

DRAFT LETTER OF OFFER

“This Document is Important and requires your immediate attention”

This draft letter of offer (“Draft Letter of Offer”) is sent to you as a shareholder(s) of the Target Company as defined below. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager or Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Draft Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was affected.

Open offer (“OFFER”)

By

Print II BV (“Print II” or “the Acquirer”)

A private limited company incorporated under the laws of the Netherlands

Registered Office:- Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands.

Telephone Number: +(31) 0205214777 and Fax Number: +(31) 485575237

Along with

SPG Prints Group BV (“SPG BV” Or “PAC 1”)

A private limited company incorporated under the laws of the Netherlands

Registered Office:- Zuidplein 76, 1077 XV, Amsterdam, the Netherlands.

Telephone Number: +(31) 0205400940 and Fax Number: +(31) 20 5400 941.

And

SPG Prints BV (“SPG Prints” or “PAC 2”)

A private limited company incorporated under the laws of the Netherlands

Raamstraat 3, 5831 AT Boxmeer, the Netherlands

Telephone Number: +(31) 485599555 and Fax Number: +(31) 485 572 282

TO ACQUIRE

542,885 (five hundred forty two thousand eight hundred and eighty five) fully paid-up equity shares of face value INR 10 each of the Target Company (“Equity Shares”) representing 26per cent of the paid up equity and voting capital, as of the 10th Working Day (as defined below) from the closure of the Tendering Period (as defined below) (the “Offer Size”) at a price of INR 566.90 (Indian Rupees five hundred sixty six and ninety paise only) per Equity Share (the “Offer Price”) payable in cash, pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (“Takeover Regulations”) from the public shareholders of

Stovec Industries Limited (Target Company)

A public limited company incorporated under the Companies Act, 1956

Registered Office:- N.I.D.C., Near Lambha Village, Post Narol, Ahmedabad – 382 405, Gujarat

Telephone Number: (+ 91) 79 30412300 and Fax Number: (+ 91) 79 25710406/415

Note:-

1. The Offer is being made pursuant to and in compliance with the provisions of regulations 3(1), 4, 5(1), 13(4), 14, 15 and 16 of the Takeover Regulations.
2. The Offer is not conditional as to the minimum level of acceptance in terms of regulation 19(1) of the Takeover Regulations.
3. The Offer is not a competing offer in terms of regulation 20 of the Takeover Regulations.
4. In terms of regulation 23(1) of the Takeover Regulations, the Offer is subject to certain statutory and other approvals. In the event such statutory approvals (if required) are refused for any reason beyond the reasonable control of the Acquirer and/or the PACs, the Acquirer and the PACs will have the right to withdraw the Offer in accordance with regulation 23 of the Takeover Regulations. In the event of withdrawal of the Offer, a public announcement will be made within two (2) Working Days of such withdrawal, in the same newspapers in which the Detailed Public Statement (as defined below) has been published and such public announcement will also be sent to the Stock Exchanges, SEBI and the Target Company at its registered office. If any statutory approvals become applicable at a later date before the closure of the Tendering Period, the Offer will be subject to such other statutory approvals. NRI and erstwhile-OCB shareholders, if any, must obtain all requisite approvals required for tendering the Equity Shares held by them and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and any other documents required to accept the Offer.
5. The Offer is subject to revision, if any, pursuant to the Takeover Regulations at the discretion of the Acquirer and the PACs at any time prior to three (3) Working Days before the commencement of the Tendering Period, i.e. up to September 23, 2014, in accordance with regulation 18(4) of the Takeover Regulations. In the event of such revision, the Acquirer and the PACs shall: (a) make corresponding increases to the escrow amounts, (b) make a public announcement in the same newspapers in which the Detailed Public Statement was published; and (c) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. Such revised offer price will be payable for all the Equity Shares validly tendered at any time during the Tendering Period of the Offer.
6. As described in the Public Announcement dated June 25, 2014, (as defined below) the Offer Price shall be the base offer price paid together with interest computed at the rate of 10 per cent per annum on the base offer price in terms of regulation 8(12) of the Takeover Regulations and the Offer Price includes such interest.
7. **If there are any competing offers under regulation 20 of the Takeover Regulations, the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer and the Target Company, no competitive offer has been announced as of the date of this Draft Letter of Offer.**
8. A copy of the Public Announcement, Detailed Public Statement and Letter of Offer (including the Form of Acceptance-cum-Acknowledgement) will be available on the website of the Securities and Exchange Board of India: www.sebi.gov.in.

MANAGER TO THE OFFER

PANTOMATH CAPITAL ADVISORS (P) LIMITED

108, Madhava Premises Co-operative Society Limited
Bandra Kurla Complex, Bandra East, Mumbai 400051

Tel: +91 22 2659 8687 /91

Fax: +91 22 2659 8690

Email: openoffer@pantomathgroup.com

Website: www.pantomathgroup.com

Contact Person: Mr. Mahavir Lunawat

SEBI Registration. No.: INM000012110



REGISTRAR TO THE OFFER

LINK INTIME INDIA (P) LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg
Bhandup (West), Mumbai – 400 078

Tel: +91 22 2596 7878

Fax: +91 22 2596 0329

Email: stovec.offer@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Pravin Kasare

SEBI Registration No.: INR000004058



The indicative schedule of activities under the Offer is as follows:

Activity	Day and Date
Issue of the Public Announcement (PA)	Wednesday, June 25, 2014
Date of Completion of Primary Acquisition	Friday, August 01, 2014
Date of publication of the Detailed Public Statement (DPS)	Friday, August 08, 2014
Filing of the Draft Letter of Offer with SEBI (DLoF)	Tuesday, August 19, 2014
Last date for a competing offer	Wednesday, September 03, 2014
Last date for receipt of comments from SEBI on the Draft Letter of Offer (in the event SEBI has not sought clarification or additional information from the Manager to the Offer)	Wednesday, September 10, 2014
Identified Date*	Friday, September 12, 2014
Last date for dispatch of the Letter of Offer to the Public Shareholders of the Target Company	Friday, September 19, 2014
Last date for upward revision of the Offer Price and/or the Offer Size	Tuesday, September 23, 2014
Last date by which a committee of independent directors of the Target Company is required to give its recommendation to the Public Shareholders of the Target Company for the Offer	Wednesday, September 24, 2014
Publication of advertisement containing announcement of the schedule of activities of the Offer, status of statutory and other approvals, if any, and procedure for tendering acceptances	Thursday, September 25, 2014
Commencement of the Tendering Period (Offer opening date)	Friday, September 26, 2014
Closure of the Tendering Period (Offer closing date)	Tuesday, October 14, 2014
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, October 30, 2014
Last date for publication of the post-Offer advertisement in the newspapers in which the Detailed Public Statement has been published	Monday, November 10, 2014

*The Identified Date is only for the purpose of determining the names of the Public Shareholders (as defined below) as on such date to whom the Letter of Offer will be sent and is the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period. All the Public Shareholders (registered or unregistered), except the Acquirer and PACs, are eligible to participate in the Offer at any time prior to the closure of the Tendering Period (as defined below).

NOTE: Duly signed acceptance-cum-acknowledgement and the Transfer Deed(s), together with the share certificate(s), if applicable, should be dispatched by registered post/courier or hand delivered to Link Intime India (P) Limited, registrar to the Offer ("Registrar to the Offer") or their collection centers on or before closure of the Tendering Period, i.e. before October 14, 2014.

I. Risks to the Offer

1. As on the date of this Draft Letter of Offer, there is no statutory approval required to implement Offer and for the acquisition of Equity Shares (as defined below) to be tendered in the Offer. However, in case of any statutory approval being required by the Acquirer and/or PAC at a later date before the closure of the Tendering Period (as defined below), this Offer shall be subject to such approvals and the Acquirer and/or PAC shall make the necessary applications for the approval. Delay, if any, in the receipt of these approvals may delay completion of the Offer.
2. The acquisition of offer shares tendered by NRIs and OCBs is subject to, and where applicable such OCBs and NRIs submitting the approval or exemption from the RBI for tendering their Equity Shares in the Offer.
3. Shareholders shall note that shareholders who have tendered their Equity Shares in Offer shall not be entitled to withdraw it during the Tendering Period even if the acceptance of shares and payment of consideration gets delayed. Till the process of acceptance of tenders and payment of consideration is completed, the Equity Shares tendered in the Offer shall be in possession of the Registrar to the Offer. During such period, there may be fluctuations in the market price of the Equity Shares that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Public Shareholders (as defined below) will be solely responsible for their decisions regarding their participation in this Offer.
4. The Acquirer makes no assurance with respect to their investment or divestment decisions relating to their proposed shareholding in the Target Company.
5. The Acquirer and PACs are responsible only for the statements and the contents specified in the Public Announcement, Detail Public Statement and Draft Letter of Offer or any of the advertisement or any material information issued by or at the instance of the Acquirer, PACs and the Manager to the Offer. Any person relying on any other source of information would be doing it on its own risk.

II. Risks involved in associating with the Acquirer / PACs:

1. The Acquirer alongwith PACs intends to acquire 542,885 (five hundred forty two thousand eight hundred and eighty five) fully paid up Equity Shares of INR 10/- each representing 26 per cent of total equity and voting share capital of the Target Company, at a price of INR 566.90/- (Indian Rupees five hundred sixty six and ninety paise only) per Equity Share, payable in cash under the Takeover Regulations. The Target Company does not have any partly paid-up Equity Shares as on the date of Public Announcement. The Equity Shares and documents tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the shareholders will not be able to trade such Equity Shares. Post this Offer, the Acquirer alongwith PACs will have significant equity ownership of the Target Company pursuant to regulation 3(1), 4, 5(1) of the Takeover Regulations. The Acquirer and/or the PACs make no assurance with respect to the market price of the Equity Shares during the Offer Period and upon the completion of the Offer and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer. The Acquirer and/or the PACs make no assurance with respect to the financial performance of the Target Company.
2. The Acquirer and PACs or the Manager to the Offer are not assured with respect to the financial performance of the Target Company nor the continuance of any past trends of financial performance

of the Target Company and the price of the Equity Shares of the Target Company before, during or after the Offer. Any obligation with respect to the Public Shareholders' decision on whether to participate or not, Acquirer and the PACs disclaim the responsibility for the same.

3. The acquisition of Equity Shares may result in the public shareholding in the Target Company falling below the level required for continued listing. While the Acquirer/PACs are required to reduce the non-public shareholding to the level specified and within the time stipulated in the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR"), any failure to comply with the conditions of the SCRR and the listing agreement could have an adverse effect on the price and tradability of the Equity Shares.

The risk factors set forth above are indicative only, are limited to the Offer and are not intended to provide any analysis of all risks as perceived in relation to the Offer or in association with the Acquirer and PACs and, thus, are not exhaustive. The risk factors set out above do not relate to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute an analysis of the risks involved in participation in the Offer by a Public Shareholder. The Public Shareholders are advised to consult their stockbroker, tax advisor and/or investment consultant, if any, for understanding of the further risks associated with respect to their participation in the Offer.

Currency of representation

In this Draft Letter of Offer, all references to "Rupees" or "Rs." or "INR" are to Indian Rupees, which represents the official Currency of Republic of India and all references to "Euro"/"EUR"/"€" are to Euro, the official currency of the Institutions of the European Union. In this Draft Letter of Offer, any discrepancy in any table of total and sums could be due to rounding off and/or regrouping.

All data presented in Euro in this Letter of Offer have been converted into INR for the purpose of convenience only.

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Key Definitions

Term	Description
ASE	Ahmedabad Stock Exchange
Board	The Board of Directors of the Target Company
Book Value per share	Net worth/Number of shares
BSE	Bombay Stock Exchange Limited
CIN	Corporate Identity Number
DP	Depository Participant
Detailed Public Statement	Detail Public Statement dated August 08, 2014 on behalf of the Acquirer and PACs
Draft Letter of Offer	This Draft Letter of Offer filed with SEBI in accordance with regulation 16(1) of the Takeover Regulations dated August 19, 2014
Eligible Shareholders/Persons for the offer/ Persons Eligible to Participate in the Offer/ Public Shareholders	All owners (registered or unregistered, including the beneficial owners, of Equity Shares of the Target Company (other than the Acquirer and the PACs) any time before the closure of the Offer.
Escrow Banker	Indusind Bank Limited
Equity Shares	Fully paid-up equity share of Target Company having face value of INR 10 each
Identified Date	Date for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent
ISRE	International Standard on Review Engagements
Listing Agreement	Means the agreement entered into by and between the Target Company with the Stock Exchanges
Manager to the Offer	Pantomath Capital Advisors Private Limited, SEBI Registered Category I Merchant Banker appointed by the Acquirer and PACs as the manager to the offer pursuant to the Takeover Regulations having its corporate office

Term	Description
	at 108, Madhava Premises Co-operative Society Limited, Bandra Kurla Complex, Bandra East, Mumbai 400 051
Maximum Consideration	The maximum consideration payable under the Offer, assuming full acceptance of the Offer, i.e. INR 307,761,507/- (Indian Rupees three hundred seven million seven hundred sixty-one thousand five hundred and seven only)
Mn/Millions	1,000,000
NECS	National Electronic Clearance Service
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
Offer Period	The period starting from June 25, 2014 (being the date of the Public Announcement), until the date on which payment of consideration to Public Shareholders who have validly tendered their Equity Shares in the Offer is completed, or the date on which the Offer is withdrawn, as the case may be
Offer Price	INR 566.90 /-(Indian Rupees five hundred sixty six and ninety paise only) per Equity Share payable in cash
Offer	The Acquirer alongwith PACs intends to acquire 542,885 (five hundred forty two thousand eight hundred and eighty five) fully paid up Equity Shares of INR 10/- each representing 26per cent of total equity and voting share capital of the Target Company, at a price of INR 566.90/- (Indian Rupees five hundred sixty six and ninety paise only) per Equity Share, payable in cash by Print II and SPG BV & SPG Prints BV in their capacity as Persons Acting in Concert with the Acquirer
OCB	Overseas Corporate Body
Public Announcement	Public Announcement dated June 25, 2014
PAC or Person Acting in Concert	SPG Prints Group BV ("SPG BV"), SPG Prints BV ("SPG Prints")
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar to the Offer	Link Intime India (P) Limited, having its registered address at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai, 400 078
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
Stock Exchanges	BSE and ASE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof
Takeover Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof
Target Company	Stovec Industries Limited
Tendering Period	Period commencing September 26, 2014 until October 14, 2014
Working Days	Any working day of SEBI.

I. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER 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 ELIGIBLE SHAREHOLDERS OF STOVEC INDUSTRIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PACs OR THE TARGET COMPANY WHOSE EQUITY SHARES/CONTROL HAS BEEN 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 ACQUIRER AND THE PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PACs DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 18, 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

II. DETAILS OF THE OFFER

Background of the Offer

1. Print II on June 19, 2014 announced (the “Announcement”) a commercial understanding to acquire 100 per cent ownership of SPG BV from SPG Holdco B.V. (“**SPG Holdco**”) (the erstwhile holding company of SPG BV) (the “**Primary Acquisition**”). The Primary Acquisition was subject to consultations with the Central Works Council of SPG BV.
2. Post Announcement, on July 01, 2014, SPG Holdco and Print II entered into an agreement for recording the intended Primary Acquisition of sale and purchase of all the issued shares in SPG BV (“SPA”).
3. The Primary Acquisition was completed on August 1, 2014, which resulted in an indirect acquisition of 71 per cent shareholding in the Target Company by Print II pursuant to which this Offer is being made.
4. Prior to this transaction, SPG BV was wholly owned by SPG Holdco. On June 05, 2014, Print II was incorporated as a wholly owned subsidiary of Print I BV and Print Parent Limited is the ultimate person in control of shares held by Print II. Investcorp Bank BSC, domiciled in Bahrain, through its subsidiary Investorcorp Investment Holdings Limited, Cayman Islands retains *inter alia* all its equity investment including investment in Print Parent Limited. Print Parent Limited is held by the ultra high net- worth individuals none of whom individually holds or controls more than 25 per cent paid-up and voting share capital.
5. The consideration paid by Print II pursuant to the Primary Acquisition was a composite consideration for SPG BV shares and no specific consideration was allocated for the indirect interest in the Target Company.
6. As the Primary Acquisition has resulted in Print II indirectly acquiring 71 per cent of the paid-up and voting equity share capital of the Target Company, this Offer is being made in compliance with the regulation 3(1), regulation 4 and regulation 5(1) and of the Takeover Regulations. This is not a competing offer in terms of regulation 20 of Takeover Regulations and is being made as a result of the indirect acquisition of substantial shares, voting rights and acquisition of indirect control in the Target Company by PAC1 and PAC2, in their capacity as Persons Acting in Concert with the Acquirer.
7. Upon completion of Primary Acquisition, the Acquirer alongwith PACs have acquired substantial shares or voting rights and control of the Target Company. The Acquirer and the PAC intend to continue with the existing line of business of the Target Company and expand it with sound management and financial support.
8. The Manager to the Offer, Pantomath Capital Advisors Private Limited, does not hold any Equity Shares in the Target Company as on the date of this Draft Letter of Offer. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period. Neither the Acquirer nor the PAC have

been prohibited by SEBI from dealing in the securities, in terms of direction issued under Section 11B of SEBI Act 1992 as amended or under any other Regulations made under the SEBI Act.

9. The Offer is not conditional upon any minimum level of acceptance in terms of regulation 19(1) of the Takeover Regulations and is not a competitive bid in terms of regulation 20 of the Takeover Regulations.
10. As per regulation 26(6) of the Takeover Regulations, the Board of Directors of the Target Company is required to, upon receipt of the Detailed Public Statement, constitute a committee of independent directors to provide its reasoned recommendations on the Offer to the Eligible Shareholders. As per regulation 26(7) read with regulation 26(6) of the Takeover Regulations, the written reasoned recommendations of the committee of independent directors is required to be published by the Target Company at least (2) two Working Days prior to the commencement of the Tendering Period in the same newspapers where the Detailed Public Statement was published and simultaneously, a copy of such recommendations needs to be sent to SEBI, the BSE, the ASE and to the Manager to the Offer.

Details of the Offer

1. The Public Announcement made on June 25, 2014 announcing the Offer is in compliance with regulation 3(1), regulation 4 regulation 5(1) and 13(2)(e) of the Takeover Regulations pursuant to the indirect acquisition of Equity Shares, voting rights of and control over the Target Company. The thresholds specified under regulation 5(2) of the Takeover Regulations are not applicable.
2. The Detailed Public Statement in respect of the Offer was published on August 08, 2014 in the following newspapers:

Newspaper	Language	Editions
Business Standard	English	Ahmedabad, Bangalore, Bhubaneswar, Mumbai, Kolkata, Chandigarh, Kochi, New Delhi, Hyderabad, Lucknow, Chennai and Pune
Business Standard	Hindi	Mumbai, Kolkata, Chandigarh, New Delhi, Lucknow, Patna, Bhopal
Western Times	Gujarati	Ahmedabad
Mumbai Lakshadeep	Marathi	Mumbai

Copy of Public have been submitted to Stock Exchange and Target Company (The Public Announcement and the Detailed Public Statement are available at the SEBI website: www.sebi.gov.in)

3. The Offer is being made by the Acquirer and the PACs to all Public Shareholders of the Target Company in terms of regulation 3(1) and regulation 4 read with regulation 5(1) of the Takeover Regulations. The date of opening of the Tendering Period for the Offer is September 26, 2014.
4. The Acquirer and the PACs are making the Offer to the Eligible Shareholders under the Takeover Regulations for Acquisition of up to the Offer Size i.e. 542,885 (five hundred forty two thousand eight hundred and eighty five) fully paid-up Equity Shares representing 26 per cent of the total paid up Equity Shares of the INR 10 each Target Company on a fully diluted basis as of the 10th (tenth) Working Day from the closure of the Tendering Period from the Eligible Shareholders at the Offer Price, payable in cash, subject to the terms and conditions mentioned hereinafter.
5. The Equity Shares are infrequently traded as per regulation 2(1)(j) of the Takeover Regulations. The Offer Price per offer share has been determined by the Acquirer and the PACs together with the Manager to the Offer in accordance with the provisions of the Takeover Regulations taking into account, *inter alia*, the valuation report dated June 24, 2014 issued by MGB & Co. Chartered Accountants (Firm Registration No. 101169W), and has been enhanced by an amount determined at the rate of 10 per cent on the base offer price for the period between the date on which the transaction was announced in the public domain (i.e., June 25, 2014), and the date of the Detailed Public Statement published in relation to the Offer pursuant to the Takeover Regulations, being August 08, 2014, in accordance with regulation 8(3) read with regulation 8(12) of the Takeover Regulations. The Offer Price will be paid in cash in accordance with regulation 9(1)(a) of the Takeover Regulations and subject to the terms and conditions mentioned in the Public Announcement, the Detailed Public Statement and the Draft Letter of Offer.
6. There are no partly paid-up shares in the Target Company.

(Source: annual report of the Target Company for the year 2013 and filings made by the Target Company with the Stock Exchanges.)
7. This Offer is not conditional upon any minimum level of acceptance in terms of regulation 19(1) of the Takeover Regulations. All Equity Shares validly tendered by the Eligible Shareholders pursuant to the Offer will be accepted at the Offer Price by the Acquirer, in accordance with the terms and conditions contained in the Detailed Public Statement and the Draft Letter of Offer. In the event that the Equity Shares tendered in the Offer by the Eligible Shareholders are more than the Equity Shares to be acquired under the Offer, the acquisition of the Equity Shares from each Eligible Shareholder will be on a proportionate basis as detailed in this Draft Letter of Offer.
8. This Offer is not a competing offer under regulation 20 of the Takeover Regulations. To the knowledge of the Acquirer, the PACs and the Target Company, there has been no competing offer as on the date of this Draft Letter of Offer.
9. The Acquirer and the PACs may withdraw the Offer in accordance with the conditions specified in this Draft Letter of Offer. In the event of such withdrawal, it shall be notified in accordance with regulation 23 of the Takeover Regulations by way of a public announcement in the same

newspapers in which the Detailed Public Statement had appeared and simultaneously to, in writing, SEBI, the ASE, and the BSE and the Target Company at its registered office.

10. There is no agreement executed by the Acquirer and the PACs with any person or entity, in connection with this Offer. The entire shares proposed to be acquired under this Offer will be acquired by the Acquirer and the PACs and no other person or entity proposes to take part in the acquisition.
11. In the event of any further acquisition of Equity Shares during the Offer Period by the Acquirer and/or the PACs, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price shall be revised to the highest price paid or payable for any such acquisition.
12. The Offer Price is subject to revision
13. s pursuant to the Takeover Regulations, if any, or at the discretion of the Acquirer and the PACs at any time prior to 3 (three) Working Days before the commencement of the Tendering Period in accordance with regulation 18(4) of the SEBI Takeover Regulations.
14. The Equity Shares of the Target Company are listed on the BSE and the ASE. Under clause 40A of the Listing Agreement read with rule 19A of the SCRR, the Target Company is required to maintain at least 25 per cent public shareholding (i.e., Equity Shares held by the public), on a continuous basis for listing. If, pursuant to this Offer, the public shareholding in the Target Company reduces below the minimum level required under the Listing Agreement read with rule 19A of the SCRR, the Acquirer and the PACs hereby undertake to reduce the shareholding of the Acquirer and/or the PACs in the Target Company, within the period specified in the SCRR and Takeover Regulations, such that the Target Company complies with the minimum public shareholding requirements prescribed in the Listing Agreement read with rule 19A of the SCRR.
15. The Acquirer did not own any shares of the Target Company, as on date of the Public Announcement. PAC 2 holds 1,482,493 (one million four hundred, eighty two thousand four hundred and ninety three) shares in the Target Company representing 71 per cent of the paid-up and voting equity share capital of the Target Company.

Object of the Offer

1. The Offer is being made pursuant to the Primary Acquisition of SPG BV form SPG Holdco by Print II. The Primary Acquisition has resulted in an indirect acquisition of the Target Company and this Offer is being made, in compliance with regulations 3(1), 4 and 5(1) of Takeover Regulations. The Acquirer envisages that it may sell parts of SPGBV separately or may sell SPGBV, as a whole, with the objective to completely exit within a period of five years from the date of the Primary Acquisition. After completion of the Offer, the Acquirer intends to review from time to time the Target Company's business affairs and financial position. Based on such evaluation and review, as well as general economic and industry conditions existing at the time, the Acquirer and the PACs may evaluate options for further consolidation of its shareholding in the Target Company

subject to applicable laws. Such consolidation options may also result in delisting of the Equity Shares of the Target Company.

2. The Acquirer and the PACs reserve the right to seek reconstitution of the Board of the Target Company, in accordance with the provisions of the Takeover Regulations and the Companies Act, 2013.
3. As of date of this Draft Letter of Offer, the Acquirer and the PACs do not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or streamlining of operations, assets, investments, liabilities or otherwise of the Target Company by way of arrangement/reconstruction, restructuring, mergers /demergers, at a later date. Such decisions will be governed by the provisions of applicable laws and other applicable regulations. The Acquirer and the PACs will evaluate and consider such proposals and may, if appropriate, support such proposals. Save as otherwise provided in the Draft Letter of Offer, the board of directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities or changes in the economic scenario, from time to time.
4. Except in the ordinary course of business, the Acquirer and PACs undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company.

III. BACKGROUND OF THE ACQUIRER AND THE PACS

A. Information about the Acquirer: Print II BV

- a. Print II is a company, limited by shares and incorporated on June 5, 2014. It is registered in the Kingdom of The Netherlands with The Chamber of Commerce of Amsterdam under number 60817348. The registered office is situated at Prins Bernhardplein 200, 1097JB Amsterdam, The Netherlands, Telephone: (+31) 020 5214 777, Fax: (+31) 485 575 237. There has been no change in the name of the Acquirer since incorporation.
- b. Print II is a wholly owned subsidiary of Print I BV. The main object of Print II includes participating in financing, collaborating with, conducting the management of companies and other enterprises and carrying on of all activities incidental or conducive thereto.
- c. Print II has been recently incorporated and the first financials of Print II are yet to be prepared. Print Parent Limited is the person in control of shares held by Print II. Investcorp Bank BSC, domiciled in Bahrain, through its subsidiary Investcorp Investment Holdings Limited, Cayman Islands retains inter alia all its equity investments including investment in Print Parent Limited. Ultimately, Print Parent Limited is held by ultra high net-worth individuals none of whom individually hold or control more than 25 per cent shares.
- d. Print II does not have any contingent liabilities.
- e. Subsequent to the Primary Acquisition of 100 per cent share capital of SPG BV by Print II on August 01, 2014, SPG BV has become wholly owned subsidiary of Print II. As of the date of the Draft Letter of Offer, SPG Prints, a wholly owned subsidiary of SPG BV, holds 71 per cent of the

- issued share capital and voting rights the Target Company. Therefore, Print II indirectly holds and controls 1,482,493 (one million four hundred and eighty two thousand four hundred and ninety three) equity shares, representing 71 per cent of the voting capital, of the Target Company.
- f. The equity shares of Print II are not listed on any stock exchange(s).
 - g. PAC1 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.
 - h. Subsequent to the Primary Acquisition, Print II is now the holding company of SPG BV. Print II has been recently incorporated and the first financials of Print II are yet to be prepared. The share capital as on June 30, 2014 was one Euro equivalent to INR 82.00 and share premium reserves were nil. All figures for Print II are provisional. (One Euro = INR. 82.00 on June 30, 2014; Source: reference rate at www.rbi.org.in)
 - i. The existing management and the executives of SPG Prints and its subsidiaries owns and controls 14.90 per cent of the voting rights of Print Holdings BV, a subsidiary of Print Parent Limited, a company incorporated under the laws of the Netherlands.
 - j. The management board of Print II comprises Mr. Grahame Ivey, Mr. Hendrik Jan Witsenburg, Mr. Edward Jurjen Hardeveld and Mr. Cornelis Gerardus Johannes Theodorus Hanselaar. Brief particulars of each of the directors are as follows:

Name	DIN	Date of Appointment	Qualifications	Experience
Mr. Grahame Ivey	NA	June 05, 2014	Member of Institute of Chartered Accountants in England and Wales, qualified in 1983. University of Westminster London (1977-1981) BA (Honours) Business Science, Kilburn Polytechnic (1976) 3GCE A' Levels-Law Economics and Computer Science Hampstead School (1969-1975)	John Laing PLC –Financial Controller-Trading Division & John Laing Developments-September, 1986 to August, 1988 Touche Ross & Co.-Audit Manager (Madrid Office)-September, 1985 to September, 1986 Audit Supervisor (London Office) – September, 1981 to September, 1985 Cadbury Schweppes Plc-worked for one year as part of four year degree course within the International Finance Department – September, 1979 to September, 1980
Mr.	NA	June 05,	Masters in Law from the	Mr. Hendrik Jan Witsenburg

Hendrik Jan Witsenburg		2014	University of Leiden and specialises in corporate law.	has over 12 years of experience managing holding & finance companies
Mr. Edward Jurjen Hardeveld	NA	June 05, 2014	Holds a degree in law from University of Leiden and holds an MBA at the Instituto de Empresa, Spain in 2010.	Mr. Edward Jurjen Hardeveld has worked as a tax advisor for PwC. He then joined Intertrust Group in 2005.
Mr. Cornelis Gerardus Johannes Theodorus Hanselaar	NA	June 05, 2014	Has completed Financial Accounting and controlling NIVRA (AO) from University of Professional Education	Mr. Cornelis Gerardus Johannes Theodorus Hanselaar has over 26 years of experience in managing finance.

- k. The provisions of Chapter V of the Takeover Regulations are not applicable to the Acquirer as it does not directly hold any share in the Target Company.

B. Information about the persons acting in concert - SPG Prints Group BV

- a. SPG BV is a company, limited by shares and incorporated on March 25, 2008. It is registered in the Kingdom of The Netherlands with The Chamber of Commerce of Amsterdam under number 34297982. The registered office is situated at Zuidplein 76, 1077 XV, Amsterdam, The Netherlands. Telephone Number: +(31) 0205400940 and Fax Number: +(31) 205400941
- b. SPG BV was incorporated on March 25, 2008 as Stork Prints Group Holding B.V. Thereafter on March 27, 2013 the name of the company was changed to SPG Prints Group B.V.
- c. SPG BV directly holds 100 per cent of voting shares of SPG Prints which in turns holds 71 per cent of the paid-up and voting equity share capital of the Target Company.
- d. Pursuant to the SPA and as on the date of the Draft Letter of Offer, SPG BV is a wholly owned subsidiary of Print II.
- e. The equity shares of SPG BV are not listed on any stock exchange(s).
- f. Mr. Dirk Wim Joustra and Mr. Aschwin Hollander, directors of SPG BV, are on the board of directors of the Target Company. As required under regulation 24(4) of the Takeover Regulations, Mr. Dirk Wim Joustra and Mr. Aschwin Hollander, will not participate in any matter concerning or relating to the Offer.
- g. The Management Board of SPG BV comprises Mr. Dirk Wim Joustra and Mr. Aschwin Hollander. Brief particulars of the directors are as follows:

Name	DIN	Date of Appointment	Qualifications	Experience
Mr.	00356415	March 31,	He holds a degree in	In the year 1992, he joined

Aschwin Hollander		2008	Business Economics from Erasmus University, Rotterdam, after which he followed Post Graduate education as controller	Stork N.V. as an analyst and has been working with SPG BV in various managerial positions ever since. He has significant experience in areas of finance.
Mr. Dirk Wim Joustra	00481154	March 31, 2008	He holds a degree in Business Administration from HTSEnschede, Institutede Baak, Noordwijk and Institute Nijenrode.	Starting in 1983 he has served SPG Prints at various management levels in various fields. He was also the Managing Director of SPG Prints (Formerly Stork Prints B.V.) He has significant experience in areas of sales and marketing.

- h. The supervisory board of SPG BV comprises Mr. Meindert van der Meer, Mr. Godefridus Peter Franciscusv Beurskens and Mr. Hendrik ten Hove. Brief particulars of each of the directors are as follows:

Name	DIN	Date of Appointment	Qualifications	Experience
Mr. Meindert van der Meer	NA	March 31, 2008	He holds a degree of Business Administration from University of Groningen and is a Chartered Public Auditor.	He has worked for PricewaterhouseCoopers within the corporate finance department for 11 years, of which the last four years were as a partner. He has been involved in a large number of Mergers & Acquisitions transactions. Before joining PwC corporate finance department; he worked as an auditor with Arthur Andersen for five years.
Mr. Godefridus Peter Franciscus Beurskens	NA	July 01, 2008	He holds a degree of Business Administration from University of Eindhoven	He has held various positions at Kappa Packaging. He has been the Non-Executive Deputy Chairman of Smurfit Kappa Funding. He serves as the Chairman of CEPI (Confederation of European

Name	DIN	Date of Appointment	Qualifications	Experience
				Paper Industries). He serves as a Member of the Supervisory Board at Océ Technologies B.V.
Mr. Hendrik ten Hove	NA	September 1, 2013	He holds a degree of Business Administration from University of Amsterdam	He held various positions at Wavin. He then became Managing director of Wavin Indupac followed by a Vice-presidency of Wavin after which he became the CEO of Wavin. He serves as a Member of the Supervisory Board at Kendrion.

- i. SPG BV directly holds 100 per cent of SPG Prints which in turn holds 71 per cent of the paid-up and voting equity share capital of the Target Company.
- j. The PAC1's key financial information is based on its audited standalone financial statements as at and for financial years ended December 31, 2013, December 31, 2012 and December 31, 2011 audited by PricewaterhouseCoopers Accountants N.V., the statutory auditors of the PAC 1, and its interim unaudited standalone financial statements as at and for 3 months ending March 31, 2014, which have been subject to review based on ISRE 2410 by PricewaterhouseCoopers Accountants N.V. and are as follows:

(In million)

Profit and Loss Statement	For the Period ended March 31, 2014		For the Period ended December 31, 2013		For the Period ended December 31, 2012		For the Period ended December 31, 2011	
	Reviewed Standalone		Audited Standalone		Audited Standalone		Audited Standalone	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
Income from Operations	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	0.02	1.55	0.01	0.77
Total Income	-	-	-	-	0.02	1.55	0.01	0.77
Total Expenditure	(0.01)	(0.84)	-	-	0.13	8.82	0.13	8.04
Profit before Depreciation, Amortisation, Interest and Tax	0.01	0.84	-	-	(0.10)	(7.27)	(0.11)	(7.27)
Depreciation and Amortisation	-	-	-	-	-	-	-	-
Financial expenses	0.75	62.64	2.74	216.32	1.49	105.24	1.39	89.26
Profit before Tax	(0.74)	(61.80)	(2.74)	(216.32)	(1.59)	(112.51)	(1.50)	(96.53)
Provision for Tax	0.75	-	2.23	176.31	1.82	128.32	1.76	113.01
Profit after Tax	(1.49)	(61.80)	(4.98)	(392.64)	(3.41)	(240.84)	(3.26)	(209.54)
Share in profits of								

Group Companies	-	-	10.00	789.22	29.80	2,103.43	6.60	424.74
Profit for the period	(1.49)	(61.80)	5.03	396.58	26.39	1,862.60	3.34	215.20

(In million)

Balance Sheet	For the period ended March 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012		For the year ended December 31, 2011	
	Reviewed Standalone		Audited Standalone		Audited Standalone		Audited Standalone	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
<u>Sources of Funds</u>								
Paid up Share Capital	0.02	1.49	0.02	1.54	0.03	2.17	0.03	2.07
Reserves and Surplus	12.27	1013.21	13.76	1174.43	63.78	4608.48	50.89	3506.21
Net Worth	12.29	1014.70	13.78	1175.97	63.78	4608.49	50.89	3506.21
Secured Loans	43.21	3567.97	43.13	3681.64	18.10	1307.92	16.61	1144.37
Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Non-Current Liabilities	1.46	120.56	1.46	124.55	1.65	119.45	1.74	119.61
Total	56.96	4703.23	58.36	4982.16	83.53	6035.85	69.23	4770.19
<u>Use of Funds</u>								
Net fixed assets	69.12	5708.02	69.12	5900.67	69.12	4994.93	69.12	4762.68
Other Non-Current Assets	0.46	38.07	0.46	39.35	0.73	52.68	0.68	46.58
Net current assets	(12.63)	(1042.86)	(11.22)	(957.86)	13.68	988.23	(0.57)	(39.07)
Total miscellaneous expenditure not written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	56.96	4703.23	58.36	4982.16	83.53	6035.85	69.23	4770.19

Other Financial Data	For the period ended March 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012		For the year ended December 31, 2011	
	Reviewed Standalone		Audited Standalone		Audited Standalone		Audited Standalone	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
Dividend %	NA	NA	NA	NA	NA	NA	NA	NA
Basic earnings per share	NA	NA	NA	NA	NA	NA	NA	NA
Diluted earnings per share	NA	NA	NA	NA	NA	NA	NA	NA

Since the financial statements of the PAC1 are prepared in Euros, they have been converted into INR for purpose of convenience of translation. Translated figures are as per certificate dated August 14, 2014 issued by KPNB & Associates, Chartered Accountants, registration number 136141W

SPG BV is a participation company, with main purpose as holding of investments in other companies. For this reason, no accounting consolidation has taken place at SPG BV level.

Source: The standalone financial information set forth above has been extracted from the audited standalone financial statements of PAC 1 as at and for years ended 31 December 2011, 31 December 2012 and 31 December 2013 prepared in accordance with the part 9 of Book 2 of the Dutch Civil Code and audited by PricewaterhouseCoopers Accountants N.V. The interim standalone financial information set forth above for the 3 months ended March 31, 2014 has

- been extracted from the unaudited interim financial statements prepared in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports, which have been subject to review based on ISRE 2410 by PricewaterhouseCoopers Accountants N.V, the statutory auditors of PAC 1.
- k. PAC1 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.
 - l. PAC1 does not have any contingent liabilities.
 - m. The provisions of Chapter V of the Takeover Regulations are not applicable to PAC1 as it does not directly hold any Equity Shares in the Target Company.

C. Information about the persons acting in concert – SPG Prints BV

- a. SPG Prints is a company, limited by shares and incorporated on November 23, 1972. It is registered in the Kingdom of The Netherlands with The Chamber of Commerce of Brabant under number 16032034 The registered office is situated at Raamstraat 3, 5831 AT Boxmeer, The Netherlands, Telephone: (+31) 485 599 555, Fax: (+31) 485 572 282.
- b. SPG Prints was incorporated on November 23, 1972 as Stork Screens B. V. On October 31, 2002 the name of SPG Prints was changed to Stork Prints B.V. Thereafter on October 24, 2013 the name of SPG Prints was further changed to the present name of SPG Prints B.V.
- c. SPG Prints engages in the business of a) development and production of consumables and the printing equipment required for the textile and graphics printing industry; b) supply of services, spare parts and auxiliaries for the textile and graphics printing industry, and c) production of precision metal products by means of electroforming and photo-etching.
- d. SPG Prints is a wholly owned subsidiary of SPG BV
- e. The equity shares of the SPG Prints are not listed on any stock exchanges.
- f. Mr. Joost Smits, Director Marketing and Sales, Mr. Dirk Wim Joustra, CEO, and Mr. Aschwin Hollander, CFO, of SPG Prints, are directors on the board of directors of the Target Company. As required under regulation 24(4) of the Takeover Regulations, Mr. Joost Smits, Mr. Dirk Wim Joustra and Mr. Aschwin Hollander will not participate in any matter concerning or relating to the Offer.
- g. SPG Prints directly holds 71 per cent of the paid-up and voting equity share capital of the Target Company.
- h. The management board of SPG Prints comprises Mr. Dirk Wim Joustra and Mr. Aschwin Hollander. Brief particulars of the directors are as follows:

Name	DIN	Date of Appointment	Qualifications	Experience
Mr. Aschwin Hollander	00356415	March 31, 2008	He holds a degree in Business Economics from Erasmus	In the year 1992, he joined Stork N.V. as an analyst and has been

			University, Rotterdam, after which he followed Post Graduate education as controller	working with SPG Prints in various managerial positions ever since. He has significant experience in areas of finance.
Mr. Dirk Wim Joustra	00481154	March 31, 2008	He holds a degree in Business Administration from HTS Enschede, Institutede Baak, Noordwijk and Institute Nijenrode.	Starting in 1983 he has served SPG Prints at various management levels in various fields. He was also the Managing Director of SPG Prints (Formerly Stork Prints B.V.) He has significant experience in areas of sales and marketing.

- i. PAC2 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.
- j. The PAC 2's key financial information is based on its audited consolidated financial statements as at and for financial years ended December 31, 2013, December 31, 2012 and December 31, 2011 audited by PricewaterhouseCoopers Accountants N.V., the statutory auditors of the PAC 1, and its interim unaudited standalone financial statements as at and for 3 months ending March 31, 2014, which have been subject to review based on ISRE 2410 by PricewaterhouseCoopers Accountants N.V. and are as follows:

(In million)

Profit and Loss Statement	For the quarter ended March 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012		For the year ended December 31, 2011	
	Reviewed Standalone		Audited Consolidated		Audited Consolidated		Audited Consolidated	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
Income from Operations	23.69	1986.66	214.33	16915.33	193.10	13629.96	192.20	12368.95
Other Income	0.04	3.61	0.54	42.54	1.03	72.91	0.76	49.04
Total Income	23.74	1990.26	214.87	16957.87	194.13	13702.88	192.96	12417.99
Total Expenditure	20.47	1715.99	181.15	14297.02	163.77	11559.78	165.20	10631.49
Profit before Depreciation, Amortisation, Interest and Tax	3.27	274.27	33.72	2660.85	30.36	2143.10	27.76	1786.50
Depreciation and Amortisation	0.64	54.00	5.64	445.44	5.66	399.51	5.59	359.68
Interest	0.79	66.49	1.47	115.94	2.17	153.24	2.13	137.27
Profit before Tax	1.83	153.78	26.60	2099.48	22.53	1590.35	20.04	1289.55
Provision for Tax	0.00	0.00	3.24	255.39	1.78	125.92	2.30	148.02
Profit After Tax	1.83	153.78	23.37	1844.09	20.75	1464.43	17.74	1141.53

(In million)

Balance Sheet	For the period ended March 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012		For the year ended December 31, 2011	
	Reviewed Standalone		Audited Consolidated		Audited Consolidated		Audited Consolidated	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
<u>Sources of Funds</u>								
Paid up Share Capital	0.05	3.72	0.05	3.84	0.05	3.25	0.05	3.10
Reserves and Surplus	41.96	3465.24	40.03	3417.02	28.46	2056.46	39.90	2749.20
Net Worth*	42.01	3468.96	40.07	3420.86	28.50	2059.71	39.95	2752.30
Secured Loans	29.99	2476.47	32.78	2798.13	11.73	847.33	17.70	1219.19
Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Non-Current liabilities	18.80	1552.77	10.35	883.17	10.26	741.46	10.89	749.98
Total	90.80	7498.19	83.20	7102.16	50.49	3648.50	68.53	4721.48
<u>Use of Funds</u>								
Net fixed assets	66.55	5495.71	33.40	2851.31	29.17	2107.62	28.33	1951.81
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net current assets	24.25	2002.48	49.80	4250.85	21.32	1540.88	40.20	2769.66
Total miscellaneous expenditure not written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	90.80	7498.19	83.20	7102.16	50.49	3648.50	68.53	4721.48

* includes non-controlling interest

Other Financial Data	For the period ended March 31, 2014		For the year ended December 31, 2013		For the year ended December 31, 2012		For the year ended December 31, 2011	
	Reviewed Standalone		Audited Consolidated		Audited Consolidated		Audited Consolidated	
	Euro	INR	Euro	INR	Euro	INR	Euro	INR
Dividend %	NA	NA	NA	NA	NA	NA	NA	NA
Basic earnings per share	NA	NA	NA	NA	NA	NA	NA	NA
Diluted earnings per share	NA	NA	NA	NA	NA	NA	NA	NA

Since the financial statements of the PAC 2 are prepared in Euros, they have been converted into INR for purpose of convenience of translation. Translated figures are as per certificate dated August 14, 2014 issued by KPNB & Associates, Chartered Accountants, registration number 136141W

Source: The Consolidated financial information set forth above has been extracted from the audited consolidated financial statements of PAC 2 as at and for years ended 31 December 2011, 31 December 2012 and 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with part 9 of Book 2 of the Dutch Civil Code and audited by PricewaterhouseCoopers Accountants N.V. The interim standalone financial information set forth above for the 3 months ended March 31, 2014 has been extracted from the unaudited interim financial statements prepared in on the basis of a specific set of accounting principles as disclosed in note 2 of the interim company financial statements which is reproduced below. These have been subject to review based on ISRE 2410 by PricewaterhouseCoopers Accountants N.V, the statutory auditors of PAC 2.

“Note 2

General information and basis of preparation

These interim company financial statements for the 3-month period ended March 31st 2014 are presented in Euro, which is the functional currency of the Company.

These interim company financial statements have been prepared on the basis of a specific set of accounting principles solely for the specific purpose of the offer letters and in accordance with the accounting policies that are described in the statutory financial statements for the year ended December 31st 2013 on page 47 of the company financial statements and in note 1 on pages 10 to 19 of the consolidated financial statements. In accordance with the option in Section 2:362 (8) of the Netherlands Civil Code, the principles for the recognition and measurement of assets and liabilities and determination of the result for the company financial statements are the same as those for the consolidated financial statements. However, investments in companies in which significant control is exercised are presented at the net asset value.

These interim company financial statements do not include all of the information required in the statutory financial statements, and should therefore be read in conjunction with the statutory financial statements of the Company for the year ended December 31st 2013. These interim company financial statements are not intended to comply with IFRS as adopted by the EU including IAS 34.

The interim company financial statements have been subject to review by our auditor, not audited.”

- k. There are contingent liabilities up to an amount of Euro 35.3 million (INR 2914.95 million) as on March 31, 2014. This includes lease contracts for Euro 33.5 million (INR 2766.31 million) (One Euro = INR. 82.58 on March 31, 2014; Source: reference rate at www.rbi.org.in)
- l. PAC 2 has complied with the filing requirements under Chapter V of the Takeover Regulations and Chapter II of the Takeover Regulations, 1997 except for the following; the compliance status of which could not ascertained:
 - Compliance under regulations 6(1), 6(3) in 1997 and under regulations 8(1) and 8(2) of the Takeover Regulations, 1997 from 1997 till 2002, may have been fulfilled since it was mentioned in the cover letter of the Target Company to BSE, while filing under the SEBI Regularization Scheme, 2002 in January 2003. However, the relevant copies are not available either with the Target Company or the PAC.
 - Records relating to compliance under regulation 7(1) and 7(1A) of the Takeover Regulations, 1997 pertaining to acquisition by SPG Prints of 4,17,604 shares entitling it to exercise 71 % of the voting rights in the Target Company pursuant to open offer under Takeover Regulations, 1997 are not available, in the absence of which the compliance cannot be determined.
 - Similarly, records in respect of compliance under regulation 8(1) and 8(2) of the Takeover Regulations, 1997 for years 2003 to 2011 submitted to the target Company are not acknowledged by the Target Company. Therefore, compliance cannot be ascertained.

Note: Some of the above disclosures before and upto 2007 were stated in the earlier letter of offer dated May 7, 2008 sent by SPG BV (the erstwhile acquirer) upon indirect acquisition of Target Company from Conrad Stork Beheer B.V.

Other persons which may be deemed to be acting in concert with the Acquirer and the PACs

Other than PAC1 and PAC2, no other persons are acting in concert with the Acquirer and the PACs for the purposes of the Offer within the meaning of regulation 2(1)(q)(1) of the Takeover Regulations. However, as per regulation 2(1)(q)(2), there may be other entities or persons which may be deemed to be acting in concert with the Acquirer and the PACs.

IV. BACKGROUND OF THE TARGET COMPANY

1. SIL was incorporated on June 5, 1973 as Stovec Screens India Limited under the Companies Act, 1956 with the Registrar of Companies, Mumbai and was subsequently renamed as Stovec Industries Limited on October 12, 1988. The registered office was shifted to the State of Gujarat in the year 2007. The registered & corporate office and manufacturing facilities of the Target Company are, at present, situated at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat. Its telephone number is + 91(0) 79- 3041 2300 and fax number is +91(0)79-2571 0406.
2. SIL is a technology and market leader in rotary screen printing industry in India. SIL is presently engaged in the manufacturing of perforated nickel rotary screens, rotary screen printing machines, anilox rollers, engraving chemicals, engraving equipment's, rotamesh screens, rotaplate and sugar screens. SIL is also engaged into trading of digital ink for textile printing industry. The core activities of the company are development and production of consumables for their use in textile printing, graphic printing and sugar industry. The activity also includes manufacturing, supply, installation and after sales support of the rotary screen printing machines. SIL is a subsidiary of SPG Prints, (formerly Stork Prints B.V.) and is an ISO 9001: 2008 accredited company. SIL's in-house R&D unit is recognized by Department of Scientific and Industrial Research, Ministry of Science and Technology, New Delhi.
3. In technical collaboration with SPG Prints (then known as Stork Screens B.V.) SIL commenced commercial production of perforated nickel rotary screens in August, 1975. SIL in the past was engaged in the manufacturing of pre-sensitized off-set plates used in graphics industry and was also engaged into manufacturing of electronic parts.
4. With effect from October 01, 1987 Stormac India Limited was amalgamated with the Target Company Thereafter, consequent to an order passed by the Board of Industrial and Financial Reconstruction ("BIFR") on 26th November, 1990, another company by the name of Assotex Engineering Industries Limited was amalgamated with the Target Company with retrospective effect from April 01, 1989.
5. The Target Company had two subsidiary companies, namely, Stork Pumps (India) Ltd and Pranay Shares & Securities Limited. In the year 1997-98 and 1999-2000 the Target Company divested its shareholding from Stork Pumps (India) Ltd and Pranay Shares & Securities Limited respectively.
6. Over a period of time the Target Company sold the business of pre-sensitized off-set plates, electronics, sintered metal and ferrite In May 2014, the Target Company acquired Atul Sugar Screens Private Limited, a private limited company incorporated under the Companies Act, 1956

and having its registered office at 11, Kubera Estate, 408/14, CTS 10, Veer Sawarkar Nagar, Gultekdi Road, Pune - 411037.

7. The equity shares of the Target Company are listed on BSE (Scrip Code: 504959), and ASE (Scrip Code: 57410).
8. The equity shares of the Target Company are infrequently traded on BSE and ASE in terms of regulation 2(1)(j) of the Takeover Regulations.
9. As of the date of this Draft Letter of Offer, the total authorised share capital of the Target Company is INR 29,000,000 (Indian Rupees twenty million only) consisting of 290,000 (two hundred and ninety million only) Equity Shares. The total paid-up share capital of the Target Company is INR 20,880,160 (Indian Rupees twenty million eight hundred eighty thousand one hundred and sixty only) consisting of 2,088,016 (two million eighty eight thousand and sixteen) Equity Shares. As of the date of this Draft Letter of Offer, the Target Company does not have any partly paid-up Equity Shares. The capital structure of the Target Company as of the date of this Draft Letter of Offer is:

Equity Shares of Target Company	No. of Equity Shares/ voting rights	% of Equity Shares/ voting rights
Fully paid up Equity Shares	2,088,016	100%
Partly paid Up Equity Shares	NIL	NIL
Total paid up Equity Shares	2,088,016	100%
Total voting rights of Target Company	2,088,016	100%

10. Details of the changes in the share capital of the Target Company since incorporation and status of compliance with the applicable SEBI regulations/other statutory requirements, are as follows:

Date of allotment	Number of shares issued	% of shares issued	Cumulati ve paid up capital	Mode of allotment	Identity of allottees (promoters/ ex- promoters/ others)/ Reasons for allotment (Bonus, Swaps, etc.)
Not Applicable	7	00.00	7	Subscriber s to the memoran dum	7 shares to subscribers to the memorandum of Association
November 28, 1973	59,993	02.87	60,000	Preferenti al Issue	59,993 shares to promoters, Directors & Executive of promoting company

Date of allotment	Number of shares issued	% of shares issued	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)/ Reasons for allotment (Bonus, Swaps, etc.)
February 11, 1974	120,000	05.75	180,000	Issued through prospectus	1,20,000 shares to public in consultation with BSE.
September 27, 1974	101,328	04.85	281,328	Preferential Issue (Against import) In lieu of Cash	1,01,328 shares to foreign collaborator Stork Prints B V.
March 10, 1975	18,672	00.89	300,000	Preferential Issue	18,672 shares to Stock Screens B.V.
August 5, 1980	200,000	09.58	500,000	Bonus Issue	2,00,000 shares allotted to all existing shareholders.
September 10, 1986	250,000	11.97	750,000	Bonus Issue	2,50,000 shares allotted to all existing shareholders.
March 28, 1989	250,000	11.97	1,000,000	Under a scheme of amalgamation	2,50,000 shares allotted to shareholders of Stormac India Ltd.
December 24, 1990	113,810	05.45	1,113,810	Under a scheme of amalgamation	1,13,810 shares allotted to shareholders of AEIL.
November 29, 1991	56,905	02.73	1,170,715	Under a scheme of amalgamation	56,905 shares to stock screens B.V. (Collaborator)
November 29, 1991	18,968	00.91	1,189,683	Under a scheme of amalgamation	18,968 shares to Stork Brabant (collaborator) B.V. Holland

Date of allotment	Number of shares issued	% of shares issued	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)/ Reasons for allotment (Bonus, Swaps, etc.)
April 19, 1993	475,873	22.79	1,665,556	Right issue	4,75,873 shares to all existing shareholders
April 19, 1993	23,794	01.14	1,689,350	Right issue	15,200 shares to existing employees and 8,594 equity shares to small shareholders
April 19, 1993	398,666	19.09	2,088,016	Right issue	3,98,666 shares to shareholders of Stork Screens B.V. & Stork Brabant B.V. to increase their shareholding
Total	2,088,016	100.00	2,088,016		

11. The details of the Board of the Target Company are as provided below:

Name	DIN	Date of Appointment	Designation
Mr. K. M. Thanawalla	00201749	January 28, 2005	Chairman and Independent Director
Mr. Dirk W. Joustra	00481154	January 29, 1999	Non Executive Director
Mr. Aschwin N.R.M. Hollander	00356415	April 26, 2005	Non Executive Director
Mr. Joost Smits	00356544	January 30, 2006	Non Executive Director
Mr. Marco Philippus A. Wadia	00244357	May 21, 1999	Independent Director
Mr. Shailesh Wani	06474766	October 01, 2013	Managing Director

12. There is no director appointed by Acquirer on the board of directors of the Target Company. The existing board of directors of the Target Company continues as it is without any change.

13. Mr. Joost Smits, Mr. Dirk Wim Joustra and Mr. Aschwin Hollander are on the Board of the Target Company. As required under regulation 24(4), Mr. Dirk Wim Joustra and Mr. Aschwin Hollander have recused themselves from all resolutions and business discussed and voted by the Board of the Target Company and have not participated in any matter concerning or relating to the Offer.

14. Brief financials of Target Company are as follows:

(In million)

Profit and Loss Statement	For the Quarter ended March	For the year ended	For the year ended	For the year ended December
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	31, 2014	December 31, 2013	December 31, 2012	31, 2011
	INR	INR	INR	INR
Income from Operations	181.79	772.76	730.89	601.68
Other Income	9.04	34.65	31.15	26.25
Total Income	190.83	807.41	762.04	627.93
Total Expenditure	151.66	641.27	639.59	544.36
Profit before Depreciation, Interest and Tax	39.17	166.14	122.45	83.57
Depreciation and Amortisation	3.94	14.96	15.43	14.88
Interest	-	-	-	-
Profit before Tax	35.23	151.18	107.02	68.69
Provision for Tax	9.96	45.37	33.03	21.26
Profit After Tax	25.27	105.81	73.99	47.43

(In million)

Balance Sheet	For the Quarter ended March 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012	For the year ended December 31, 2011
	INR	INR	INR	INR
<u>Sources of Funds</u>				
Paid up Share Capital	20.88	20.88	20.88	20.88
Reserves and Surplus	508.53	483.25	414.25	366.22
Net Worth	529.41	504.13	435.13	387.10
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
Total	529.41	504.13	435.13	387.10
<u>Use of Funds</u>				
Net fixed assets	134.33	131.38	134.05	122.05
Investments	0.01	29.37	19.88	5.01
Net current assets	395.07	343.38	281.20	260.04
Total miscellaneous expenditure not written off	-	-	-	-
Total	529.41	504.13	435.13	387.10

Other Financial Data	For the Quarter ended March 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012	For the year ended December 31, 2011
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	INR	INR	INR	INR
Dividend %	-	150.00	107.00	68.50
Basic earnings per share	12.10	50.68	35.44	22.72
Diluted earnings per share	12.10	50.68	35.44	22.72

The Company's financial year is from January to December and therefore, the figures for the period ended March 31, 2014 are unaudited and have been subject to limited review by Price Waterhouse who are the statutory auditors of the Target Company.
(Source: www.bseindia.com)

15. Pre and post Offer, share holding pattern of the Target Company as on August 15, 2014 are as per the following table:

Shareholders' Category	Shareholding and voting rights prior to the agreement/ acquisition and Offer.		Shares /voting rights agreed to be acquired which triggered the Takeover Regulations.		Shares/voting rights to be acquired in Offer (Assuming full acceptance s)		Share holding / voting rights after the acquisition and Offer.	
	(A)		(B)		(C)		(A+B+C) =D	
	No.	%	No	%	No	%	No	%
(1) Promoter group								
a) Parties to agreement, if any	Nil	NA	Nil	NA	Nil	NA	Nil	NA
b) PAC 2	1,482,493	71.00%	Nil	NA	542,885	26%	2,025,378	97.00%
(c) Promotes other than 1a and 1b above	Nil	NA	Nil	NA	Nil	NA	Nil	NA
Total 1(a+b+c)	1,482,493	71.00%	Nil	NA	542,885	26.00%	2,025,378	97.00%
(2) Acquirers	Nil	NA	Nil	NA	Nil	NA	Nil	NA
Total 2	Nil	NA	Nil	NA	Nil	NA	Nil	NA
(3) Parties to agreement other than (1) (a) & (2)	Nil	NA	Nil	NA	Nil	NA	Nil	NA
(4) Public (other than parties to agreement, acquirers & PACs)	Nil	NA	Nil	NA	Nil	NA	Nil	NA
a) Mutual Funds / UTI	200	0.01%	Nil	NA	Nil	NA	62,638	3.00%
a) Financial Institutions / Banks	2,051	0.10%	Nil	NA	Nil	NA		
b) Foreign Institutional Investors	4,374	0.21%	Nil	NA	Nil	NA		
c) Others	598,898	28.68%	Nil	NA	Nil	NA		
Total 4(a+b+c)	605,523	29.00%	Nil	NA	Nil	NA	62,638	3.00%
Grand Total (1+2+3+4)	2,088,016	100.00%	Nil	NA	542,885	26.00%	2,088,016	100.00%

16. The Target Company has complied with the filing requirements under Chapter II of the SEBI Takeover Regulations, 1997 except for the following; the compliance status of which could not be ascertained:

- a. Compliance under regulation 6 of the Takeover Regulations, 1997 - Records in respect of compliances made under regulations 6(2), 6(4) from 1997 till 2014, are not available. Therefore, compliance cannot be ascertained.
- b. Compliance under regulation 7 of the Takeover Regulations, 1997 - Similarly, records in respect of compliance under regulation 7(3) except for year 2007 are not available. Therefore compliance cannot be ascertained.
- c. Compliance under regulation 8 of the Takeover Regulations, 1997 - Compliance under regulations 8(3) of the Takeover Regulations, 1997 pertaining to disclosures made by the Target Company have been complied except :
 - i. the Target Company has no record for proof of filing the disclosures to the Stock Exchanges for the following instances on time:
 - Disclosure as on Financial Years ended 2005, 2007, 2009 and 2010
 - Disclosure for records date related to Financial Years ended 2005, 2007, 2009, 2010 and 2011
 - ii. the Target Company has made delayed compliances for Disclosure as on Financial Year ended 2011:

Note: Some of the above disclosures before and up to 2007 were stated in the earlier letter of offer dated May 7, 2008 sent by SPG BV (the erstwhile acquirer) upon indirect acquisition of Target Company from Conrad Stork Beheer B.V.

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

1. The Equity Shares of the Target Company are listed on BSE (scrip code: 504959) and ASE (scrip code: 57410).
2. The annualized trading turnover of the Equity Shares of the Target Company during 12 (twelve) calendar months preceding the month of Public Announcement (June 2013–May 2014) on the Stock Exchanges on which the Equity Shares of the Target Company are listed is detailed below:

Name of the Stock Exchange	Total Number of shares traded during the preceding 12 calendar months prior to the month of Public Announcement	Total Number of Equity Shares listed	Annualized trading turnover (as % of total number of listed Equity Shares)
Bombay Stock Exchange	112333	20,88,016	5.38
Ahmedabad Stock Exchange	Nil	20,88,016	0.00

Based on the above information, the Equity Shares of the Target Company are infrequently traded on BSE and ASE within the meaning of regulation 2(1) (j) of the Takeover Regulations.

3. Therefore, the Offer Price of INR 566.90 /-(Indian Rupees five hundred sixty six and ninety paise only) per share is justified in terms of regulation 8(3) of the Takeover Regulations and the same has been determined after considering the following :

Sr. No	Particulars	Price (In INR Per share)
1.	The highest negotiated price per share under the SPA	NA
2.	Volume-weighted average price paid or payable for any acquisition, whether by the Acquirer or by any Person Acting in Concert with him, during the fifty-two weeks immediately preceding the earlier of, the date on which the Primary Acquisition is contracted, and the date on which the intention or the decision to make the Primary Acquisition is announced in the public domain;	NA
3.	Highest price paid or payable for any acquisition, whether by the Acquirer or by any Person Acting in Concert with him, during the twenty-six weeks immediately preceding the earlier of, the date on which the Primary Acquisition is contracted, and the date on which the intention or the decision to make the Primary Acquisition is announced in the public domain;	NA
4.	Highest price paid or payable for any acquisition, whether by the Acquirer or by any Person Acting in Concert with him, between the earlier of, the date on which the Primary Acquisition is contracted, and the date on which the intention or the decision to make the Primary Acquisition is announced in the public domain, and the date of the Public Announcement of the Offer for Equity Shares of the Target Company made under the Takeover Regulations;	NA
5.	Volume-weighted average market price of the Equity Shares for a period of sixty trading days immediately preceding the earlier of, the date on which the Primary Acquisition is contracted, and the date on which the intention or the decision to make the Primary Acquisition is announced in the public domain, as traded on the Stock Exchanges where the maximum volume of trading in the Equity Shares of the Target Company are recorded during such period, provided such Equity Shares are frequently traded	NA
6.	Per Equity Share value, as required under regulation 8(5) of Takeover Regulations.	NA
7.	Fair Value per Equity Share as determined taking into account, <i>inter-alia</i> valuation report dated June 24, 2014 issued by MGB & Co, Chartered Accountants, (Registration Number. 101169W) i.e. INR 560.00 per Equity Share as enhanced by INR 6.90 being the sum determined at the rate of 10 per cent per annum for the period between the date of announcement in public domain and the date of the Detailed Public Statement, in accordance with the provisions of regulation 8(12) of the Takeover Regulations	566.90

4. Based on above the Manager to the Offer confirms that the offer price of INR 566.90 /-(Indian Rupees five hundred sixty six and ninety paise only) per Equity Share is justified in terms of regulation 8(3) of the Takeover Regulations.
5. The Offer is as a result of Primary Acquisition resulting in indirect acquisition of the Target Company.

6. No adjustment has been carried out in the Offer Price as there were no corporate actions as on date of this Draft Letter of Offer.
7. The Acquirer and PACs shall disclose during the Tendering Period every acquisition made by them of any Equity Shares of the Target Company to the Stock Exchanges and to the Target Company at its registered office within twenty- four hours of such acquisition in accordance with regulation 18(6) of the Takeover Regulations.
8. Irrespective of whether a competing offer has been made, the Acquirer may make upward revisions to the Offer Price, and subject to the other provisions of these regulations, to the number of shares sought to be acquired under the Offer, at any time prior to the commencement of the last 3 (three) Working Days of opening of the Tendering Period i.e. up to September 23, 2014.
9. If the Acquirer acquires or agrees to acquire whether by themselves or/with PACs any shares or voting rights in the Target Company during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price ("Acquisition Price"), the Offer Price shall stand revised to the highest price paid or payable for any such acquisition in terms of regulation 8(8) of the Takeover Regulations. No such acquisition shall, however, be made after the 3rd (third) Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period. In case of revision in the Offer Price and/or number of Equity Shares sought to be acquired under the Offer, equity shareholders would be notified.
10. If the Acquirer acquires Equity Shares of the Target Company during the period of 26 (twenty-six) weeks after the Tendering Period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the Acquisition Price and the Offer Price, to all equity shareholders whose Equity Shares have been accepted in the Offer within 60 (sixty) days from the date of such acquisition in terms of regulation 8(10) of the Takeover Regulations. However, no such difference shall be paid in the event that such acquisition is made under an 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 Exchanges and not being negotiated acquisition of shares of the Target Company in any form.

Financial Arrangements

1. The total funding requirement for this Offer is INR 307,761,507 (Indian Rupees three hundred seven million seven hundred sixty-one thousand five hundred and seven only), assuming full acceptance of the Offer ("Maximum Consideration" per equity share at the Offer Price of INR 566.90/-).
2. The Acquirer and PACs have made firm financial arrangements for fulfilling the payment obligations under this Offer and the Acquirer and PACs are able to implement this Offer.
3. The Acquirer and PACs have given an undertaking to the Manager to the Offer that it has cash available to fulfill its payment obligations under this Offer in accordance with the Takeover Regulation. Source of funds shall be acquisitions loan from Lloyds Bank, London which has by its

- letter dated July 02, 2014, has confirmed that an amount of Euro 5 Million (INR 407,892,500 (Indian Rupees Four hundred and seven million eight hundred ninety two thousand five hundred only)) (1 Euro = INR 81.5785 as on August 06, 2014, Source: Reserve Bank of India), which is more than 100 per cent (one hundred per cent) of the Maximum Consideration, is available with the Acquirer for the purposes of completing the payment obligations of the Acquirer under this Offer.
4. Acquirer and PACs have entered into an escrow agreement with Indusind Bank Limited Mumbai branch ("Escrow Banker") and the Manager ("Open Offer Escrow Agreement") pursuant to which Acquirer has deposited cash aggregating INR 77,093,820/- (Indian Rupees seventy seven million ninety three thousand eight hundred and twenty only), being more than twenty five per cent of the Offer Size ("Cash Escrow"), in the escrow account ("Open Offer Escrow Account") opened with the Escrow Agent. The Cash Escrow, constitutes the escrow amount ("Open Offer Escrow Amount"). The Open Offer Escrow Amount has been computed in accordance with regulation 17(1) of the Takeover Regulations. The Manager has been authorized to operate the Open Offer Escrow Account on the terms set out in the Open Offer Escrow Agreement.
 5. As certified by CA Vinay Balodota (Membership No. 109997) Partner, KPNB & Associates, Chartered Accountants (Firm Registration No. 136141W) having its office at 1/2A Gongatri Complex, 927, Synagogue Street Camp, Pune 411 001 Tel No. 020 3042 3537 vide certificate dated June 24, 2014, that the Acquirer and PACs have adequate financial resources for meeting its obligations under the Offer.
 6. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement this Offer in accordance with the Takeover Regulations.
 7. In case of revision of the Offer Price and/or the Offer Size, the Acquirer shall (i) make further deposits into the Offer Escrow Account; or (ii) provide an additional bank guarantee in favour of the Manager to the Offer, to ensure compliance with regulation 17(2) of the Takeover Regulations.

VI. TERMS AND CONDITIONS OF THE OFFER

Operational Terms and Conditions

1. In terms of the tentative schedule of activities, the Tendering Period for the Offer is expected to commence on September 26, 2014 and is expected to close on October 14, 2014.
2. The Equity Shares offered under this Offer shall be free from all liens, charges, equitable interests and encumbrances and are to be offered together with all rights in respect of dividends or bonuses, if any, declared hereafter.
3. This is not a conditional Offer and is not subject to any minimum level of acceptance.
4. The Identified Date for this Offer as per the tentative schedule of activities is September 12, 2014.
5. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one) only.
6. 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.
7. There are no Equity Shares in the Target Company that are locked-in under any applicable law.

Eligibility for accepting the Offer

1. The Letter of Offer shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of the Target Company as on September 12, 2014 (the "Identified Date").
2. All Public Shareholders, registered or unregistered, 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.
3. The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance cum Acknowledgement will also be available on SEBI's website (www.sebi.gov.in). In case of non-receipt of the Letter of Offer, Public Shareholders, including those who have acquired Equity Shares after the Identified Date, if they so desire, may download the Letter of Offer or the Form of Acceptance cum Acknowledgement from SEBI's website.
4. The acceptance of this Offer by Public Shareholders must be unconditional, absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
5. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s) of the Target Company.
6. None of the Acquirer, the PACs, the Manager to the Offer or the Registrar to the Offer accepts any responsibility for any loss of equity share certificates, Offer Acceptance forms, share transfer forms etc. during transit and Public Shareholders are advised to adequately safeguard their interest in this regard.
7. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer and PACs in consultation with the Manager to the Offer.

8. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute an integral part of the terms of the Offer.

Statutory and Other approvals

1. To the best of the knowledge of the Acquirer and the PACs there are no statutory approvals required to complete the acquisition of the Offer shares. If any other statutory approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approval.
2. The acquisition of offer shares tendered by NRIs and OCBs is subject to and if applicable, such OCBs and NRIs submitting the approval / exemption from the RBI for tendering their Equity Shares in the Offer.
3. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer 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.
4. In case of non-receipt of statutory approvals within time, SEBI has the power to grant extension of time to Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest or penalty as may be directed by SEBI.

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. For the purpose of the Offer, the Registrar to the Offer has opened the Offer escrow demat account in the name and style of "LIPL Stovec Open Offer Escrow Demat Account" ("Open Offer Escrow Demat Account") with Ventura Securities Limited as the Depository Participant in NSDL. The DP ID is IN303116 and the Client ID is 11416287.
2. The Offer is made to the Public Shareholders as defined in this Draft Letter of Offer. While the Draft Letter of Offer shall be dispatched to the Public Shareholders of the Target Company whose name appears in the register of members as at the Identified Date, all Public Shareholders of the Target Company may tender their Equity Shares in the Offer. Accordingly, all Public Shareholders, whether holding Equity Shares in dematerialized form or physical form, registered or unregistered, are Persons Eligible to Participate in this Offer at any time during the Tendering Period. No indemnity is needed from unregistered Public Shareholders.
3. The Public Shareholders who qualify and who wish to participate in this Offer will have to deliver the relevant documents as mentioned below and such other documents as specified in the Letter of Offer at the Registrar to the Offer's office or at the following collection centres, either by hand delivery or by registered post between 10.00 a.m. and 4.00 p.m. on any Working Day during the Tendering Period. The documents should not be sent to the Manager, the Acquirer, the PACs or the Target.

Sr. No	Collection Centre	Address of Collection Centre	Contact person	Phone No. / Fax No. and Email Id	Mode of delivery
1.	Mumbai	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400078.	Pravin Kasare	Tel: 022-25967878 / 6171 5400 Fax : 022-25960329 Email : pravin.kasare@linkintime.co.in	Hand delivery / Registered post
2.	Ahmedabad	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers	Hitesh Patel	079-2646 5179 (Telefax)/	Hand delivery

Sr. No	Collection Centre	Address of Collection Centre	Contact person	Phone No. / Fax No. and Email Id	Mode of delivery
		Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380009		Email : ahmedabad@linkintime.co.in	

4. Any person who has acquired Equity Shares of the Target (irrespective of the date of purchase) but whose name does not appear in the register of members of the Target Company on the Identified Date, or any Public Shareholder who has not received the Letter of Offer, may also participate in this Offer by submitting an application on plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. Alternatively, such shareholders, if they so desire, may apply on the Form of Acceptance cum Acknowledgement downloaded from the SEBI website, www.sebi.gov.in. No indemnity is needed from unregistered shareholders. Such application should be sent to the Registrar to the Offer together with the relevant share certificate(s) and transfer forms (if the Equity Shares are held in physical form) or a photocopy of the DP instruction slip duly acknowledged by the DP (in the case of Equity Shares held in dematerialized form) in “off-market” mode, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Equity Shares were acquired and/or such other documents as specified in the Letter of Offer.
5. Public Shareholders holding Equity Shares in dematerialized form shall deliver the following documents:
 - (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the depository;
 - (ii) A photocopy of the delivery instruction slip in “off-market” mode or counterfoil of the delivery instruction slip in “off-market” mode, duly acknowledged by the relevant DP;
 - (iii) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgment. The Public Shareholders having their beneficiary account in CDSL must use an inter-depository delivery instruction for the purpose of crediting their Equity Shares in favour of the escrow depository account with NSDL. The ISIN number allotted to the Equity Shares is INE755D01015. The Public Shareholders who have sent their Equity Shares held in physical form for dematerialization need to ensure that the dematerialization process is completed in sufficient time so that the credit in the Open Offer Escrow Demat Account is received on or before closure of the Offer; and
 - (iv) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable.

In case the aforesaid documents have not been tendered but the Equity Shares have been transferred to the Open Offer Escrow Demat Account, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

6. Public Shareholders holding the Equity Shares in physical form shall deliver the following documents:
 - (i) Form of Acceptance cum Acknowledgement, duly completed and signed in accordance with the instructions contained therein by all Public Shareholders whose name appears on the share certificates;

- (ii) Original share certificates;
- (iii) Valid transfer forms duly signed by the transferors by all registered Public Shareholders in same order and as per the specimen signatures registered with and duly witnessed at the appropriate place;
- (iv) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable; and
- (v) Duly attested power of attorney If any person apart from the shareholder has signed acceptance form or transfer deed.

In case the aforesaid documents have not been tendered but the original share certificates and valid transfer forms, duly signed, have been tendered, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

7. When tendering their Equity Shares in the Offer, Public Shareholders may select an option to receive the payment of Offer consideration through electronic means by indicating in the space provided in the Form of Acceptance cum Acknowledgement. The payment consideration for Equity Shares accepted under the Offer, in such cases, may be made through NECS, Direct Credit, RTGS or NEFT, as applicable, at specified centers where clearing houses are managed by the RBI, wherever possible. In other cases, payment of consideration would be made through demand draft or pay order sent by registered post or speed post. Public Shareholders who opt to receive consideration through electronic means are requested to give the authorization for electronic mode of transfer of funds in the Form of Acceptance cum Acknowledgement, provide the Magnetic Ink Character Recognition (MICR) or Indian Financial System Code (IFSC) of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the Form of Acceptance cum acknowledgement. In case of joint holders or unregistered owners, payments will be made in the name of the first holder or unregistered owner respectively.
8. For the purposes of electronic transfer, in case of Public Shareholders opting for electronic payment of Offer consideration and for the purposes of printing on the demand draft or pay-order for the other cases, the bank account details will be taken directly from the Depositories' database, wherever possible. A Public Shareholder tendering Equity Shares in the Offer is deemed to have given consent to obtain the bank account details from the Depositories for this purpose. Only if the required details cannot be obtained from the Depositories' database, the particulars provided by the Public Shareholders will be used.
9. For Public Shareholders who do not opt for electronic mode of transfer and for those Public Shareholders whose payment consideration is rejected or not credited through NECS, direct credit, RTGS or NEFT (as applicable) due to any technical errors or incomplete or incorrect bank account details, payment consideration will be dispatched through speed post or registered post. Such payment consideration will be made by pay orders or demand drafts payable at par at places where the address of the Public Shareholder is registered. It is advised that Public Shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that the same can be incorporated in the cheque or demand draft or pay order. It will be the responsibility of the tendering Public Shareholders to ensure that correct bank account details are mentioned with the Depositories and in the Form of Acceptance cum Acknowledgment.
10. The Registrar to the Offer will hold in trust the Equity Shares or share certificates as the case may be, Equity Shares held in credit of the Open Offer Escrow Demat Account, Form of Acceptance cum

Acknowledgement, if any, and the transfer form(s) on behalf of the Public Shareholders of the Target Company who have accepted the Offer, until the drafts or pay order for the Offer consideration or the unaccepted Equity Shares or share certificates as the case may be, are dispatched or returned vide registered post or payment of consideration has been made through electronic modes.

11. In case of rejection of Equity Shares tendered for any reason, the unaccepted original share certificates, transfer forms and other documents, if any, will be returned by registered post at the Public Shareholder's or unregistered holder's, as the case may be, sole risk as per the details provided in the Form of Acceptance cum Acknowledgement. Equity Shares held in dematerialized form, to the extent not accepted, will be returned to the beneficial owner to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner(s) in the form of acceptance cum acknowledgement.

COMPLIANCE WITH TAX REQUIREMENTS

A. GENERAL

1. As per the provisions of Section 195(1) of the Income-tax Act, 1961 (IT Act), any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration payable to the non-resident Public Shareholders for Shares accepted in the Offer may be chargeable to tax in India either as capital gains under Section 45 of the IT Act or as business profits, depending on the facts and circumstances in respect of such Public Shareholder. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the IT Act on such capital gains/business profits subject to benefit available to such Public Shareholder under the applicable Double Taxation Avoidance Agreement.
2. Resident and non-resident Shareholders (including FII) are required to submit their Permanent Account Number ("PAN") for income-tax purposes. In case a PAN is not submitted or is invalid or does not belong to the Shareholder, the Acquirer and the PAC will arrange to deduct tax at the rate of 20 per cent (twenty per cent) or at the rate in force or at the rate specified in the relevant provisions of the IT Act, whichever is higher.
3. In case of ambiguity, incomplete or conflicting information or the information (including any additional information or documents which may be requested by the Acquirer and PAC from a Shareholder for ascertaining the taxes to be deducted) not being provided to the Acquirer and PAC, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the IT Act, on the entire consideration and interest if any, payable to such Shareholder.
4. The payment of any interest by the Acquirer to a resident / non-resident Public Shareholder may be chargeable to tax, as interest income under the IT Act. The Acquirer is required to deduct tax at source at the applicable rate under Section 194A of the IT Act on such interest (paid for delay in payment of Offer Price, if any).
5. Based on the documents and information submitted by the public shareholders, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer.
6. Taxes once deducted will not be refunded by the Acquirer under any circumstances.

7. The Acquirer shall deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Public Shareholders, such Public Shareholders will be responsible to pay such income tax demand (including interest, penalty, etc.) and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before any income tax/apellate authority.
8. All Public Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action for them. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of any advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income
9. In the event the Acquirer and/or the PAC, on the basis of any misrepresentation, inaccuracy or omission of information provided by a Public Shareholder, fail to withhold or deduct the required tax, and as a result of such failure the Acquirer and/or PAC are called upon by the tax authorities (by way of a show cause notice, demand notice or otherwise) for recovery of the shortfall in the taxes withheld or deducted by the Acquirer and/or PAC, the Acquirer and/or PAC shall be entitled to seek indemnification from such Public Shareholder towards any payments made by the Acquirer and/or PAC to the tax authorities towards such shortfall, together with any interest, penalties, costs and expenses payable or incurred or to be incurred by the Acquirer and/or PAC in connection therewith.

B. Tax to be deducted in case of resident Shareholders

1. In the absence of any specific provision under law, the Acquirer and PACs will not deduct tax on the consideration payable to resident Shareholders in respect of gains arising on transfer of Equity Shares under this Offer.
2. The Acquirer and PACs will deduct the tax at the stipulated rates (including surcharge and education cess, if applicable) on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of INR 5,000/- (Indian Rupees five thousand only).
3. The resident Shareholder claiming no tax to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance a No Objection Certificate ("NOC") or Tax Clearance Certificate ("TCC") from the tax authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident Shareholder not being a company or firm, a self-declaration in form 15G or form 15H, as may be applicable. The self-declaration in form 15G or form 15H would not be valid unless the resident Shareholder furnishes copy of the Permanent Account Number (PAN) card in such declaration. In case the aforesaid NOC or TCC or form 15G or 15H, if applicable, is not submitted, the Acquirer and PAC will arrange to deduct tax at the stipulated rate (including surcharge and education cess, if applicable) on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of INR 5,000/- (Indian Rupees five thousand only). Also, no tax is to be deducted on the interest amount in the case of resident Shareholder being a mutual fund as per Section 10(23D) of the IT Act or a bank or an entity specified under Section 194A(3)(iii) of the IT Act if it submits a copy of the relevant registration or notification along with the Form of Acceptance.

VIII. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer, Pantomath Capital Advisors Private Limited, having their office at 108, Madhava Premises Co-operative Society Limited, Bandra Kurla Complex, Bandra East, Mumbai 400 051, from 10.00 hours to 17.00 hours on any working day, except Sundays and holidays from the date of opening of the Offer until the closure of the Offer:

1. Certificate of Incorporation, Memorandum of Association and Articles of Association of Acquirer, PAC1 and PAC2.
2. Certificate from the Chartered Accountant, certifying the adequacy of financial resources with Acquirers to fulfill the Offer obligations.
3. Audited annual reports of the PACs and the Target Company for the last three years namely 2013, 2012 and 2011
4. A letter from Indusind Bank Limited confirming the amount kept in the Escrow account.
5. A copy of Public Announcement, published copy of the Detailed Public Statement, issue opening Public Announcement and any corrigendum to any of the aforesaid documents.
6. A copy of announcement of Primary Acquisition which triggered the open offer obligation.
7. A copy of the recommendation made by the Board of the Target Company.
8. A copy of the comments letter received from SEBI.
9. A copy of the agreement entered into with TRA for opening a special depository account for the purpose of the Offer.
10. A copy of Escrow Agreement entered into between Acquirer, Indusind Bank Limited – Mumbai and Manager to the Offer.

IX. DECLARATION BY THE ACQUIRER AND PACs

1. The Acquirer and the PACs and their respective directors (as applicable) accept full responsibility for the information contained in this Letter of Offer, including the attached Form of Acceptance cum Acknowledgement (other than such information as has been obtained from public sources).
2. The Acquirer and the PACs and their respective directors (as applicable) accept full responsibility for their obligations under the Offer and shall be jointly and severally responsible for the fulfillment of obligations under the Takeover Regulations in respect of this Offer.

Signed for and on behalf of Print II BV

Sd/-

Authorized Signatory

Signed for and on behalf of SPG Prints Group BV

Sd/-

Authorized Signatory

Signed for and on behalf of SPG Prints BV

Sd/-

Authorized Signatory

The person(s) signing the LoF are duly and legally authorised by Acquirers and including PACs.

Place: Ahmedabad

Date: August 18, 2014

Enclosures:

1. Form of Acceptance cum Acknowledgement
2. Blank Share Transfer Deed(s)