Acquirer 1 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 1 will become a Promoter / part of Promoter group of the Company.
- 3.1.6. Acquirer 1 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 1 has not acquired any Equity Shares after the date of the PA.
- 3.1.7. Acquirer 1 is not a 'wilful defaulter' in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended ("SEBI Act") or under any other regulations made under the SEBI Act.
- 3.1.8. Acquirer 1 is not a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.1.9. Acquirer 1 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

## **3.2 Acquirer 2**

- 3.2.1 **Mr. Udit Aggarwal ("Acquirer 2")**, is an individual aged about 30 Years and is a resident of 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India, Email Id: cauditagg@gmail.com.
- 3.2.2 Acquirer 2 is the son of Acquirer 1 i.e. Mr. Sadhu Ram Aggarwal. Acquirer 2 has done graduation in B.Com from Delhi University and also completed LLB from BR Ambedkar University, Agra. He is a qualified Chartered Accountant and has good knowledge in the field of finance, taxation and corporate laws. He has worked in firms Surender Kr. Singhal & Co. and Nahata & Co. He is experienced in the field of finance, NGOs and Insolvency & Bankruptcy Code. He is providing consultancy to many corporates and High Net-Worth Individuals (HNIs) in different aspects.
- 3.2.3 The Net Worth of Acquirer 2 is approximately INR 5.25 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.2.4 Acquirer 2 does not hold any shares in the target Company as on date of this DLoF. Further, Acquirer 2 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 2 proposes to acquire 7,00,000 Equity Shares of the Target Company constituting 9.71% of the total Voting Share Capital.
- 3.2.5 Acquirer 2 is not a part of any group. Further, Acquirer 2 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 2 will become a Promoter / part of Promoter group of the Company.
- 3.2.6 The Acquirer 2 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 2 has not acquired any Equity Shares after the date of the PA.
- 3.2.7 Acquirer 2 is not a 'wilful defaulter' in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended ("SEBI Act") or under any other regulations made under the SEBI Act.

- 3.2.8 Acquirer 2 is not a ‘fugitive economic offender’ under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.2.9 Acquirer 2 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

### **3.3 Acquirer 3**

- 3.3.1 **Ms. Divya Aggarwal (“Acquirer 3”)**, is an individual aged about 27 Years and is a resident of 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India, Email Id: cadivyaagg@gmail.com.
- 3.3.2 Acquirer 3 has done B.Com from Delhi University. She is a qualified Chartered Accountant from Institute of Chartered Accountant of India. She has a very good understanding of matter relating to company law and finance. She has worked in Alok Singal & Co. and undertaken various audit assignments of corporates.
- 3.3.3 The Net Worth of Acquirer 3 is approximately INR 1.55 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.3.4 Acquirer 3 does not hold any shares in the target Company as on date of this DLoF. Further, Acquirer 3 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 3 proposes to acquire 6,00,000 Equity Shares of the Target Company constituting 8.32% of the total Voting Share Capital.
- 3.3.5 Acquirer 3 is not a part of any group. Further, Acquirer 3 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 3 will become a Promoter / part of Promoter group of the Company.
- 3.3.6 The Acquirer 3 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 3 has not acquired any Equity Shares after the date of the PA.
- 3.3.7 Acquirer 3 is not a ‘wilful defaulter’ in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended (“SEBI Act”) or under any other regulations made under the SEBI Act.
- 3.3.8 Acquirer 3 is not a ‘fugitive economic offender’ under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.3.9 Acquirer 3 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

### **3.4 Acquirer 4**

- 3.4.1 **Ms. Riddhima Aggarwal (“Acquirer 4”)**, is an individual aged about 30 years and is a resident of H.No.1, Rajeev Enclave, Sector-5, Rohini, Delhi – 110085, India, Email Id: riddhimaaggarwal89@gmail.com.
- 3.4.2 Acquirer 4 has done graduation in BBA & Post graduation in MBA from BIMTECH, Noida, Uttar Pradesh. She has also completed Masters in Finance and has good knowledge about stocks, securities and other financial products. She is a director in SMP Securities Ltd where she manages the mutual fund division of the company and providing consultancy to many clients regarding different type of schemes and investment options.
- 3.4.3 The Net Worth of Acquirer 4 is approximately INR 2.61 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.4.4 Acquirer 4 does not hold any shares in the target Company as on date of this DLoF. Further, Acquirer 4 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 4 proposes to acquire 6,00,000 Equity Shares of the Target Company constituting 8.32% of the total Voting Share Capital.

- 3.4.5 Acquirer 4 is not a part of any group. Further, Acquirer 4 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 4 will become a Promoter / part of Promoter group of the Company.
- 3.4.6 The Acquirer 4 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 4 has not acquired any Equity Shares after the date of the PA.
- 3.4.7 Acquirer 4 is not a 'wilful defaulter' in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended ("SEBI Act") or under any other regulations made under the SEBI Act.
- 3.4.8 Acquirer 4 is not a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.4.9 Acquirer 4 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

### 3.5 Acquirer 5

- 3.5.1 **Mr. Rahul Aggarwal ("Acquirer 5")**, is an individual aged about 33 years and is a resident of H.No.1, Rajeev Enclave, Sector-5, Rohini, Delhi – 110085, India, Email Id: smprahul@gmail.com.
- 3.5.2 Acquirer 5 has done graduation in B.Com (Hons) from Satyawati College, Delhi University & MBA from Maharishi Dayanand University. He has good knowledge and command over capital markets and currently he is serving as a director in SMP Securities Ltd, Neelkanth Stock brokers Pvt. Ltd & CMV Informatics Pvt. Ltd. He is handling the day-to-day affairs of SMP Securities Ltd. from past 10 years. SMP Securities Ltd is a renowned brokering firm in North-West Delhi with over 700 clients.
- 3.5.3 The Net Worth of Acquirer 5 is approximately INR 8.61 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.5.4 Acquirer 5 does not hold any shares in the target Company as on date of this DLoF. Further, Acquirer 5 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 5 proposes to acquire 7,00,000 Equity Shares of the Target Company constituting 9.71% of the total Voting Share Capital.
- 3.5.5 Acquirer 5 is not a part of any group. Further, Acquirer 5 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 5 will become a Promoter / part of Promoter group of the Company.
- 3.5.6 The Acquirer 5 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 5 has not acquired any Equity Shares after the date of the PA.
- 3.5.7 Acquirer 5 is not a 'wilful defaulter' in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended ("SEBI Act") or under any other regulations made under the SEBI Act.
- 3.5.8 Acquirer 5 is not a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.5.9 Acquirer 5 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

### 3.6 Acquirer 6

- 3.6.1 **Ms. Manjula Aggarwal (“Acquirer 6”)**, is an individual aged about 60 years and is a resident of 238, Modern Apartments, Sector-15, Rohini, Delhi – 110085, India, Email Id: manjulaaggarwal9@gmail.com.
- 3.6.2 Acquirer 6 has taught more than 3500 students in her career of more than 30 years as a lecturer. She has done English (Hons) from MDU, Rohtak. She retired as Principal from Hindu Girls College, recognised under Haryana Government. Currently she is managing a charitable trust with the name “Trinetra Charitable Trust” which is striving to provide medical facilities to poor and needy people.
- 3.6.3 The Net Worth of Acquirer 6 is approximately INR 10.93 Crores as on 24 November 2020 as certified vide certificate dated 03 December 2020 issued by Gupta Garg & Associates, Chartered Accountants (Firm Membership No. 019863N) having head office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085.
- 3.6.4 Acquirer 6 does not hold any shares in the target Company as on date of this DLoF. Further, Acquirer 6 is not a Director on the board of the Target Company. Pursuant to the underlying transaction (as defined below), Acquirer 6 proposes to acquire 9,00,000 Equity Shares of the Target Company constituting 12.49% of the total Voting Share Capital.
- 3.6.5 Acquirer 6 is not a part of any group. Further, Acquirer 6 does not have any relationship or interest in the Target Company. Upon consummation of the Underlying transaction, Acquirer 6 will become a Promoter / part of Promoter group of the Company.
- 3.6.6 The Acquirer 6 does not hold any Equity Shares or voting rights in the Target Company. Furthermore, Acquirer 6 has not acquired any Equity Shares after the date of the PA.
- 3.6.7 Acquirer 6 is not a ‘wilful defaulter’ in terms of Regulation 2(1)(ze) of the Takeover Regulations and has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, as amended (“SEBI Act”) or under any other regulations made under the SEBI Act.
- 3.6.8 Acquirer 6 is not a ‘fugitive economic offender’ under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.6.9 Acquirer 6 does not have any directions subsisting or proceedings pending against him under SEBI Act, 1992 and regulations made thereunder.

### 3.7 Acquirer 7

- 3.7.1 **CMV Informatics Private Limited (“Acquirer 7”)** is a private limited company and was incorporated as CMV Trading Pvt Ltd on March 19, 1998 under the Companies Act, 1956. Its registered office is located at 238, Modern Apartments, Sec-15, Rohini, Delhi-110085, India, Email Id: cmvinformatic@gmail.com. Subsequently the name of company was changed to its current name, CMV Informatics Pvt Ltd, vide fresh Certificate of Incorporation dated March 13, 2003. CIN of the company is U51399DL1998PTC092811.
- 3.7.2 The issued and paid up share capital of the Acquirer 7 amounts to INR 9,10,000 and consists of 91,000 fully paid up equity share of face value INR 10/- each.
- 3.7.3 Shareholding detail of Acquirer 7 is as follows:

Sr. No.	Shareholder	No. of Shares held	Percentage
1	Sadhu Ram Aggarwal	40,000	43.96 %
2	Udit Aggarwal	13,000	14.29 %
3	Divya Aggarwal	15,000	16.48 %
4	Ridhima Aggarwal	12,000	13.19 %
5	Rahul Aggarwal	11,000	12.08 %
<b>Total Paid up Capital</b>		<b>91,000</b>	<b>100.00 %</b>

- 3.7.4 Acquirer 7 is into trading in products specifically relating to electronic and electrical in nature such as mobile accessories, laptops, computer, computer peripherals and allied products alongwith Annual Maintenance Services. Acquirer 7 is also managing / providing IT consultancy services to its clients. It is using both media of sale i.e. online and offline.
- 3.7.5 Acquirer 7 is not a part of any group.
- 3.7.6 The equity shares of Acquirer 7 are not listed on any stock exchange in India or abroad.
- 3.7.7 Neither Acquirer 7 nor its directors or key employees have any relationship or interest in the Target Company. There are no directors on the board of the Target Company representing Acquirer 7.
- 3.7.8 Acquirer 7 does not hold any shares in the target Company as on date of this DLoF. Further, there are no directors on the Board of Target Company representing Acquirer 7. Pursuant to the underlying transaction (as define below), the Acquirer proposes to acquirer 9,41,929 Equity Shares of the Target Company constituting 13.07% of the total Voting Share Capital. Upon consummation of the Underlying transaction, Acquirer 7 will become a Promoter/ part of Promoter group of the Company.
- 3.7.9 Acquirer 7 has not been prohibited by SEBI from dealing in securities under Section 11B of the Securities and Exchange Board of India Act, 1992 (“SEBI Act”).
- 3.7.10 Acquirer 7 does not have any directions subsisting or proceedings pending against it under SEBI Act, 1992 and regulations made thereunder.
- 3.7.11 Acquirer 7 has not been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- 3.7.12 Following is the detail of Board of Directors in Acquirer 7:

Name of Directors	DIN	Address
Rahul Aggarwal	00512260	H.No.1, Rajeev Enclave, Sec-5, Rohini, Delhi – 110085, India
Sachin Gupta	00581616	238, Modern Apartments, Sec – 15 Rohini, Delhi – 110085, India

- 3.7.13 The key financial information of Acquirer 7 as at and for the period ended October 31, 2020, based on the unaudited financial information provided by Acquirer 7 for the said period, and for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018, extracted from the respective audited financial statements for the said periods, are as follows:

#### Profit & Loss Statement

(Figures in Rupees Lakhs)

Particulars	Un-audited <sup>#</sup>	Audited		
	07 Months period ending	12 Month Period Ended		
	30 Oct, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Income from Operations	27.00	-	-	-
Other Income	53.27	(27.12)	72.74	6.17
<b>Total Income</b>	<b>80.27</b>	<b>(27.12)</b>	<b>72.74</b>	<b>6.17</b>
<b>Total Expenditure</b>	<b>25.42</b>	<b>0.31</b>	<b>9.20</b>	<b>4.12</b>
Profit Before Depreciation Interest and Tax	54.85	(27.43)	68.9	1.88
Depreciation	-	0.01	0.01	0.02
Interest	-	-	5.35	2.26
Profit/ (Loss) Before Tax	54.85	(27.44)	63.54	-0.4

Provision for Tax	14.12	-	-	0.07
<b>Profit/ (Loss) After Tax</b>	<b>40.73</b>	<b>(27.44)</b>	<b>63.54</b>	<b>-0.47</b>
<b>Other Comprehensive Income/ Loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income for the Year</b>	<b>40.73</b>	<b>(27.44)</b>	<b>63.54</b>	<b>-0.47</b>

Note: In FY 2019-20 the revenue is negative since Acquirer 7 has booked losses in its non-operating business.

## Balance Sheet

(Figures in Rupees Lakhs except EPS)

Particulars	Un-audited <sup>#</sup>	Audited		
	07 Months period ending	12 Month Period Ended		
	30 Oct, 2020	March 31, 2020	March 31, 2019	March 31, 2018
<b>Sources of Funds</b>				
Paid Up Share Capital	9.10	9.10	9.10	9.10
Reserves and Surplus	212.95	172.23	199.66	136.12
<b>Net Worth (excluding revaluation reserves)</b>	<b>222.05</b>	<b>181.33</b>	<b>208.76</b>	<b>145.22</b>
Short-term Borrowings	-	65.00	47.44	27.41
Short-term Provisions	14.12	-	-	-
Trade Payables	19.37	0.09	0.09	30.12
Other Current Liability	2.85	4.03	3.79	1.46
Non-Current Liabilities	0.03	0.03	0.03	0.03
<b>Total</b>	<b>258.42</b>	<b>250.48</b>	<b>260.11</b>	<b>204.24</b>
<b>Uses of Funds</b>				
Net Fixed Assets	19.22	55.23	55.24	101.05
Long-term Loans & Advances	20.17	56.98	56.38	27.7
Non Current Investment	65.19	65.19	88.51	74.02
Current Loans	2.63	2.41	1.81	0.00
Trade Receivables	79.07	69.50	57.27	0.00
Other Current Assets	72.14	1.17	0.89	1.47
<b>Total</b>	<b>258.42</b>	<b>250.48</b>	<b>260.10</b>	<b>204.24</b>
<b>Other Financial Data</b>				
Basic Earnings Per share (EPS) (In Rs.)	44.75	(30.15)	69.82	(0.51)
Dividend (%)	-	-	-	-
Book Value Per Share (In Rs.) <sup>##</sup>	244.01	199.26	229.41	159.58

<sup>S</sup> Comprehensive income for the year (Comprising Profit After Tax and other Comprehensive income/(loss) for the year)

<sup>##</sup> Book Value Per Share is calculated as follows:

$$\text{Book Value Per Share} = \frac{\text{Net worth (excluding revaluation reserve)}}{\text{Number of Equity Shares outstanding}}$$

<sup>#</sup> Not annualized

Source: The financial information set forth has been extracted from the Financial Statements shared by Acquirer 7 with the Manager to the Offer.

3.8 Following is the detail of the Directorships being held by the Acquirers:

Sr. No	Name of Acquirers	DIN	Directorships
1.	Sadhu Ram Aggarwal	00961850	Nil
2.	Udit Aggarwal	08175096	JM Housing Fintech Limited
3.	Divya Aggarwal	07684118	JM Housing Fintech Limited
4.	Ridhima Aggarwal	07178645	1) Merta Investment Private Limited 2) Shubham Share And Stock Brokers Limited 3) SMP Securities Limited



5.	Rahul Aggarwal	00512260	1) CMV Informatics Private Limited 2) Merta Investment Private Limited 3) SMP Securities Limited 4) Dorex Financial Service Limited 5) Neelkanth Stock Brokers Private Limited 6) Biofuture Energy Private Limited
6.	Manjula Aggarwal	NA	NA

#### 4. **BACKGROUND OF THE TARGET COMPANY**

- 4.1. The Target Company is a public limited company bearing corporate identification number L65910DL1994PLC059720. The Target Company, Jindal Capital Limited, was incorporated under the provisions of Companies Act, 1956 on June 20, 1994 as a private limited company. Website: www.jindalcapital.in. There has been no change in the name of target Company in past three years. The Corporate Identification Number of the Target Company is L65910DL1994PLC059720. The registered office of the Target Company is located at 79-A, Kamla Nagar, New Delhi – 110 007, India.
- 4.2. The Equity Shares of the Target Company are listed on BSE only (Scrip Code: 530405). The Equity Shares of the Target Company were listed on the Stock Exchange on 31 May, 1995.
- 4.3. The Target Company is a Non-Banking Financial Company registered with Reserve Bank of India under Registration No. 14.00018 dated 21 February, 1998. In terms of the Main Objects clause of its Memorandum of Association, the target company is allowed to carry on the business of dealing as agent in shares, stocks, debentures, bonds, etc. and to carry on the business of merchant banking activities; subject to SEBI Act, 1992 and SCR Act, 1956. The Target Company is also allowed in terms of its Main Objects Clause to carry on the business of finance by way of lending, advancing, hire purchase, leasing, deal in bills of exchange, promissory notes, etc.
- 4.4. Target Company has confirmed that there is no complaint against the Target Company which is pending.
- 4.5. Target Company has confirmed that there are no directions subsisting or proceedings pending against the Target Company under SEBI Act, 1992 and regulations made thereunder.
- 4.6. Based on the information available on the website of the Stock Exchange, the Equity Shares of the Target Company are not frequently traded in terms of Regulation 2(1)(j) of the SEBI SAST Regulations.
- 4.7. The total authorized share capital of the Target Company is INR 7,25,00,000 consisting of 72,50,000 Equity Shares of face value INR 10 each.
- 4.8. Based on the shareholding pattern as of September 30, 2020 disclosed by the Target Company to the Stock Exchanges, the Equity Share Capital of the Target Company is as set out below:

Particulars	No. of Equity Shares/voting rights	% of Equity Shares/ voting rights
Fully paid-up Equity Shares	72,08,100	100%
Partly paid-up equity shares	Nil	-
Total paid-up Equity Shares	72,08,100	100%
Total voting rights in the Target Company	72,08,100	100%

- 4.9. The Target Company does not have any (i) partly paid-up Equity Shares; and (ii) convertible or non-convertible instruments issued and outstanding as on date of this DLoF.
- 4.10. All the outstanding Equity Shares of the Target Company are admitted for trading at BSE. As on date, the trading in Equity Shares of Target Company is not suspended on BSE.

4.11. The composition of Board is as follows:

Name	Designation	DIN	Date of Appointment
Mr. Pawan Kumar Jindal	Managing Director	00524690	20 June 1994
Ms. Sarita Agarwal	Non- Executive Director	00524884	01 December 1994
Mr. Vijay Gupta	Non- Executive & Independent Director	00550656	28 July 2006
Mr. Rohit Gupta	Non- Executive & Independent Director	08448432	30 May 2019

The composition of Key Managerial Personnel (KMP) is as follows:

Name	Designation	PAN	Date of Appointment
Mr. Shray Jindal	Chief Financial Officer	AHNPJ5100E	15 January 2015
Ms. Chhavi Kochhar	Company Secretary & Compliance Officer	ANBPK7357E	01 September 2019

4.12. The key financial information of the Target Company as at and for the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018 extracted from the respective audited financial statements for the said financial years, and the six months period ended September 30, 2020 extracted from financial statements for the said period, are as follows:

#### Profit & Loss Statement

(Figures in Rupees Lakhs)

Particulars	Un-audited <sup>#</sup>	Audited		
	06 Months period ending	12 Month Period Ended		
	31 Sep, 2020	March 31, 2020	March 31, 2019	March 31, 2018
Income from Operations	428.66	1,215.91	1,120.15	1,153.01
Other Income	-	0.24	0.50	16.63
<b>Total Income</b>	<b>428.66</b>	<b>1,216.15</b>	<b>1,120.65</b>	<b>1,169.64</b>
<b>Total Expenditure</b>	<b>386.73</b>	<b>1,227.42</b>	<b>1,110.20</b>	<b>1,155.76</b>
Profit Before Depreciation Interest and Tax	44.71	(6.05)	16.91	20.51
Depreciation	2.05	3.91	3.69	2.81
Interest	0.73	1.30	2.77	3.83
Profit/ (Loss) Before Tax	41.93	(11.26)	10.45	13.87
Provision for Tax	-	(0.42)	6.21	3.18
<b>Profit/ (Loss) After Tax</b>	<b>41.93</b>	<b>(10.84)</b>	<b>4.24</b>	<b>10.69</b>
<b>Other Comprehensive Income/ Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>	<b>41.93</b>	<b>(10.84)</b>	<b>4.24</b>	<b>10.69</b>
Income from Operations	428.66	1,215.91	1,120.15	1,153.01

#### Balance Sheet

(Figures in Rupees Lakhs except EPS)

Particulars	Un-audited <sup>#</sup>	Audited		
	07 Months period ending	12 Month Period Ended		
	30 Oct, 2020	March 31, 2020	March 31, 2019	March 31, 2018
<b>Sources of Funds</b>				
Paid Up Share Capital	720.81	720.81	720.81	720.81
Reserves and Surplus	61.08	19.15	29.99	24.70
<b>Net Worth (excluding revaluation reserves)</b>	<b>781.89</b>	<b>739.96</b>	<b>750.80</b>	<b>745.51</b>
Other Comprehensive Income	-	-	-	-
Long-term Borrowings	29.59	47.15	11.13	103.19

Short-term Provisions	-	0.25	2.59	-
Other Current Liability	1.18	1.16	2.79	2.80
<b>Total</b>	<b>812.66</b>	<b>788.52</b>	<b>767.31</b>	<b>851.50</b>
<b>Uses of Funds</b>				
Net Fixed Assets	22.73	24.78	19.18	22.41
Other Non-Current Assets	1.27	1.27	1.41	1.41
Current Loans	693.53	626.21	553.50	744.07
Inventories	61.26	83.80	132.48	57.61
Trade Receivables	-	2.07	-	-
Other Current Assets	33.87	50.39	60.74	26.00
<b>Total</b>	<b>812.66</b>	<b>788.52</b>	<b>767.31</b>	<b>851.50</b>
<b>Other Financial Data</b>				
Basic Earnings Per share (EPS) (In Rs.)	0.58	(30.15)	69.82	0.15
Dividend (%)	-	-	-	-
Book Value Per Share (In Rs.) <sup>##</sup>	10.85	10.27	10.42	10.34

<sup>s</sup> Comprehensive income for the year (Comprising Profit After Tax and other Comprehensive income/(loss) for the year)

<sup>##</sup> Book Value Per Share is calculated as follows:

$$\text{Book Value Per Share} = \frac{\text{Net worth (excluding revaluation reserve)}}{\text{Number of Equity Shares outstanding}}$$

Source: The financial information set forth has been extracted from the Financial Statements filed by the Target Company to the Stock Exchange.

**4.11** The pre-Offer and post-Offer shareholding pattern of the Target Company (based on the shareholding pattern as of 30 September 2020 disclosed by the Target Company to the Stock Exchange), is set out below:

Shareholders' category	Shareholding & voting rights prior to the SPA/ acquisition and Offer.		Shares and voting rights acquired pursuant to the SPA		Shares and voting rights to be acquired in the Offer (assuming full acceptance)		Shareholding / voting rights after the acquisition and Offer.	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
<b>1. Promoters Group</b>								
(a) Parties to the SPA	51,41,929	71.34	51,41,929	(71.34)	-	-	Nil	Nil
(b) Promoters other than (a) above	-	-	-	-	-	-	-	-
<b>Total 1 (a+b)</b>	<b>51,41,929</b>	<b>71.34</b>	<b>51,41,929</b>	<b>(71.34)</b>	<b>-</b>	<b>-</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Acquirers</b>								
(a) Acquirer 1 [Sadhu Ram Aggarwal]	-	-	7,00,000	9.71	3,00,000	4.16	10,00,000	13.87
(b) Acquirer 2 [Udit Aggarwal]	-	-	7,00,000	9.71	3,00,000	4.16	10,00,000	13.87
(c) Acquirer 3 [Divya Aggarwal]	-	-	6,00,000	8.32	4,00,000	5.55	10,00,000	13.87
(d) Acquirer 4 [Ridhima Aggarwal]	-	-	6,00,000	8.32	4,00,000	5.55	10,00,000	13.87
(e) Acquirer 5 [Rahul Aggarwal]	-	-	7,00,000	9.71	3,00,000	4.16	10,00,000	13.87
(f) Acquirer 6 [Manjula Aggarwal]	-	-	9,00,000	12.49	1,00,000	1.39	10,00,000	13.87
(g) Acquirer 7 [CMV Informatics Pvt Ltd]	-	-	9,41,929	13.07	74,104	1.03	10,16,035	14.10

<b>Total 2 (a+b+c+d+e)</b>	-	-	<b>51,41,929</b>	<b>71.34</b>	<b>18,74,106</b>	<b>26.00</b>	<b>70,16,035</b>	<b>97.34</b>
<b>3. Parties to the agreement other than (1)(a) and (2)</b>	-	-	-	-	-	-	-	-
<b>4. Public (other than parties to the agreement and their PAC)</b>								
(a) Institutions	-	-	-	-	-	-	-	-
(b) Others	20,66,171	28.66	-	-	(18,74,106)	(26.00)	1,92,065	2.66
<b>Total 4 (a + b)</b>	<b>20,66,171</b>	<b>28.66</b>	-	-	<b>(18,74,106)</b>	<b>(26.00)</b>	<b>1,92,065</b>	<b>2.66</b>
<b>Grand Total (1+2+3+4)</b>	<b>72,08,100</b>	<b>100.00</b>	-	-	-	-	<b>72,08,100</b>	<b>100.00</b>

Note: Assuming full subscription of the Offer, the Acquirers confirm that the public shareholding in the Target Company will be enhanced, in such manner and within the time period specified in the SCRR, such that the Target Company complies with the required minimum level of public shareholding as specified in the SCRR.

4.13 The Target Company has not been party to any scheme of amalgamation, restructuring, merger / demerger and spin off during the last 3 years.

## **5. OFFER PRICE AND FINANCIAL ARRANGEMENTS**

### **5.1 Justification of Offer Price**

5.1.1 The Equity Shares of the Target Company are currently listed on the BSE (Scrip Code: 530405) (Scrip ID: JINDCAP). The ISIN of Equity Shares is INE356F01017.

5.1.2 The trading turnover in the Equity Shares based on the trading volumes during the twelve calendar months prior to the calendar month in which the PA is made i.e. November 01, 2019 to October 31, 2020 on the BSE is as under

<b>Stock Exchange</b>	<b>Traded turnover of Equity Shares of the Target Company during the twelve months period ("A")</b>	<b>Weighted average number of Equity Shares during the twelve months period ("B")</b>	<b>Trading turnover % (A/B)</b>
BSE	90,675	72,08,100	1.26%

Source: [www.bseindia.com](http://www.bseindia.com)

Therefore, in terms of Regulation 2(1)(j) of the SEBI SAST Regulations, the Equity Shares are not frequently traded.

5.1.3 The Offer Price of INR 9.00/- (Rupees Nine Only) per Equity Share is justified in terms of Regulation 8(2) of Takeover Regulations, being higher than the highest of the following parameters:

(Amount in Rs.)

<b>a)</b>	The highest negotiated price per share, if any, of the Target Company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer.	9.00
<b>b)</b>	The volume-weighted average price paid or payable for any acquisition, whether by the Acquirers or by PAC, during the fifty-two weeks immediately preceding the date of the PA	-
<b>c)</b>	The highest price paid or payable for any acquisition, whether by the Acquirers or by PAC, during the twenty-six weeks immediately preceding the date of the PA	-
<b>d)</b>	The volume-weighted average market price of the Equity Shares for a period of sixty trading days immediately preceding the date of the PA, as traded on the BSE, provided such Equity Shares are frequently traded	Not Applicable
<b>e)</b>	Where the Equity Shares are not frequently traded, the price determined by the Acquirers and the Manager to the Offer taking into account valuation parameters including book value, comparable	8.46*

	<p>trading multiples, and such other parameters as are customary for valuation of shares of such companies:</p> <p>a. Return on Net Worth : 5.36%</p> <p>b. Earnings Per Share : 0.58</p> <p>c. Cost Approach : 10.85</p> <p>d. Comparable Companies' Multiple Approach: 7.74</p> <p>e. Market Value Approach : 5.11</p> <p>f. Weighted Average price from the above approaches, Weights being 40% given to Cost Approach; 40% given to Comparable Companies' Multiple Approach; and 20% given to Market Value Approach : 8.46*</p> <p>(the calculations herein are based on the provisional financial information of the Target Company as on September 30, 2020, as disclosed on the website of BSE)</p>	
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\*As per the valuation report dated 27 November, 2020 issued by CA Ankush Garg, Registered Valuer – Securities or Financial Assets, IBBI Regn. No. IBBI/RV/02/2018/10010 having office at A - 3 / 85, Sector - 3, Rohini, Delhi - 110085, Email Id: ankush@mrgargassociates.com, the fair value of the equity shares of Target Company is Rs. 8.46/- per share.

- 5.1.4 In view of the parameters considered and presented in the table in paragraph 5.1.3 above, the minimum offer price per Equity Share under Regulation 8(2) of the Takeover Regulations is the highest of item numbers (a) to (e) above i.e. INR 9.00 per Equity Share. Accordingly, the Offer Price is justified in terms of the Takeover Regulations.
- 5.1.5 In the event of any further acquisition of Equity Shares of the Target Company by the Acquirers during the Offer Period, at a price higher than the Offer Price, the Offer Price will stand revised equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the Takeover Regulations. However, the Acquirers will not be acquiring any Equity Shares of the Target Company after the third Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.
- 5.1.6 As per Regulation 8(10) of Takeover Regulations, if the Acquirers acquire Equity Shares of the Target Company during the period of twenty-six (26) weeks after the Tendering Period at a price higher than the Offer Price, they will pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in Offer within 60 (Sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the Takeover Regulations or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the Stock Exchange, not being negotiated acquisition of Equity Shares whether by way of bulk deals, block deals or in any other form.
- 5.1.7 There have been no corporate actions by the Target Company warranting adjustment of the relevant price parameters under Regulation 8(9) of the Takeover Regulations. The Offer Price may be revised in the event of any corporate actions like bonus, rights, split etc. where the record date for effecting such corporate actions falls within 3 Working Days prior to the commencement of Tendering Period of the Offer.
- 5.1.8 As on date, there has been no revision in the Offer Price or Offer Size. In case of any revision in the Offer Price or Offer Size, the Acquirers shall comply with Regulations 18(4) and 18(5) of the Takeover Regulations and other applicable provisions of the Takeover Regulations.
- 5.1.9 In terms of Regulations 18(4) and 18(5) of the Takeover Regulations, the Offer Price or the Offer Shares may be revised at any time no later than 1 working day before the commencement of the Tendering Period. In the event of such revision, the Acquirers shall (i) make corresponding increase to the escrow amount, (ii) make public announcement in the same newspapers in which this DPS has been published, and (iii) simultaneously notify the BSE, SEBI and the Target Company at its registered office of such revision. Such revision would be done in compliance with applicable requirements prescribed under the Takeover Regulations.

## **5.2 Financial Arrangements**

- 5.2.1 The total funding requirement for this Offer is INR 1,68,66,954 (Rupees One Crore Sixty-Eight Lakhs Sixty-Six Thousand Nine Hundred and Fifty-Four only), assuming full acceptance of this Offer (i.e. the Maximum Offer Consideration).
- 5.2.2 The Acquirers confirm that they have made firm financial arrangements for fulfilling its payment obligations under this Offer in terms of Regulation 25(1) of the Takeover Regulations and the Acquirers will be able to implement this Offer. Gupta Garg & Associates, Chartered Accountants, with Firm Registration Number 019863N and having its office at 201, Aggarwal Plaza, DC Chowk, Sector-09, Rohini, Delhi - 110085 by its certificate dated 03 December, 2020, has certified that the Acquirers have made firm financial arrangements to meet its financial obligations under the Offer. The source of funds for the Acquirers is own funds.
- 5.2.3 In accordance with Regulation 17(1) read with Regulation 22 (2) of the Takeover Regulations, the Acquirers, Manager and Kotak Mahindra Bank Limited, a banking corporation incorporated under the laws of India, have entered into an escrow agreement for the purpose of the Offer (“Escrow Agreement”). Pursuant to the Escrow Agreement and in compliance with Regulation 17(1) of the Takeover Regulations, the Acquirers have opened an escrow account named “JINDAL CAPITAL LTD ESCROW ACCOUNT” (the “Open Offer Escrow Account”) bearing account number 5345046294. The Acquirers have on 02 December 2020 made a total cash deposit of a sum of INR 42,20,000 (Rupees Forty-Two Lakhs Twenty Thousand only) in the Open Offer Escrow Account (“Cash Escrow”) which is an equivalent to 25.02% of the value of the Maximum Consideration, as confirmed by Kotak Mahindra Bank Limited by way of letter dated 02 December 2020. The Manager is duly authorised by the Acquirers to realise the value of the Escrow Account and operate the Escrow Account in terms of the Takeover Regulations.
- 5.2.4 The Manager to the Offer has been fully authorised and empowered by the Acquirers to operate and realise the Escrow Amount lying to the credit of the Escrow Account in accordance with the Takeover Regulations.
- 5.2.5 Based on the above, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirers to fulfil its obligations in relation to this Offer through verifiable means in accordance with the Takeover Regulations.
- 5.2.6 In case of any upward revision in the Offer Price or the Offer Size, the Acquirer shall deposit additional funds in the Escrow Account as required under the Regulation 17(2) of the Takeover Regulations.

## **6. TERMS AND CONDITIONS OF THE OFFER**

### **6.1 Operational Terms and Conditions**

- 6.1.1 In terms of the Schedule of Activities, the Tendering Period for the Offer shall commence on 21 January 2021 and close on February 04, 2021 (both days inclusive).
- 6.1.2 This Offer is being made by the Acquirers to (i) all the Public Shareholders, whose names appear in the register of members of the Target Company as of the close of business on the Identified Date; (ii) the Beneficial Owners of the Equity Shares whose names appear as beneficiaries on the records of the respective depositories, as of the close of business on the Identified Date; and (iii) those persons who acquire the Equity Shares any time prior to the date of the closure of the Tendering Period for this Offer but who are not the registered Public Shareholders.
- 6.1.3 The Identified Date for this Open Offer as per the indicative schedule of major activities is 07 January 2021.
- 6.1.4 The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, all rights of dividends, bonuses or rights from now on and declared hereafter.
- 6.1.5 The instructions, authorizations and provisions contained in the Form of Acceptance-cum- Acknowledgment constitute an integral part of the terms and conditions of this Offer. The Public Shareholders can write to the Registrar to the Offer / Manager to the Offer requesting for the Letter of Offer along with Form of Acceptance-cum-Acknowledgement. Alternatively, the Letter of Offer along with the Form of Acceptance-cum-Acknowledgement is also expected to be

available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in), and the Public Shareholders can also apply by downloading such forms from the website.

- 6.1.6 Each Public Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.
- 6.1.7 In terms of Regulation 18(9) of the Takeover Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.
- 6.1.8 Accidental omission to dispatch this DLoF to any Public Shareholder to whom this Offer has been made or non-receipt of this Letter of Offer by any such Public Shareholder shall not invalidate this Offer in any way.
- 6.1.9 This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.
- 6.1.10 The marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1.
- 6.1.11 **Locked in Equity Shares:** The locked-in Equity Shares, if any, acquired pursuant to the agreement or offer can be transferred to the Acquirers, subject to the continuation of the residual lock-in period in the hands of the Acquirers. The Manager to the Offer ensures that there shall be no discrimination in the acceptance of locked-in and non-locked-in Equity Shares.
- 6.1.12 Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected if directions/orders are passed regarding the free transferability of such Equity Shares tendered under the Open Offer prior to the date of closure of the Tendering Period

## **6.2 Eligibility for accepting the Offer**

- 6.2.1 The Offer is made to all the public shareholders (except parties to the Share Purchase Agreement) whose names appeared as beneficiaries on the records of the respective Depository Participants ("DP") at the close of the business hours on the Identified Date. The Letter of Offer shall be sent via electronic mail to all Public Shareholders.
- 6.2.2 In accordance with the Frequently Asked Questions issued by SEBI, "FAQs – Tendering of physical shares in buyback offer / open offer / exit offer / delisting" dated February 20, 2020 and in light of the FAQs dated July 02, 2020, Shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations. The procedure for tendering to be followed by Public Shareholders holding Equity Shares in the physical form is detailed in paragraph 7.13 of Section 7 (Procedure for Acceptance and Settlement) below.
- 6.2.3 This Offer is also open to persons who own Equity Shares but are not registered Public Shareholders as on the Identified Date.
- 6.2.4 All Public Shareholders who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Tendering Period, are eligible to participate in this Offer.
- 6.2.5 The acceptance of this Offer by the Public Shareholders must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
- 6.2.6 The acceptance of this Offer is entirely at the discretion of the Public Shareholders.
- 6.2.7 By accepting this Offer, the Public Shareholder(s) confirm that they are not persons acting in concert with the Acquirer or the Sellers for the purpose of this Offer.

6.2.8 The Acquirers, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of any documents during transit and the Public Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

6.2.9 The acceptance of Equity Shares tendered in this Offer will be made by the Acquirers in consultation with the Manager to the Offer.

### **6.3 Statutory Approvals:**

6.3.1 As on date, to the best of the knowledge and belief of the Acquirers, there are no statutory or other approvals required to complete the acquisition of the Equity Shares that are tendered pursuant to the Offer except the prior approval of Reserve Bank of India under Non-Banking Financial Companies (Approval of Acquisition or Transfer of Control) Directions, 2015 issued in terms of Notification No. DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 09, 2015 read with Chapter - IX of Master Direction DNBR.PD.007/03.10.119/2016-17, issued by RBI and as amended from time to time. Further, if any other statutory or other approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory or other approval(s) and the Acquirers shall make the necessary applications for such approvals.

6.3.2 All Public Shareholders, including non-resident holders of Equity Shares, must on its own obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted within the Tendering Period, the Acquirers reserve the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirers reserve the right to reject such Offer Shares. The acquisition of the Equity Shares tendered by NRI and OCB are subject to approval/exemption, if applicable, from RBI.

6.3.3 In case of delay in receipt of any statutory approval that may be required by the Acquirers at a later date, SEBI may, if satisfied that such delay in receipt of the requisite statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirers to diligently pursue such approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the Takeover Regulations, grant an extension of time to the Acquirers to make the payment of the consideration to the Public Shareholders whose Offer Shares have been accepted in the Offer. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirers shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

6.3.4 In terms of Regulation 23(1) of the Takeover Regulations, in the event that the approvals which may become applicable prior to completion of the Offer are not received, the Acquirers shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirers (through the Manager to the Offer) shall, within 2 (Two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the Takeover Regulations.

## **7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

Note: The Public Shareholders are requested to contact their Brokers and update, if necessary, their email Ids linked with their Demat Accounts.

7.1 The Offer will be implemented by the Acquirers through a Stock Exchange Mechanism made available by BSE Limited in the form of a separate window ("Acquisition Window"), as provided under the Takeover Regulations and SEBI Circular CIR/CFD/POLICYCELL/1/ 2015 dated April 13, 2015 read with SEBI Circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 issued by SEBI and notices / guidelines issued by Designated Stock Exchange and the Clearing Corporation in relation to the mechanism / process for acquisition of shares through stock exchange pursuant to the tender offers under takeovers as amended and updated from time to time.



7.2 BSE Ltd shall be the designated stock exchange (“Designated Stock Exchange”) for the purpose of tendering the Equity Shares in the Offer.

7.3 The Acquirers have appointed **SS Corporate Securities Ltd (“Buying Broker”)** as their broker for the Offer through whom the purchases and settlement of the Offer Shares tendered in the Offer will be made. The contact details of the Buying Broker are as mentioned below:

**SS Corporate Securities Ltd**

NDM-2, Block-D, 3rd Floor, Netaji Subhash Place, Pitampura, Delhi-110034

**Phone:** (Tel) 011-47003628 (M) 9873411318

**Email:** info@sscoperate.com

**Contact Person:** Ms. Satinder Kaur

7.4 All the owners of Equity Shares, who desire to tender their Equity Shares under the Offer, would have to approach and intimate their respective stock brokers (“**Selling Broker(s)**”) during the normal trading hours of the secondary market, during the Tendering Period.

7.5 The Acquisition Window will be provided by the Designated Stock Exchange to facilitate placing of sell orders. The Selling Brokers can enter orders for physical and dematerialised Equity Shares. The cumulative quantity tendered shall be displayed on the Stock Exchanges’ website throughout the trading session at specific intervals by the Stock Exchange during the Tendering Period.

7.6 The details of settlement number for early pay-in of Equity Shares shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation, before the opening of the Offer.

7.7 Modification/cancellation of orders will not be allowed during the tendering period of the Offer.

7.8 The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.

7.9 The Equity Shareholders can tender their shares only through a broker with whom the shareholder is registered as KYC (Know Your Customer/Client) Compliant client. If an Equity Shareholder is not KYC Compliant then he/she shall provide necessary documents to his/her Stock Broker to become KYC Compliant. The requirement of documents and procedures may vary from broker to broker.

7.10 In the event Selling Broker of the shareholder is not registered with BSE then that shareholder can approach the Buying Broker and tender his/ her Equity Shares through the Buying Broker under the Offer.

**7.11 Procedure for tendering Equity Shares held in dematerialised form:**

7.11.1 The Equity Shareholders who are holding the Equity Shares in electronic/ dematerialised form and who desire to tender their Equity Shares in this Offer shall approach their respective Stock Broker (“Selling Broker”) indicating details of Shares they wish to tender in the Offer.

7.11.2 The Equity Shareholders are required to transfer, through their respective depository participants, the Equity Shares intended to be tendered to the early pay-in account of the Clearing Corporation. Such Equity Shareholders shall provide early pay-in of demat Equity Shares (except for custodian participant orders) to the Clearing Corporation using the settlement number provided in the Offer opening circular before their respective Selling Broker places the bids / orders on their behalf and the same shall be validated at the time of order entry.

7.11.3 Shareholders will have to submit Delivery Instruction Slips (“DIS”) duly filled in specifying market type as “Open Offer” and execution date along with other details to their respective Stock Broker so that Equity Shares can be tendered in Offer.

- 7.11.4 For Custodian participant order for demat Equity Shares, early pay-in is mandatory prior to confirmation of order by the Custodian. The Custodians shall either confirm or reject orders not later than the close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- 7.11.5 Upon placing the bid, the Selling Broker(s) shall provide Transaction Registration Slip ('TRS') generated by the Exchange Bidding System to the Shareholders. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No of Shares tendered, etc.
- 7.11.6 In case of receipt of Equity Shares in the Special Account of the Clearing Corporation and a valid bid in the exchange bidding system, the Offer shall be deemed to have been accepted, for demat Shareholders.
- 7.11.7 The Equity 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 acceptance in the Offer.
- 7.11.8 The Equity Shareholders holding Equity Shares in demat mode are not required to fill any Form of Acceptance, unless required by their respective Selling Broker

## **7.12 Procedure for tendering Equity Shares held in Physical Form:**

As per the provisions of Regulation 40(1) of the SEBI (LODR) Regulations and SEBI's press release bearing no. 51/2018 dated December 3, 2018, requests for transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository w.e.f. April 1, 2019. However, in accordance with the Frequently Asked Questions issued by SEBI, "FAQs -Tendering of physical shares in buyback offer / open offer /exit offer / delisting" dated February 20, 2020, shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the Takeover Regulations.

The procedure for tendering to be followed by the Public Shareholders holding Equity Shares in the physical form is as detailed below:

- 7.12.1 Public Shareholders who are holding physical Equity Shares and intend to participate in the Open Offer will be required to approach their respective Selling Broker along with the complete set of documents for verification procedures to be carried out, including the (i) original share certificate(s), (ii) valid share transfer form(s) (Form 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 Target Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Target Company, (iii) self -attested copy of the shareholder's PAN Card (in case of joint holders, PAN card copy of all transferors, and (iv) any other relevant documents such as power of attorney, corporate authorization (including board resolution / specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable. In addition, if the address of the Public Shareholder has undergone a change from the address registered in the 'Register of Members' of the Target Company, the Public Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: (i) valid Aadhar card, (ii) voter identity card; or (iii) passport.
- 7.12.2 Based on these documents, the Selling Broker shall place the bid on behalf of the Public Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Open Offer, using the acquisition window of the Stock Exchanges. Upon placing the bid, the Selling Broker shall provide a Transaction Registration Slip ("TRS") generated by the Stock Exchange bidding system to the Public Shareholder. The TRS will contain the details of the order submitted like folio number, certificate number, distinctive number of Equity Shares tendered etc.
- 7.12.3 The Selling Broker / Public Shareholder has to deliver the original share certificate(s) and documents (as mentioned above) along with the TRS either by registered post or courier or hand delivery to the Registrar to the Offer i.e. **Skyline Financial Services Private Limited** (at the following address: D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110020) within 2 (two) days of bidding by the Selling Broker. The last date for receipt of documents by Registrar is the Offer Closing Date (by 5.00 p.m.(IST)). The envelope should be super scribed as "**Jindal Capital Limited - Open**

**Offer 2021**". 1 (one) copy of the TRS will be retained by the Registrar and it will provide acknowledgement of the same to the Selling Broker / Public Shareholder.

7.12.4 The Public 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 the Open Offer shall be subject to verification as per the Takeover 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 Stock Exchanges shall display such bids as 'unconfirmed physical bids'. Once the Registrar confirms the bids, they will be treated as 'confirmed bids'.

7.12.5 In case any Public Shareholder has submitted Equity Shares in physical form for dematerialization, such Public Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Open Offer before the Offer Closing Date.

7.12.6 **The Public Shareholders holding Equity Shares in physical mode will be required to fill the respective Form of Acceptance. Detailed procedure for tendering Equity Shares has been included in the Form of Acceptance.**

#### **7.13 Procedure for tendering the shares in case of non-receipt of Letter of Offer:**

Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer. Procedure for tendering the demat and physical shares will be same as mentioned above.

In case of non-receipt of the Letter of Offer, such Equity Shareholders of the Target Company may download the same from the website of SEBI i.e. [www.sebi.gov.in](http://www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company.

#### **7.14 Acceptance of Shares:**

Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirers shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot. The minimum marketable lot for the Equity Shares is one Equity Share.

#### **7.15 Settlement Process:**

7.15.1 On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list of accepted Equity Shares tendered in this Offer shall be provided to the Stock Exchange to facilitate settlement on the basis of Equity Shares transferred to the Clearing Corporation.

7.15.2 For Equity Shares accepted under the Offer, the Clearing Corporation will make direct funds payout to respective eligible Public Shareholders' bank account linked to their demat account. If shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI/Bank, due to any reason, then such funds will be transferred to the concerned Selling Broker settlement bank account for onward transfer to their respective shareholders.

7.15.3 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 would be given to their respective Selling Broker's settlement accounts for releasing the same to their respective Shareholder's account onwards.

- 7.15.4 For the Public Shareholder(s) holding Equity Shares in physical form, the funds pay-out would be given to their respective Selling Broker's settlement bank accounts for releasing the same to the respective Public Shareholder's account.
- 7.15.5 The Public 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 non –acceptance of the shares under the Offer.
- 7.15.6 Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation.
- 7.15.7 The direct credit of Equity Shares shall be given to the demat account of Acquirers as indicated by the Buying Broker.
- 7.15.8 Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the demat account of Acquirers.
- 7.15.9 In case of partial or non-acceptance of orders the balance demat Equity Shares shall be returned directly to the demat accounts of the Public Shareholders. However, in the event of any rejection of transfer to the demat account of the Public Shareholder for any reason, the demat Equity Shares shall be released to the securities pool account of their respective Selling Broker and the Selling Broker will thereafter transfer the balance Equity Shares to the respective Public Shareholders.
- 7.15.10 Any excess physical Equity Shares, including to the extent tendered but not accepted, will be returned by registered post back to the Public Shareholder(s) directly by Registrar to the Offer. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post at the registered Public Shareholders'/ unregistered owners' sole risk to the sole / first Public Shareholder / unregistered owner. The Target Company is authorized to split the share certificate and issue a new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares accepted are less than the Equity Shares tendered in the Open Offer by the Public Shareholders holding Equity Shares in the physical form.
- 7.15.11 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases / attachment orders / restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected if directions / orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer.
- 7.15.12 Public Shareholders who intend to participate in the Offer should consult their respective Selling Broker for any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Offer (secondary market transaction). The Offer consideration received by the Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, 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 Public Shareholders.
- 7.15.13 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirers for payment of consideration to the shareholders of the Target Company who have accepted the Open Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18 (11) of the Takeover Regulations.

## **8. COMPLIANCE WITH TAX REQUIREMENTS**

THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME TAX ACT, 1961 AND THE REGULATIONS THEREUNDER. THE LEGISLATION, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED BELOW. ACCORDINGLY, ANY CHANGE OR AMENDMENTS IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE BELOW.

THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT INCOME-TAX IMPLICATIONS. THIS NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES.

THE IMPLICATIONS ARE ALSO DEPENDENT ON THE SHAREHOLDERS FULFILLING THE CONDITIONS PRESCRIBED UNDER THE PROVISIONS OF THE RELEVANT SECTIONS UNDER THE RELEVANT TAX LAWS. IN VIEW OF THE FACT THAT INCOME-TAX CONSEQUENCES ARE SPECIFIC TO FACTS OF THE CASE, EACH SHAREHOLDER IS 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 ACQUIRER DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF THIS NOTE. THEREFORE, SHAREHOLDERS CANNOT RELY ON THIS NOTE. THE SUMMARY OF INCOME-TAX IMPLICATIONS, RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES IN OPEN OFFER OFF THE RECOGNISED STOCK EXCHANGES IN INDIA, AS SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

## **8.1 General:**

**8.1.1** 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 (“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) as also income received by such persons in India. In case of shares of a company, the source of income from shares will 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.

**8.1.2** Accordingly, since the Target Company is incorporated in India, the Target 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.

**8.1.3** 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.

**8.1.4** The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of shares under the Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc.

**8.1.5** The summary of income-tax implications on tendering 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.

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

**8.2.1** Resident Shareholders being:

- a. Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI)
- b. Others

**8.2.2** Non-Resident Shareholders being:

- a. Non-Resident Indians (NRIs)
- b. Foreign Institution Investors (FIIs) / Foreign Portfolio Investors (FPIs)
- c. Others:
  - i. Company
  - ii. Other than company

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

8.3.1 Shares held as investment (Income from transfer taxable under the head “**Capital Gains**”)

8.3.2 Shares held as stock-in-trade (Income from transfer taxable under the head “**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).

8.4 **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 in the hands of shareholders will be computed as per provisions of Section 48 of the IT Act.

8.5 **Period of holding:** Depending on the period for which the shares are held, the gains will be taxable as “**short-term capital gain**” or “**long-term capital gain**”:

8.5.1 In respect of equity shares held for a period less than or equal to 12 (Twelve) 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**”).

8.5.2 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**”).

8.6 **Tendering of Shares in the Offer through a Recognized Stock Exchange in India:** Where a transaction for transfer of such equity shares (i.e. acceptance under an open offer) 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):

8.6.1 The Finance Act, 2018 has withdrawn the exemption under section 10(38) for LTCG arising from transfer of equity shares on or after 1 April 2018. Section 112A of the IT Act provides for taxation of income arising from the transfer of such shares, which is explained in the following paragraphs.

8.6.2 The gain accrued on such equity shares till 31 January 2018 has been exempted by providing that for the purpose of computing LTCG the cost of shares acquired before 1 February 2018 shall be the higher of the following:

- a. Actual cost of acquisition; or
- b. Lower of: (A) fair market value, and (B) full value of consideration received or accruing as a result of the transfer of the shares.

Fair market value has been defined to mean the highest price of the equity share quoted on any recognized stock exchange on 31 January 2018.

8.6.3 After taking into account the exemption provided above, LTCG arising from transfer of equity shares, exceeding Rs. 100,000, will be taxable at 10% without allowing the benefit of indexation.

8.6.4 However, section 112A of the IT Act shall not apply if such equity shares were acquired on or after 1 October 2004 and securities transaction tax (“**STT** under Chapter VII of the Finance (No. 2) Act, 2004’) was not paid. In this regard, the Central Government has issued a notification no. 60/2018/F. No. 370142/9/2017-TPL dated 1st October, 2018, providing

certain situations wherein section 112A of the IT Act will continue to be applicable even if STT is not paid at the time of acquisition of equity shares. The notification provides for the following situations:

- a. Where acquisition of existing listed equity share in a company, whose equity shares are not frequently traded on a recognised stock exchange of India, was made through a preferential issue, subject to certain exceptions;
- b. Where transaction for acquisition of existing listed equity share in a company was not entered through a recognised stock exchange of India, subject to certain exceptions;
- c. Acquisition of equity share of a company during the period beginning from the date on which the company was delisted from a recognised stock exchange and ending on the date on which the company was again listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 read with SEBI Act and any rules made there under.

The notification inter alia provides certain exceptions to the above situations where the provisions of Section 112A will not apply.

- 8.6.5 Where provisions of section 112A are not applicable, LTCG will be chargeable to tax at 20%. However, for a resident shareholder, an option is available to pay tax on such LTCG under section 112 at either 20% with indexation or 10% without indexation.
- 8.6.6 STCG arising from such transaction will be subject to tax @ 15% under Section 111A of the IT Act.
- 8.6.7 Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is required to be considered while computing tax on such LTCG or STCG taxable under Section 112, 112A or 111A of the IT Act. In addition to the above LTCG or STCG tax, applicable Surcharge, Health and Education Cess are leviable.
- 8.6.8 MAT implications will get triggered in the hands of a resident corporate shareholder. Foreign companies will not be subject to MAT if the country of residence of such of the foreign country has entered into a DTAA with India and such foreign company does not have a permanent establishment in India in terms of the DTAA.
- 8.6.9 Non-resident shareholders can avail beneficial provisions of the applicable DTAA entered into by India subject to fulfilling of the relevant conditions and the documentary compliance prescribed under the IT Act.
- 8.7 **Shares held as Stock-in-Trade:** If the shares are held as stock-in-trade by any of the eligible shareholders of the Company, then the gains will be characterized as business income and taxable under the head "Profits and Gains from Business or Profession".

#### 8.7.1 **Resident Shareholders:**

Profits of:

- a. Individuals, HUF, AOP and BOI will be taxable at applicable slab rates.
- b. Domestic company having turnover or gross receipts not exceeding Rs. 250 crore in the relevant financial year as prescribed will be taxable @ 25%.
- c. For persons other than stated in (a) and (b) above, profits will be taxable @ 30%.  
No benefit of indexation by virtue of period of holding will be available in any case.

#### 8.7.2 **Non Resident Shareholders**

- a. Non-resident shareholders can avail beneficial provisions of the applicable DTAA entered into by India with the relevant shareholder country but subject to fulfilling relevant conditions and maintaining & providing necessary documents prescribed under the IT Act.
- b. Where DTAA provisions are not applicable:

- i. For non-resident individuals, HUF, AOP and BOI, profits will be taxable at slab rates.
- ii. For foreign companies, profits will be taxed in India @ 40%
- iii. For other non-resident shareholders, such as foreign firms, profits will be taxed in India @ 30%.

In addition to the above, applicable Surcharge, Health and Education Cess are leviable for Resident and Non Resident Shareholders.

## **8.8 Tax Deduction at Source**

### *8.8.1 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 said offer.

### *8.8.2 In case of Non-resident Shareholders*

- a. In case of FIIs: Section 196D of the IT Act provides for specific exemption from withholding tax in case of capital gains arising in hands of FIIs. Thus, no withholding of tax is required in case of consideration payable to FIIs.
- b. In case of other non-resident shareholders (other than FIIs) holding Equity Shares of the Target Company: 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 cess) shall be deducted at appropriate rates as per the IT Act read with the provisions of the relevant DTAA, if applicable. In doing this, the Acquirer will be guided by generally followed practices and make use of data available in the records of the Registrar to the Offer except in cases where the non-resident shareholders provide a specific mandate in this regard.

Since the Offer is through the stock exchange, the responsibility of discharging the tax due on the gains (if any) is primarily on the non-resident shareholder. The non-resident shareholder must compute such gains (if any) on this transaction and immediately pay applicable taxes in India, if applicable, in consultation with their custodians/ authorized dealers/ tax advisors appropriately. The non-resident shareholders must file their tax return in India inter-alia considering gains arising pursuant to this offer in consultation with their tax advisors.

The non-resident shareholders undertake to indemnify the Acquirer if any tax demand is raised on the Acquirer on account of gains arising to the non-resident shareholders pursuant to this offer. The non-resident shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability / non-taxability of the proceeds pursuant to this offer, copy of tax return filed in India, evidence of the tax paid etc.

## **8.9 Rate of Surcharge and Cess**

In addition to the basic tax rate, applicable Surcharge, Health and Education Cess are currently leviable as under:

### *8.9.1 Surcharge*

- a. In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds Rs.10 crore and @ 7% where the total income exceeds Rs. 1 crore but less than Rs.10 crore.
- b. In case of companies other than domestic companies: Surcharge @ 5% is leviable where the total income exceeds Rs.10 crore and @ 2% where the total income exceeds Rs.1 crore but less than Rs.10 crore.
- c. In case of individuals, HUF, AOP, BOI: Surcharge @15% is leviable where the total income exceeds Rs. 1 crore and @10% where the total income exceeds Rs.50 lac but less than Rs.1 crore.
- d. In case of Firm and Local Authority: Surcharge @12% is leviable where the total income exceeds Rs.1 crore.

### *8.9.2 Cess*



Health and Education Cess @ 4% is currently leviable in all cases.

**THE ABOVE NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THIS NOTE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN. HENCE, YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO YOUR PARTICULAR CIRCUMSTANCES.**

**THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.**

## **9. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection by the Public Shareholders at the office of the Manager to the Offer at Khambatta Securities Limited, C-42, basement, South Extension Part-2, New Delhi – 110 049, India, between 10:30 a.m. and 3:00 p.m. on any Working Day (except Saturdays, Sundays and public holidays) during the period from the date of commencement of the Tendering Period i.e. January 21, 2021 to closure i.e. February 04, 2021. During the tendering period Public Shareholders can also send email on [vinay@khambattasecurities.com](mailto:vinay@khambattasecurities.com) requesting the following documents for inspection.

- 9.1 Certified copies of the Memorandum and Articles of Association and certificate of incorporation Acquirer 7.
- 9.2 Certificates by M/s Gupta Garg & Associates, Chartered Accountants (FRN: 019863N) stating the net worth of all the individual Acquirers.
- 9.3 Certificate from M/s Gupta Garg & Associates, Chartered Accountants (FRN: 019863N) certifying that the Acquirers have adequate and firm financial resources through verifiable means to fulfill their obligations under this Offer.
- 9.4 Certified copies of the annual reports of Acquirer 7 for the three financial years ending on March 31, 2020, 2019 and 2018 and certified financial results for the 7 month period ended 30 Oct 2020.
- 9.5 Copies of annual reports of Target Company for the financial years ending March 31, 2020, 2019 and 2018 and limited reviewed 6 month financial results for the period ended 30 September 2020.
- 9.6 Letter dated 02 December 2020 from the Escrow Agent confirming the receipt of the cash deposit in the Escrow Account.
- 9.7 Copy of Escrow Agreement between the Acquirers, the Manager and the Escrow Agent.
- 9.8 Copy of Share Purchase Agreement.
- 9.9 Copy of Public Announcement; Detailed Public Statement and Offer Opening Public Announcement.
- 9.10 Published copy of the recommendation to be made by the committee of the independent directors of the Target Company in relation to the Offer as required in terms of Regulation 26(7) of Takeover Regulations.
- 9.11 SEBI observations dated [●] on the Draft Letter of Offer.

## **10. DECLARATION BY THE ACQUIRERS**

- 10.1 The Acquirers and their Board of Directors (where applicable) accept full responsibility, severally and jointly, for the obligations of the Acquirers as laid down in terms of the Takeover Regulations and for the information contained in the DLoF with respect to the Acquirers. All the information pertaining to the Target Company has been obtained from publicly available sources and the accuracy thereof has not been independently verified by the Acquirers or the Manager to the Offer.

- 10.2 Each of the Acquirer shall be jointly and severally responsible for ensuring compliance with the Takeover Regulations.
- 10.3 The persons signing this Draft Letter of Offer are duly and legally authorized by the Acquirers, as applicable, to sign the Draft Letter of Offer.

**For and on behalf of the Acquirers**

<b>Sd/- Sadhu Ram Aggarwal (Acquirer 1)</b>	<b>Sd/- Udit Aggarwal (Acquirer 2)</b>	<b>Sd/- Divya Aggarwal (Acquirer 3)</b>
<b>Sd/- Ridhima Aggarwal (Acquirer 4)</b>	<b>Sd/- Rahul Aggarwal (Acquirer 5)</b>	<b>Sd/- Manjula Aggarwal (Acquirer 6)</b>
<b>Sd/- Authorised Signatory CMV Informatics Pvt Ltd (Acquirer 7)</b>		

Place: New Delhi  
Date: 11 December 2020