

**DRAFT LETTER OF OFFER***'This document is important and requires your immediate attention.'*

This Draft Letter of Offer is being sent to you as the Public Shareholder of Rahul Merchandising Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Manager to the Offer or the Registrar. In case you have recently sold your Equity Shares, please hand over this Draft Letter of Offer and the accompanying form of acceptance-cum-acknowledgement to the member of the stock exchange through whom the said sale was affected.

**OPEN OFFER BY**

Name	Acquirer	Address	Contact Details	Email Address
Ankit Tayal	Acquirer 1	A-16, Vivek Vihar Phase 2, Jhilmil East Delhi, Delhi-110095, India	+919711111322	ankittayal767@gmail.com
Mohit Sharma	Acquirer 2	Q33, Raj Angan, NRI Colony Sector 21 Sanganer, Jaipur-302033, Rajasthan, India	+919983321844	mohit_sharma26@yahoo.com

There is no person acting in concert for this Offer.

**FOR THE ATTENTION OF THE PUBLIC SHAREHOLDERS OF  
RAHUL MERCHANDISING LIMITED**

**Corporate Identification Number:** L74899DL1993PLC052461.

**Registered Office:** H.NO. 1/61-B, Vishwas Nagar, Shahdara, East Delhi, Delhi-110032, India.

**Contact Number:** 8947023801; **Website:** www.rahulmerchandising.in; **Email Address:** rahulmerchandising@gmail.com

**Open Offer for acquisition of up to 9,13,185 (Nine Lakhs Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of Rahul Merchandising Limited ('Rahul Merchandising Limited' or 'Target Company'), at an offer price of Rs 8.50/- (Rupees Eight and Fifty Paise Only) ('Offer Price'), by the Acquirers in accordance with the provisions of Regulations 3 (1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and subsequent amendments thereto ('SEBI (SAST) Regulations') ('Offer').**

**Please Note:**

- This Offer is being made by the Acquirers, in pursuance of the provisions of Regulations 3 (1) and 4 of the SEBI (SAST) Regulations, for substantial acquisition of Equity Shares and Voting Share Capital accompanied with change in control and management of the Target Company.
- As on the date of this Draft Letter of Offer, to the best knowledge of the Acquirers, there are no statutory approval(s) required to acquire Equity Shares that are validly tendered pursuant to this Offer. However, the Offer would be subject to all statutory approval(s) as may be required and/or may subsequently become necessary to acquire at any later date.
- If there is any upward revision in the Offer Price and/ or the Offer Size at any time up to 1 (One) Working Day prior to commencement of the Tendering Period i.e., **Monday, May 29, 2023**, in terms of the SEBI (SAST) Regulations, the same would also be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement had appeared. If the Offer is withdrawn pursuant to Regulation 23 of the SEBI (SAST) Regulations, the same would be communicated within 2 (Two) Working Days by an announcement in the same newspapers in which the Detailed Public Statement had appeared.
- This is not a competitive offer as per Regulation 20 of the SEBI (SAST) Regulations.**
- If there is a competitive offer, then the Offer under all subsisting bids shall open and close on the same date.**
- This Offer is not subject to a minimum level of acceptance by the Public Shareholders of the Target Company and is not a conditional offer under Regulation 19 of the SEBI (SAST) Regulations.
- Public Shareholders, who have accepted this Offer by tendering the requisite documents in terms of the Offer Documents, shall not be entitled to withdraw such acceptance during the Tendering Period.
- The procedure for acceptance is set out in Paragraph 8 titled as '*Procedure for Acceptance and Settlement of the Offer*' at page 27 of this Draft Letter of Offer.
- The Offer Documents would also be available and accessible on SEBI's website www.sebi.gov.in, BSE's website at www.bseindia.com, Manager's website at [www.swarajshares.com](http://www.swarajshares.com) and Registrar's website at ipo@skylinerta.com.

For capitalized terms, refer to the Paragraph titled '*Definitions and Abbreviations*' beginning on page 7 of this Draft Letter of Offer.



SHARES & SECURITIES PVT LTD

**MANAGER TO THE OFFER**

**Swaraj Shares and Securities Private Limited**

**Principal Place of Business:** Unit No 304, A Wing, 215 Atrium Courtyard Marriot, Andheri East, Mumbai- 400093, Maharashtra, India

**Contact No.:** +91-22-69649999

**Email:** [compliance@swarajshares.com](mailto:compliance@swarajshares.com)

**Website:** www.swarajshares.com

**Investor grievance email:** investor.relations@swarajshares.com

**Contact Person:** Tanmoy Banerjee/ Pankita Patel

**SEBI registration number:** INM00012980

**CIN:** U51101WB2000PTC092621

**REGISTRAR TO THE OFFER**

**Skyline Financial Services Private Limited**

D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 India

**Telephone Number:** 011-40450193-97

**E-mail Address:** ipo@skylinerta.com

**Website:** [www.skylinerta.com](http://www.skylinerta.com)

**Contact Person:** Mr. Anuj Kumar

**SEBI Registration Number:** INR000003241

**Validity:** Permanent

**OFFER OPENING DATE**

**Tuesday, May 30, 2023**

**OFFER CLOSING DATE**

**Monday, June 12, 2023**

## TENTATIVE SCHEDULE OF THE MAJOR ACTIVITIES RELATING TO THIS OFFER

Tentative Schedule of Activities	Day and Date
Date of the Public Announcement	Friday, March 31, 2023
Date of publication of the Detailed Public Statement in the newspapers	Tuesday, April 11, 2023
Last date of filing of the Draft Letter of Offer with SEBI	Wednesday, April 19, 2023
Last date for public announcement for a Competing Offer#	Thursday, May 04, 2023
Last date by which SEBI's observations on the Draft Letter of Offer will be received (in the event SEBI has not sought clarification or additional information from the Manager)	Friday, May 12, 2023
Identified Date*	<b>Tuesday, May 16, 2023</b>
Date by which the Letter of Offer will be dispatched to the Public Shareholders whose names appear on the register of members on the Identified Date	Tuesday, May 23, 2023
Last date by which the committee of the independent directors of the Target Company is required to give its recommendation to the Public Shareholders for this Offer	Friday, May 26, 2023
Last date for upward revision of the Offer Price and / or the Offer Size	Monday, May 29, 2023
Date of publication of opening of Offer public announcement in the newspapers in which the Detailed Public Statement had been published	Monday, May 29, 2023
Date of commencement of Tendering Period	<b>Tuesday, May 30, 2023</b>
Date of closing of Tendering Period	<b>Monday, June 12, 2023</b>
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the Public Shareholders	Monday, June 26, 2023

*Note:*

*The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and are subject to receipt of requisite approvals from various statutory/ regulatory authorities and may have to be revised accordingly. To clarify, the actions set out above may be completed prior to their corresponding dates subject to compliance with the SEBI (SAST) Regulations.*

*#There has been no competing offer as of the date of this Draft Letter of Offer.*

*\*Identified Date is only for the purpose of determining the names of the Public Shareholders to whom the Letter of Offer would be sent. All the public shareholders (registered or unregistered) of the Equity Shares (except the Acquirers and the parties to the Share Purchase Agreement) are eligible to participate in this Offer any time before the closure of this Offer.*

## **RISK FACTORS RELATING TO THE UNDERLYING TRANSACTION, THE PROPOSED OFFER, AND PROBABLE RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRER**

**For capitalized terms used hereinafter, please refer to the 'Definitions' set out below:**

### **A. Risks relating to Underlying Transaction**

1. The Underlying Transaction is subject to various conditions as specified under the Share Purchase Agreement, including:
  - (a) Receipt of all statutory approvals as set out in Paragraph 7.6 titled as '*Statutory Approvals and conditions of the Offer*' at page 26 of this Draft Letter of Offer and those which become applicable prior to the completion of this Offer;
  - (b) The satisfaction or waiver of the various conditions under the Share Purchase Agreement, including those conditions set out in paragraph 3.1.9 at page 10 of this Draft Letter of Offer, and if these conditions are not satisfied or waived and subsequently terminated in accordance with the terms of the Share Purchase Agreement, then the Underlying Transaction may be terminated.
2. The Underlying Transaction is subject to completion risks as would be applicable to similar transactions.

### **B. Risks relating to this Offer.**

1. This Offer is a mandatory open offer to acquire up to 26.00% (Twenty-Six Percent) of Voting Share Capital of the Target Company from the Public Shareholders. In the case of oversubscription in this Offer, as per the SEBI (SAST) Regulations, acceptance of the Equity Shares would be determined on a proportionate basis, and hence there is no certainty that all the Equity Shares tendered by the Public Shareholders in this Offer will be accepted.
2. To the best of the knowledge of the Acquirers, as on the date of this Draft Letter of Offer, there are no statutory or other approvals required for the acquisition of the Equity Shares that are validly tendered pursuant to the Open Offer or to complete this Open Offer other than as indicated in paragraph 7.6 titled as '*Statutory Approvals and conditions of the Offer*' at page 26 of this Draft Letter of Offer. However, in case any other statutory approvals become applicable and are required by the Acquirers at a later date before the closure of the Offer Period, this Open Offer shall be subject to receipt of such further approvals. If there is a delay in receipt of any applicable statutory or other approvals, then the Open Offer process may be delayed beyond the dates indicated in the tentative schedule of major activities of the Open Offer disclosed in this Draft Letter of Offer (on page number 2). In case Equity Shares are tendered in the Open Offer and a delay is caused due to delay in receipt of any applicable statutory or other approvals, the payment of consideration to Public Shareholders whose Equity Shares have been accepted under the Open Offer as well as release of the lien marked against the Equity Shares not accepted by the Acquirers may be delayed.
3. In the event that either:
  - (a) Regulatory approval is not received in a timely manner, or
  - (b) There is any litigation leading to stay on this Offer, or
  - (c) SEBI instructs the Acquirers not to proceed with this Offer,

then the Offer process may be delayed beyond the Schedule of Activities indicated in this Draft Letter of Offer. Consequently, payment of consideration to the Public Shareholders of the Target Company whose Equity Shares have been accepted in this Offer as well as the return of the Equity Shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 18 (11) of the SEBI (SAST) Regulations, then SEBI may, if satisfied that the non-receipt of approvals was not attributable to any wilful default, negligence, or failure on the part of the Acquirers to diligently pursue such approvals, grant an extension for the purpose of completion of this Offer, subject to the Acquirers agreeing to pay interest to the Public Shareholders for the delay beyond the 10<sup>th</sup> (Tenth) Working Day from the date of closure of the Tendering Period, as may be specified by SEBI.

4. Public Shareholders should note that the Equity Shares tendered by them and accepted in this Offer shall not be entitled to be withdrawn post-acceptance of such Equity Shares during the Tendering Period, even if the acceptance of such Equity Shares under this Offer and the payment of consideration gets delayed. The tendered Equity Shares and documents would be held by the Registrar, till such time as the process of acceptance of tenders and the payment of consideration is completed.

5. This Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers. The Acquirers may not be able to proceed with this Offer in the event the approvals are not received in terms of the Regulation 23 of the SEBI (SAST) Regulations. Further delay, if any, in the receipt of these approvals may delay completion of this Offer.
6. Non-residents and overseas corporate bodies (the 'OCBs') holding the Equity Shares must obtain all requisite approvals, if any, to tender the Equity Shares held by them in this Offer. Further, if the Public Shareholders who are not person's resident in India had required any approvals (including from Reserve Bank of India or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Offer, along with the documents required to be tendered to accept this Offer. In the event such prior approvals are not submitted, the Acquirers reserve its right to reject such Equity Shares tendered under this Offer. If the Equity Shares are held under general permission of the Reserve Bank of India, the non-resident Public Shareholder or OCB should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non-repatriable basis.
7. This Draft Letter of Offer/ and the Letter of Offer has not been filed, registered, or approved in any jurisdiction outside India. Recipients of this Draft Letter of Offer/ and the Letter of Offer, resident in jurisdictions outside India should inform themselves of and comply with all applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to any new or additional registration requirements.
8. Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.

**C. Risks involved in associating with the Acquirers.**

1. The Acquirers intend to acquire up to 9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of the Target Company, at an offer price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share, payable in cash, under the SEBI (SAST) Regulations. The Target Company does not have any partly paid-up Equity Shares as on the date of this Draft Letter of Offer. The Equity Shares and the documents tendered in this Offer will be held in trust by the Registrar until the completion of this Offer formalities, and the Public Shareholders will not be able to trade in such Equity Shares thereafter. Post this Offer, the Acquirers will have significant equity ownership and effective management control over the Target Company, pursuant to the provisions of Regulations 3 (1) and 4 of the SEBI (SAST) Regulations.
2. Neither the Acquirers nor the Manager to the Offer make any assurance with respect to the financial performance of the Target Company or the continuance of past trends in the financial performance or future performance of the Target Company nor do they make any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Open Offer. Each of the Acquirers, and the Manager to the Offer expressly disclaim any responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any Public Shareholder on whether to participate or not in this Open Offer.
3. The Acquirers and the Manager to the Offer, accept no responsibility for the statements made otherwise than in the Offer Documents or in the advertisement or any materials issued by or at the instance of the Acquirers and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.
4. The Acquirers do not make any assurance with respect to their investment or divestment decisions relating to their proposed shareholding in the Target Company.
5. Neither the Acquirers nor the Manager nor the Registrar to the Offer accept any responsibility for any loss of documents during transit (including but not limited to Open Offer acceptance forms, copies of delivery instruction slip, etc.), and Public Shareholders are advised to adequately safeguard their interest in this regard.
6. As per Regulation 38 of SEBI (LODR) Regulations read with Rule 19A of the SCRR (*as defined below*), the Target Company is required to maintain at least 25.00% public shareholding, as determined in accordance with SCRR, on a continuous basis for listing. Pursuant to completion of this Open Offer, the public shareholding in the Target Company

may fall below such minimum public shareholding requirement. Any failure to comply with the conditions of the SCRR and the SEBI (LODR) Regulations could have an adverse effect on the price and tradability of the Equity Shares.

7. For the purpose of disclosures in the Draft Letter of Offer, all information relating to the:
  - (a) Target Company has been obtained from publicly available sources or from the Target Company;
  - (b) The information pertaining to the Target Company contained in the Public Announcement or Detailed Public Statement or this Draft Letter of Offer or any other advertisement/ publications made in connection with the Open Offer has been compiled from information published or provided by the Target Company, or publicly available sources. Such information has not been independently verified either by the Acquirers or by the Manger to the Offer. The Acquirers do not accept any responsibility with respect to any misstatement of information disclosed pertaining to the Target Company.

**The risk factors set forth above pertaining to this Offer, are not in relation 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 a complete analysis of the risks involved in participation or otherwise by a Public Shareholder in this Offer. Public Shareholders of the Target Company are advised to consult their stockbrokers or investment consultants, if any, for further risk with respect to their participation in this Offer. Each Public Shareholder of the Target Company is hereby advised to consult with their legal, financial, tax, investment, or other advisors and consultants of their choice, if any, for further risks with respect to each such Public Shareholder's participation in this Offer and related transfer of Equity Shares to the Acquirers.**

#### **CURRENCY OF PRESENTATION**

1. In this Draft Letter of Offer, all references to '₹', 'Rs.', 'Rupees', 'Re', 'Rupee' are references to the official currency of India.
2. In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/ or regrouping.

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## 1. DEFINITIONS AND ABBREVIATIONS

Abbreviations	Particulars
Acquirer 1	Ankit Tayal, s/o Mukesh Tayal, aged 36 years, Indian Resident, bearing Permanent Account Number 'AESPT4162N' under the Income Tax Act, 1961, resident at A-16, Vivek Vihar, Phase-2, Jhilmil Colony, East Delhi-110095, Delhi, India
Acquirer 2	Mohit Sharma, s/o Surya Prakash Sharma, aged 45 years, Indian Resident, bearing permanent Account Number 'ABOPS7103D' under the Income Tax Act, 1961, resident at Q33, Raj Angan, NRI Colony, Sector 21 Sanganer, Jaipur- 302033, Rajasthan, India.
Acquirers	Acquirer 1 and Acquirer 2 are hereinafter collectively referred to as the Acquirers
Board	Board of Directors of the Target Company
Book Value per Equity Share	Net-Worth / Number of Equity Share
BSE/ Stock Exchange	BSE Limited, being the Stock exchange where the equity shares of the Company are listed.
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Clearing Corporation	Indian Clearing Corporation Limited
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made thereunder
Depositories	CDSL and NSDL
DIN	Director Identification Number
Draft Letter of Offer	This Draft Letter of offer dated Wednesday, April 19, 2023, filed and submitted with SEBI pursuant to the provisions of Regulation 16 (1) of the SEBI (SAST) Regulations, for its observations.
DP	Depository Participant
Detailed Public Statement	Detailed Public Statement dated Monday, April 10, 2023, in connection with this Offer, published on behalf of the Acquirers on Tuesday, April 11, 2023, in Financial Express (English) (All Editions), Jansatta (Hindi) (All Editions) Mumbai Lakshadeep (Marathi) (Mumbai Edition)
ECS	Electronic Clearing Service
EPS	Earnings Per Equity Share calculated as Profit after tax / number of outstanding Equity Shares at the close of the year/ period
Escrow Agreement	Escrow Agreement, dated Friday, March 31, 2023, entered amongst and between the Acquirers, the Escrow Banker, and the Manager to the Offer
Escrow Account	The escrow account is opened in the name and style of 'RAHME - Open Offer Escrow Account' opened by the Acquirers with the Escrow Bank, in accordance with the SEBI (SAST) Regulations
Escrow Amount	The amount aggregating to Rs.21,00,000.00/- (Rupees Twenty-One Lakh Only) maintained by the Acquirers with the Escrow Banker, in accordance with the Escrow Agreement
Escrow Banker	Kotak Mahindra Bank Limited
Equity Shares	The fully paid-up equity shares of the Target Company of face value of Rs.10.00/- (Rupees Ten Only) each
Equity Share Capital	The fully paid-up Equity Share capital of the Target Company is Rs.3,51,22,500.00/- (Rupees Three Crore Fifty-One Lakh Twenty-Two Thousand Five Hundred only) comprising of 35,12,250 (Thirty-Five Lakhs Twelve Thousand Two Hundred and Fifty) Equity Shares;
Identified Date	The tentative date for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent, being Tuesday, May 16, 2023.
IT Act	Income Tax Act, 1961, as amended and modified from time to time
ISIN	International Securities Identification Number
IFSC	Indian Financial System Code
Letter of Offer	Letter of Offer along with along with Form of Acceptance-Cum-Acknowledgement (for holding Equity Shares in physical form), and Form SH-4 Securities Transfer Form
Manager to the Offer	Swaraj Shares and Securities Private Limited
Maximum Consideration	The total funding requirement for this Offer, assuming full acceptance of this Offer being Rs.77,62,072.50/- (Seventy-Seven Lakhs Sixty-Two Thousand Seventy-Two Rupees and Fifty Paise Only)
NRI/s	Non - Resident Indians
NSDL	National Securities Depository Limited

<b>Abbreviations</b>	<b>Particulars</b>
Offer	Open offer being made by the Acquirers for acquisition of up to 9,13,185 (Nine Lakhs Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of the Target Company, at an offer price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share, payable in cash, assuming full acceptance aggregating to a maximum consideration of Rs.77,62,072.50/- (Seventy-Seven Lakh Sixty-Two Thousand Seventy-Two Rupees and Fifty Paise Only)
Offer Documents	Public Announcement, Detailed Public Statement, Draft Letter of Offer, Letter of Offer, Recommendation of the Committee of the Independent Directors of the Company, Pre-Offer Cum Corrigendum to Detailed Public Statement, and Post Offer Public Announcement, and any other notices, advertisements, and corrigendum issued by or on behalf of the Manager
Offer Period	The period from the date of entering into an agreement, to acquire the Equity Shares, and Voting Share Capital in, or control over, the Target Company requiring a Public Announcement or the date on which the Public Announcement was issued by the Acquirers, i.e., Friday, March 31, 2023 and the date on which the payment of consideration to the Equity Public Shareholders whose Equity Shares are validly accepted in this Offer, is made, or the date on which this Offer is withdrawn, as the case may be
Offer Price	An offer price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share
Offer Shares	9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares
Offer Size	9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of the Target Company
PAN	Permanent Account Number
PAT	Profit After Tax
Preference Shares	Preference Shares of the Target Company of face value of ₹100.00/- (Rupees Hundred Only)
Promoters	The existing promoters of the Target Company, in accordance with the provisions of Regulations 2 (1) (s), and 2 (1) (t) of the SEBI (SAST) Regulations, read with Regulations 2 (1) (oo) and 2 (1) (pp) of the SEBI (ICDR) Regulations, in this case, namely being, Suresh Mansharamani, Uma Mansharamani, Veena Balani, Anoop Kumar Gajwani, Deepak Kumar Jotwani and Reliable Engineering Private Limited.
Public Announcement	Public Announcement dated Friday, March 31, 2023, made by the Manager to the Offer on behalf of the Acquirers
Public Shareholders	All the equity shareholders of the Target Company other than (i) the Acquirers, (ii) the parties to the Share Purchase Agreement, and (iii) persons deemed to be acting in concert with parties at (i) and (ii) above, in compliance with the provisions of Regulation 7(6) of the SEBI (SAST) Regulations
Rahul Merchandising Limited/ Target Company	Rahul Merchandising Limited, incorporated on March 09, 1993, under the provisions of Companies Act, 1956 the, bearing Corporate Identification Number 'L74899DL1993PLC052461', having its registered office located at H NO. 1/61-B, Vishwas Nagar, Shahdara, East Delhi, Delhi-110032, India.
RBI	Reserve Bank of India
Registrar	Skyline Financial Services Private Limited
Return on Net Worth	Profit After Tax/ Net-Worth
Sale Shares	Sale of 10,06,300 (Ten Lakh Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company, by Selling Promoter Shareholders to the Acquirers, pursuant to the execution of a Share Purchase Agreement, at a negotiated price of Re.1.50/- (Rupee One and Fifty Paise Only) per Sale Share, aggregating to an amount of Rs.15,09,450.00/- (Rupees Fifteen Lakh Nine Thousand Four Hundred and Fifty Only).
SCRR	Securities Contract (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequent amendment thereto
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof



<b>Abbreviations</b>	<b>Particulars</b>
Selling Broker	Respective stockbrokers of all the Public Shareholders who desire to tender their Equity Shares under this Offer
Selling Promoter Shareholders	The existing promoters of the Target Company, in accordance with the provisions of Regulations 2 (1) (s), and 2 (1) (t) of the SEBI (SAST) Regulations, read with Regulations 2 (1) (oo), and 2 (1) (pp) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, who have entered into a Share Purchase Agreement with the Acquirers, namely being, Suresh Mansharamani, Uma Mansharamani and Reliable Engineering Private Limited.
Share Purchase Agreement	Share Purchase Agreement dated Friday, March 31, 2023, executed between the Acquirers and the Selling Promoter Shareholders, pursuant to which the Acquirers have agreed to acquire 10,06,300 (Ten Lakhs Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company from the Selling Promoter Shareholders at a negotiated price of Re.1.50/- (Rupee One and Fifty Paise Only) per Sale Share, aggregating to an amount of Rs.15,09,450.00/- (Rupees Fifteen Lakh Nine Thousand Four Hundred and Fifty Only).
STT	Securities Transaction Tax
Voting Share Capital	The fully diluted Equity Share Capital and voting share capital of the Target Company as of the 10 <sup>th</sup> (Tenth) working day from the closure of the Tendering Period
Tendering Period	The period commencing from Tuesday, May 30, 2023, and ending on Monday, June 12, 2023, both days inclusive
TRS	Transaction Registration Slip
Underlying Transaction	The transaction for sale and purchase of the Sale Shares as contemplated under the SPA
Working Day	Working days of SEBI as defined in the SEBI (SAST) Regulations

*Note:*

*All terms beginning with a capital letter used in this Draft Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the SEBI (SAST) Regulations unless specified.*

*In this Draft Letter of Offer, any reference to the singular will include the plural and vice versa.*

## 2. DISCLAIMER CLAUSE

**'IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT, THE SAME HAS BEEN CLEARED, VETTED, OR APPROVED BY SECURITIES AND EXCHANGE BOARD OF INDIA. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SECURITIES AND EXCHANGE BOARD OF INDIA FOR A LIMITED PURPOSE FOR OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, INCLUDING SUBSEQUENT AMENDMENTS THERETO. THIS REQUIREMENT IS TO FACILITATE PUBLIC SHAREHOLDERS OF RAHUL MERCHANDISING LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THIS OFFER. SECURITIES AND EXCHANGE BOARD OF INDIA DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR FOR THE TARGET COMPANY WHOSE EQUITY SHARES AND CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR THE OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL THE RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED WEDNESDAY, APRIL 19, 2023, TO SECURITIES AND EXCHANGE BOARD OF INDIA IN ACCORDANCE WITH THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, INCLUDING SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THIS OFFER.'**

### **General Disclaimer**

This Offer Documents in connection with the Offer, has been prepared for the purposes of compliance with the provisions of SEBI (SAST) Regulations. Accordingly, the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. The delivery of Offer Documents, does not under any circumstances, create any implication that there has been no change in the affairs of the Target Company and the Acquirers since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied that the Acquirers are under any obligation to update the information contained herein at any time after this date.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be sent to all Public Shareholders whose names appear in the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of the Letter of Offer by any Public Shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of this Draft Letter of Offer and/or the Letter of Offer under any local securities laws), shall not be treated by such Public Shareholder as an offer being made to them, and shall be construed by them as being sent for information purposes only. Accordingly, no such Public Shareholder may tender his, her or its Equity Shares in this Offer in such jurisdiction.

Persons in possession of the Offer Documents are required to inform themselves of any relevant restrictions. Any Public Shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted, and agreed that he, she, or it is authorized under the provisions of any applicable local laws, rules, regulations, and statutes to participate in this Offer.

### 3. DETAILS OF THIS OFFER

#### 3.1. Background of the Offer

- 3.1.1. This is a mandatory Open Offer, made by the Acquirers, in pursuance of and in compliance with the provisions of Regulations 3 (1) and 4 of the SEBI (SAST) Regulations, to the Public Shareholders of the Target Company. This Offer has been triggered upon the execution of the Share Purchase Agreement.
- 3.1.2. The prime object of this Open Offer is to acquire substantial acquisition of Equity Shares and Voting Share Capital accompanied with the change in control and management of the Target Company.
- 3.1.3. There is/ are no person acting in concert/s with the Acquirers within the meaning of Regulation 2(1)(q) of the SEBI (SAST) Regulations.
- 3.1.4. The Acquirers are making this Offer to acquire up to 9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares representing 26.00% (Twenty-Six Percent) of Voting Share Capital of the Target Company, at an offer price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share, aggregating to a total consideration of Rs.77,62,072.50/- (Seventy-Seven Lakh Sixty-Two Thousand Seventy-Two Rupees and Fifty Paise Only), payable in cash, in accordance with the provisions of Regulation 9 (1) (a) of the SEBI (SAST) Regulations, subject to the terms and conditions set out in the Offer Documents.
- 3.1.5. The Acquirers have entered into a Share Purchase Agreement with the Selling Promoter Shareholders with an intention to acquire up to 10,06,300 (Ten Lakh Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company at a negotiated price of Re.1.50/- (Rupee One and Fifty Paise Only) per Sale Share, aggregating to an amount of Rs.15,09,450.00/- (Rupees Fifteen Lakhs Nine Thousand Four Hundred and Fifty Only), payable in compliance with the terms and conditions scheduled in the Share Purchase Agreement.
- 3.1.6. The details of the Selling Promoter Shareholders, who have entered into the Share Purchase Agreement with the Acquirers are stated hereunder:

Selling Promoter Shareholders			Acquirers		
Name of the Selling Promoter Shareholders	No. of Equity Shares	% of Equity Shares/ Voting Rights	Name of the Acquirers	No. of Equity Shares	% of Equity Shares/ Voting Rights
Suresh Mansharamani	4,92,600	14.03%	Ankit Tayal	2,89,600	8.25%
Uma Mansharamani	2,24,100	6.38%	Mohit Sharma	7,16,700	20.41%
Reliable Engineering Private Limited	2,89,600	8.25%			
<b>Total</b>	<b>10,06,300</b>	<b>28.66%</b>	<b>Total</b>	<b>10,06,300</b>	<b>28.66%</b>

- 3.1.7. Except for the proposed acquisition of 10,06,300 (Ten Lakhs Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company, by the Acquirers pursuant to execution of the Share Purchase Agreement, the Acquirers are holding the following number of Equity Shares of the Target Company.

Sr. No.	Name	No of Equity Shares Held	% of Total no of Equity Shares Held
1	Ankit Tayal	7,81,862	22.25%
2	Mohit Sharma	Nil	Nil

- 3.1.8. This Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.
- 3.1.9. The salient features of the Share Purchase Agreement are as follows:
- a. The Selling Promoter Shareholders are holding 10,06,300 (Ten Lakh Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company.
- b. The Selling Promoter Shareholders have agreed to sell, and the Acquirers have agreed to acquire 10,06,300 (Ten Lakh Six Thousand and Three Hundred) Equity Shares, constituting 28.66% (Twenty-Eight Point Six Six Percent) of the Voting Share Capital of the Target Company, at a negotiated price of Re.1.50/- (Rupee One and Fifty Paise Only) per

Sale Share, aggregating to an amount of Rs.15,09,450.00/- (Rupees Fifteen Lakh Nine Thousand Four hundred and Fifty Only), payable in accordance with terms and conditions stipulated of the Share Purchase Agreement (**‘Purchase Price’**).

- c. The Sale Shares are free from all charges, encumbrances, pledges, lien, attachments, litigations and are not subject to any lock in period.
  - d. The aggregate entire purchase consideration for the Sale Shares aggregating to an amount of Rs.15,09,450 (Rupees Fifteen Lakh Nine Thousand Four hundred and Fifty Only) shall be payable by the Acquirers to the Selling Promoter Shareholders at the time of signing/Execution of the Share Purchase Agreement.
  - e. After completion of this Offer, the Selling Promoter Shareholders will not hold any Equity Shares and Voting Share Capital in the Target Company, and hence will no longer be the shareholders of the Target Company in any capacity.
  - f. The Selling Promoter Shareholders shall sell, convey, and deliver to the Acquirers the Sale Shares, and the Acquirers shall purchase, acquire, and accept the said Sale Shares from the Selling Promoter Shareholders.
  - g. The Acquirers and the Selling Promoter Shareholders have agreed to abide by their obligations as contained in the SEBI (SAST) Regulations.
  - h. Non-compliance with any provisions of the SEBI (SAST) Regulations will lead to termination of the Share Purchase Agreement, effecting such sale from being acted upon by the Selling Promoter Shareholders or the Acquirers.
- 3.1.10. Other Promoters, Mr. Deepak Kumar Jotwani and Ms. Veena Balani are not participating in the Share Purchase Agreement. Mr. Anoop Kumar Gajwani has passed away on February 21, 2019. However, till date the Equity Shares held by Mr. Anoop Kumar Gajwani have not been processed for transmission.
- 3.1.11. As per the provisions of Regulations 26 (6) and 26 (7) of the SEBI (SAST) Regulations, the Board of Directors of the Target Company is required to constitute a committee of independent directors who would provide written reasoned recommendation on this Offer to the Public Shareholders of the Target Company and such recommendations shall be published at least 2 (Two) Working Days before the commencement of the Tendering Period in the same newspaper where the Detailed Public Statement was published.

### 3.2. Details of the proposed Offer

- 3.2.1. The Public Announcement was issued on Friday, March 31, 2023, by the Manager to the Offer, for and on behalf of the Acquirers. A copy of the said Public Announcement was filed with BSE and sent to the Target Company at its registered office and to SEBI on Friday, March 31, 2023.
- 3.2.2. The Detailed Public Statement dated Monday, April 10, 2023, which was subsequently published in the following newspapers on Tuesday, April 11, 2023, in accordance with the provisions of Regulation 14 (3) of the SEBI (SAST) Regulations:

Publication	Language	Edition
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Mumbai Lakshadweep	Marathi	Mumbai Edition

- 3.2.3. The Detailed Public Statement along with other Offer Documents is/ shall also available on the website of SEBI accessible at [www.sebi.gov.in](http://www.sebi.gov.in), website of BSE accessible at [www.bseindia.com](http://www.bseindia.com); and the website of Manager to the offer accessible at [www.swarajshares.com](http://www.swarajshares.com).
- 3.2.4. The Acquirers have proposed to acquire from the Public Shareholders up to 9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of the Target Company at an offer price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share, aggregating to an amount of Rs.77,62,072.50/- (Seventy-Seven Lakh Sixty-Two Thousand Seventy-Two Rupees and Fifty Paise Only) payable in cash, in accordance with the provisions of Regulation 9 (1) (a) of the SEBI (SAST) Regulations, and subject to the terms and conditions set out in the Offer Documents.

- 3.2.5. The Target Company doesn't have any partly paid-up Equity Shares, and there are no outstanding warrants, or options or similar instrument, which are convertible into Equity Shares at a later stage. Further, as on the date of this Draft Letter of Offer, no Equity Shares are subject to any lock-in obligations.
- 3.2.6. The Acquirers will acquire all the Equity Shares of the Target Company, that are tendered in valid form in terms of this Offer up to a maximum of 9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital.
- 3.2.7. The Acquirers have deposited an amount of Rs.21,00,000.00/- (Rupees Twenty-One Lakh Only) i.e., more than 25.00% of the total consideration payable in the Offer, assuming full acceptance in the Escrow Account pursuant to this Offer, in compliance with the provisions of Regulation 22 (2) of the SEBI (SAST) Regulations.
- 3.2.8. No competing offer has been received as on date of this Draft Letter of Offer.
- 3.2.9. There is no differential pricing in this Offer.
- 3.2.10. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 (1) of SEBI (SAST) Regulations.
- 3.2.11. This Offer is not a competing offer in terms of the Regulation 20 of SEBI (SAST) Regulations.
- 3.2.12. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares.
- 3.2.13. The Equity Shares will be acquired by the Acquirers free from all liens, charges, and encumbrances together with all rights attached thereto, including the right to all dividends, bonus, and rights offer declared hereafter.
- 3.2.14. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirers have appointed Swaraj Shares and Securities Private Limited as the Manager to the Offer.
- 3.2.15. As on the date of this Draft Letter of Offer, the Manager to the Offer does not hold any Equity Shares in the Target Company and is not related to the Acquirers and the Target Company in any manner whatsoever. The Manager to the Offer declares and undertakes that, they shall not deal on its own account in the Equity Shares during the Offer Period. Further, the Manager to the Offer confirms that, as on the date of this Draft Letter of Offer, there are no directions subsisting or proceedings pending against them under the SEBI Act and the regulations made thereunder, and no other statutory approval is pending.
- 3.2.16. As per Regulation 38 of the SEBI (LODR) Regulations, read with Rule 19A of the SCRR, the Target Company is required to maintain at least 25.00% (Twenty-Five Percent) of the public shareholding, on continuous basis for listing. Pursuant to completion of this Offer, assuming full acceptance, the public shareholding in the Target Company may fall below the minimum public shareholding requirement as per SCRR and the SEBI (LODR) Regulations. If the public shareholding falls below the minimum required level, the Acquirers undertake to take necessary steps to facilitate compliance by the Target Company with the relevant provisions of the SEBI (LODR) Regulations, within the time period mentioned therein or in accordance with such other directions as may be provided by the BSE, in accordance with the provisions of Regulation 7(4) of the SEBI (SAST) Regulations and SCRR.
- 3.2.17. Upon completion of this Offer, assuming full acceptances, the Acquirers will hold 27,01,347 (Twenty-Seven Lakhs One Thousand Three Hundred and Forty-Seven) Equity Shares representing 76.91% (Seventy-Six Point Nine One Percent) of the Voting Share capital of the Target Company.
- 3.2.18. If the Acquirers acquire 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 Acquirers shall pay the difference between the highest acquisition price and the Offer Price, to all Public Shareholders whose Offer Shares have been accepted in the Offer within 60 (sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, including subsequent amendments thereto, or open market purchases made in the ordinary course on the stock exchange, not being negotiated acquisition of Equity Shares of the Target Company in any form.

3.2.19. The payment of consideration shall be made to all the Public Shareholders, who have tendered their Equity Shares in acceptance of the Offer within 10 (Ten) Working Days of the expiry of the Tendering Period. Credit for consideration will be paid to the Public Shareholders who have validly tendered Equity Shares in the Offer by crossed account payee cheques/pay order/demand drafts/electronic transfer. It is desirable that Public Shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheques/demand draft/pay order.

### 3.3. **Object of the Open Offer**

3.3.1. The prime object of this Open Offer is to acquire substantial acquisition of Equity Shares and voting rights accompanied with the change in control and management of the Target Company.

3.3.2. The Acquirers have proposed to continue the business as specified under the object clause of Memorandum of Association of the Target Company and may diversify its business activities in the future with the prior approval of the shareholders. The main purpose of this takeover is to expand the Company's business activities in same or diversified line of business through exercising effective control over the Target Company. However, no firm decision in this regard has been taken or proposed so far.

3.3.3. The Acquirers state that, they do not have any plan to dispose-off or otherwise encumber any significant assets of the Target Company in the succeeding 2 (Two) years from the date of closure of this Offer, except: (a) in the ordinary course of business of the Target Company; and (b) on account of the regulatory approvals or conditions or compliance with any law that is binding on or applicable to the Target company. In the event any substantial asset of the Target Company is to be sold, disposed-off, or otherwise encumbered other than in the ordinary course of business, the Acquirers undertake that, they shall do so only upon the receipt of the prior approval of the shareholders of the Target Company through a special resolution in terms of Regulation 25 (2) of the SEBI (SAST) Regulations, and subject to the such other provisions of applicable law as may be required.

3.3.4. The Acquirers have reserved the right to streamline or restructure, pledge, or encumber their holding in the Target Company and/ or the operations, assets, liabilities and/ or the businesses of the Target Company through arrangements, reconstructions, restructurings, mergers, demergers, sale of assets, or undertakings and/ or re-negotiation or termination of the existing contractual or operating arrangements, at a later date in accordance with the relevant applicable laws. Such decisions will be taken in accordance with the procedures set out under the relevant applicable laws, pursuant to business requirements, and in line with opportunities or changes in economic circumstances, from time to time.

3.3.5. Post-completion of acquisition of Offer Shares as contemplated under this Offer and pursuant to the transfer of Sale Shares as contemplated under the Share Purchase Agreement, the Acquirers shall hold majority of the Equity Shares of the Target Company by virtue of which they will be in a position to exercise effective management and control over the Target Company.

3.3.6. Pursuant to this Offer and the transactions contemplated in the Share Purchase Agreement, the Acquirers shall become the Promoters of the Target Company and, the Selling Promoter Shareholders will cease to be the promoters of the Target Company in accordance with the provisions of Regulation 31A (10) of the SEBI (LODR) Regulations.

#### 4. BACKGROUND OF THE ACQUIRERS

##### 4.1. Ankit Tayal ('Acquirer 1')

4.1.1. Ankit Tayal, s/o Mukesh Tayal, aged 36 years, is an Indian resident, bearing Permanent Account Number 'AESPT4162N' under the Income Tax Act, 1961 resident at A-16, Vivek Vihar Phase 2, Jhilmil East Delhi, Delhi-110095 India with contact number being '9711111322', E-mail address being ankittayal767@gmail.com' and director identification number bearing '03055997'.

4.1.2. Acquirer 1 is a qualified Chartered Accountant & Company Secretary. He has more than 12 Years of experience in the field of Finance & Accounts. He is well experienced in the field of EPC projects.

4.1.3. The Net Worth of Acquirer 1 as on February 28, 2023, is Rs.2398.99/- Lakh (Rupees Two Thousand Three Hundred Ninety Eight Point Ninety Nine Only) Chartered Accountant, Abhishek Sharma bearing membership number '511896', proprietor at Abhishek Anand & Co (Chartered Accountants) bearing firm registration number '014596C' having their office located at K-62, First Floor, Green Park, New Delhi-110016, India with contact details being '011-46046396', Email Address being '[abhishek@abhishekanand.com](mailto:abhishek@abhishekanand.com)' vide certificate dated Friday, March 31, 2023 has certified that sufficient resources are available with the Acquirer for fulfilling his Offer obligations in full .

4.1.4. The details of the ventures promoted/controlled/managed by Acquirer 1 are given hereunder:

Sr. No.	Name of the Entities	Nature of Interest	Percentage/ stake holding%	Listed (if yes on which Exchange)
1.	Step Cables Private Limited	Director	74.15%	-
2.	Step Industries Private Limited	Director	53.35%	-
3.	Lark Trading and Finance Limited	Director	14.83%	-
4.	A.S.T Exim Private Limited	Director	50.00%	-
5.	Tacent Electronics Private Limited	Director	50.00%	-
6.	Tacent Healthcare Private Limited	Director	50.00%	-

##### 4.2. Mohit Sharma ('Acquirer 2')

4.2.1. Mohit Sharma, s/o Surya Prakash Sharma, aged 45 years, is an Indian resident, bearing Permanent Account Number 'ABOPS7103D' under the Income Tax Act, 1961 resident Q33, Raj Angan, Nri Colony Sector 21 Sanganer, Jaipur-302033, Rajasthan India with contact number being '9983321844', E-mail address being mohit\_sharma26@yahoo.com' and director identification number bearing '07717249'.

4.2.2. Acquirer 2 holds bachelor's degree of commerce. He has more than 20 years of experience in the field of Manufacturing and Trading in electric Wires & Cables. He is well experienced in the field of EPC projects.

4.2.3. The Net Worth of Acquirer 2 as on February 28, 2023, is Rs.1296.57/- Lakh (Rupees One Thousand Two Hundred Ninety Six Point Five Seven Only) Chartered Accountant, Abhishek Sharma bearing membership number '511896', proprietor at Abhishek Anand & Co (Chartered Accountants) bearing firm registration number '014596C' having their office located at K-62, First Floor, Green Park, New Delhi-110016, India with contact details being '011-46046396', Email Address being '[abhishek@abhishekanand.com](mailto:abhishek@abhishekanand.com)' vide certificate dated Friday, March 31, 2023 has certified that sufficient resources are available with the Acquirer for fulfilling his Offer obligations in full.

4.2.4. The details of the ventures promoted/controlled/managed by Acquirer 2 are given hereunder:

Sr. No.	Name of the Entities	Nature of Interest	Percentage/ stake holding%	Listed (if yes on which Exchange)
1.	Tacent Industries Private Limited	Director	20%	-
2.	Link Polychem Private Limited	Director	50%	-
3.	Himzon Healthcare Private Limited	Director	50%	-
4.	Enerziomultiventures LLP	Partner	50%	-

#### 4.3. **Acquirer' Confirmation and Undertaking**

As on date of this Draft Letter of Offer, the Acquirers have confirmed and declared that:

- 4.3.1. As on the date of the Draft Letter of Offer, Acquirer 1 holds 7,81,862 shares (Seven Lakh Eighty-One Thousand Eight Hundred and Sixty-Two) representing 22.25% (Twenty-Two Point Two Five Percent) of the Voting Share Capital of the Target Company. Subsequently, pursuant to the consummation of the Share Purchase Agreement transaction, both the Acquirers shall be reclassified and will become the promoters of the Target Company, subject to the compliance of the SEBI (LODR) Regulations.
- 4.3.2. The Acquirers do not belong to any group.
- 4.3.3. The Acquirers do not form part of the present promoter and promoter group of the Target Company.
- 4.3.4. There are no directors representing the Acquirers on the board of the Target Company.
- 4.3.5. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of the provisions of Section 11B of the SEBI Act, or under any other Regulation made under the SEBI Act.
- 4.3.6. The Acquirers have not been categorized nor are appearing in the 'Wilful Defaulter or Fraudulent Borrower' list issued by any bank, financial institution, or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by Reserve Bank of India.
- 4.3.7. The Acquirers have not been declared as 'Fugitive Economic Offenders' under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 4.3.8. The Acquirers will not sell the Equity Shares of the Target Company, held, and acquired, if any, during the Offer period in terms of Regulation 25(4) of the SEBI (SAST) Regulations.
- 4.3.9. The Acquirers have not acquired any Equity Shares from the date of Public Announcement till the date of this Draft Letter of Offer.



## 5. BACKGROUND OF THE TARGET COMPANY

*(The disclosure mentioned under this section has been sourced from information published by the Target Company or provided by the Target Company or publicly available sources)*

- 5.1. The Target Company is a public limited company that was incorporated under the provisions of the Companies, 1956, under the name and style of 'Rahul Merchandising Limited', vide Certificate of Incorporation bearing registration number '052461' vide certificate dated March 09, 1993. The CIN of the Target Company is 'L74899DL1993PLC052461', and its registered office is located at H NO. 1/61-B, Vishwas Nagar, Shahdara, East Delhi, Delhi, 110032, India. There has been no change in the name of the Target Company in the preceding 8 (Eight) Financial years.
- 5.2. The Equity Shares of the Target Company bearing ISIN 'INE149D01011' are presently listed on the BSE bearing Scrip ID 'RAHME' and Scrip Code '531887'. The Target Company has already established connectivity with both the Depositories.
- 5.3. The Equity Share Capital of the Target Company is as follows:

Sr. No.	Particulars	Number of Shares	Aggregate amount of Equity Shares	Voting Share Capital
1	Authorized Equity Share capital	80,00,000 (Eighty Lakhs)	Rs.8,00,00,000/- (Rupees Eight Crore Only)	80.00% (Eighty Percent)
2	Authorized Preference Share capital	2,00,000 (Two Lakhs)	Rs.2,00,00,000 (Rupees Two Crore Only)	20.00% (Twenty Percent)
Total			Rs.10,00,00,000 (Rupees Ten Crore)	100.00% (Hundred Percent)
3	Issued, subscribed, and paid-up Equity Share capital	35,12,250 (Thirty-Five Lakh Twelve Thousand Two Hundred and Fifty)	Rs.3,51,22,500/- (Rupees Three Crore Fifty-One Lakh Twenty-Two Thousand Five Hundred Only)	100.00% (Hundred Percent)

- 5.4. There are no outstanding partly paid-up shares or any other convertible instruments to be converted into Equity Shares of the Target Company at a future date. Further, none of the Equity Shares are subject to any lock-in obligations.
- 5.5. The Equity Shares of the Target Company are infrequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations.
- 5.6. The trading in Equity Shares of the Target Company had been suspended on BSE Limited vide its notice bearing reference number '20200303-40' dated March 03, 2020, and the same had been revoked by BSE Limited's notice bearing reference number '20120608-9' dated June 08, 2012, with effect from June 14, 2012. Further, the Target Company was also suspended in the year 2007.
- 5.7. The Target Company is in compliance with the SEBI (LODR) Regulations, and as on the date of this Draft Letter of Offer. Except as stated below, no penal action has been taken by BSE against the Target Company:

Name of the Competent Authority	Regulatory Charges	Regulatory Action(s) / Date of Order with the penalty amount
BSE Limited	Failure to appoint Compliance Officer for the Quarter Ended September 30, 2022	Imposition of fine of ₹87,320.00/-
BSE Limited	Failure to appoint Registrar and Share Transfer Agent for the Quarter Ended September 30, 2022	Imposition of fine of ₹36,580.00/-
BSE Limited	Failure to pay annual listing fee	Suspended from trading from March 12, 2020 (As specifically mentioned under Paragraph 5.6 above)
BSE Limited	Failure to pay annual listing fee for the financial year ended March 31, 2017	Declared as a defaulter by BSE Limited

Name of the Competent Authority	Regulatory Charges	Regulatory Action(s) / Date of Order with the penalty amount
BSE Limited	Failure to submit Corporate Governance Report for the quarter ended March 31, 2012	Public Notice dated March 31, 2012
NSDL	Long Pending Demat Requests and failure to respond/ services stopped by the Registrar	Public Notice dated January 05, 2012
BSE Limited	Failure to Submit shareholding pattern for the quarter ended June 30, 2011	Public Notice dated June 30, 2011
NSDL	High pending Demat requests	Public Notice dated January 07, 2011
Central Board of Excise and Customs	Defaulted in Payment of Customs /Excise Duties/ Service Tax	Notice Issued under Section 142 of the Customs Act, 2009
BSE Limited	Failure to comply with listing agreement	Suspended from trading in the year 2007
BSE Limited	Failure to comply with listing agreement	Notice issued to the Target Company for delisting
Official Liquidator at Delhi	Winding-up	High Court of Delhi Vide its Order Dated March 13, 2003 had set aside its earlier dated May 25, 2001, as the Target Company had settled its disputes with the Respondent with no amount being due. Hence application admitted and the winding-up petition was dismissed as withdrawn.

\*Source Watch out Investor

Further, no penalties have been levied by SEBI/ RBI or any other regulatory body against the Target Company, and its Promoters.

- 5.8. The Promoters have delayed in the compliance with the provisions of the SEBI (SAST) Regulation's disclosures, the details of which are specified as hereunder:

Regulation/ Sub-Regulation	Due Date for Compliance as mentioned in the Regulation	Actual date of Compliance with BSE	Delay, if any (in no. of days) [Col. 4- Col. 3]	Status of Compliance with Takeover Regulations	Remarks
Regulations 30(1) and 30(2)	June 01, 2020*	February 03, 2021	246 Days	Delay in Compliance	As on date, no penalties had been or have been levied by SEBI against the Target Company, and its Promoters. However, SEBI may initiate appropriate action against the Promoter Sellers for the aforesaid violation in terms of the SEBI (SAST) Regulations and provisions of the SEBI Act.

- 5.9. The Target Company, its existing Selling Promoters, and its partners and/or designated partners are not declared as "Fugitive Economic Offenders" under Section 12 of the Fugitive Economic Offenders Act, 2018 nor have they been categorized nor are appearing in the "Wilful Defaulter or Fraudulent Borrower" list issued by any bank, financial institution, or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by SEBI.
- 5.10. The Target Company is not registered with any regulatory or governmental authority in any capacity and hence is not required to obtain any No Objection Certificate from any regulatory or governmental authority for effecting change in control of the Target Company.
- 5.11. The Target Company has not been a party to any scheme of amalgamation, restructuring, merger / de-merger, buy-back and spin off during the last 3 (Three) years.

5.12. The present Board of Directors of the Target Company are as follows:

Sr. No.	Name	Date of Initial Appointment	Director Identification Number	Designation
1.	Snehlata Kaim	27/05/2014	06882968	Independent Director
2.	Vaibhav Goel	31/08/2021	07899594	Whole time Director
3.	Ankush Aggarwal	04/12/2021	08377413	Independent Directors

5.13. **Financial Information**

The audited financial information for the Financial Years ending March 31, 2022, March 31, 2021, and March 31, 2020, unaudited financial figures for six months period ending September 30, 2022, and nine months period ending December 31, 2022, are as follows:

**Profit and Loss Statement**

*(Amount in Lakh except Equity Share data)*

Particulars	Unaudited Financial Statements for nine months period ending December 31, 2022	Unaudited Financial Statement for half year ended September 30, 2022	Audited Financial Statements for the Financial Year ending March 31		
			2022	2021	2020
Income from Operations	5.55	-	5.40	0.13	-
Other Income	-	-	-	-	-
<b>Total Income</b>	<b>5.55</b>	<b>-</b>	<b>5.40</b>	<b>0.13</b>	<b>-</b>
<b>Total Expenditure excluding Interest, Depreciation and Tax</b>	<b>6.15</b>	<b>2.51</b>	<b>6.71</b>	<b>212.98</b>	<b>0.81</b>
<b>Profit/ (Loss) before Interest, Depreciation and Tax</b>	<b>(0.60)</b>	<b>(2.51)</b>	<b>(1.31)</b>	<b>(212.86)</b>	<b>(0.81)</b>
Depreciation & Amortization Expenses	-	-	-	-	-
Interest	-	-	-	-	-
<b>Profit/ (Loss) before Tax</b>	<b>(0.60)</b>	<b>(2.51)</b>	<b>(1.31)</b>	<b>(212.86)</b>	<b>(0.81)</b>
Add: Exceptional Items	-	-	-	-	-
Less: Current Tax	-	-	-	-	-
Deferred Tax	-	-	-	-	-
Taxes for earlier period	-	-	-	(0.15)	-
<b>Profit/ (Loss) After tax</b>	<b>(0.60)</b>	<b>(2.51)</b>	<b>(1.31)</b>	<b>(213.01)</b>	<b>(0.81)</b>

**Balance Sheet**

*(Amount in Lakh except Equity Share data)*

Particulars	Unaudited Financial Statements for nine months period ending September 30, 2022	Audited Financial Statements for the Financial Year ending March 31		
		2022	2021	2020
<b>(A) Sources of funds</b>				
Paid up share capital	351.23	351.23	351.23	351.23
Reserves & Surplus	(371.88)	(369.37)	(368.07)	(155.06)
<b>Less: Miscellaneous Expenditure not written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Worth</b>	<b>(20.65)</b>	<b>(18.15)</b>	<b>(16.84)</b>	<b>196.17</b>
Non-Financials Liabilities	-	-	-	-
Other Non-Current Liabilities	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Financials Liabilities	21.21	15.25	15.25	-
Current Liabilities	-	-	-	-
Total Outstanding Dues of creditors other than Micro enterprises and small enterprises	-	4.20	1.87	5.60
<b>Total (A)</b>	<b>0.54</b>	<b>1.30</b>	<b>0.28</b>	<b>201.77</b>
<b>(B) Uses of funds</b>				
Net Fixed Assets	-	-	-	-
Other intangibles	-	-	-	-

Particulars	Unaudited Financial Statements for nine months period ending September 30, 2022	Audited Financial Statements for the Financial Year ending March 31		
		2022	2021	2020
Long Term Loans and Advances	-	-	-	-
Investments	-	-	-	-
Financial Assets	-	-	-	201.41
Current Assets	-	-	-	-
Deferred Tax Assets (Net)	-	-	-	0.15
Cash & Cash equivalents	0.54	1.30	0.28	0.21
<b>Total (B)</b>	<b>0.54</b>	<b>1.30</b>	<b>0.28</b>	<b>201.77</b>

Particulars	Unaudited Financial Statements for nine months period ending December 31, 2022	Unaudited Financial Statement for half year ended September 30, 2022	Audited Financial Statements for the Financial Year ending March 31*		
			2022	2021	2020
Total Revenue	5.5	-	5.40	0.13	-
Net Earnings or Profit/(Loss) after tax	(0.60)	(2.51)	(0.13)	(213.01)	(0.81)
Earnings per Share (EPS)	(0.02)	(0.07)	(0.04)	(6.07)	(0.023)
Net Worth	-	(20.65)	(18.15)	(16.84)	196.17

5.14. The pre-Offer and post-Offer shareholding of the Target Company (based on the issued, subscribed, and paid-up Equity Share capital and Voting Share Capital), assuming full acceptance under this Offer is as specified below:

Shareholders' Category	Shareholding/voting rights prior to the SPA/ acquisition and Offer		Shares/voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding /voting rights after Acquisition and Offer (A+B+C)	
	(A)		(B)		(C)		(D)	
	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding
<b>1. Promoters &amp; Promoter Group</b>								
<b>(a) Party to the Share Purchase Agreement</b>								
Suresh Mansharamani	4,92,600	14.03%	(4,92,600)	(14.03%)	-	-	-	-
Uma Mansharamani	2,24,100	6.38%	(2,24,100)	(6.38%)				
Reliable Engineering Private Limited	2,89,600	8.25%	(2,89,600)	(8.25%)				
<b>Total</b>	<b>10,06,300</b>	<b>28.66%</b>	<b>(10,06,300)</b>	<b>(28.66%)</b>	-	-	-	-
<b>(b) Promoters other than (a) above</b>								
Veena Balani	2,500	0.07%	-	-	-	-	2,500	0.07%
Anoop Kumar Gajwani	2,500	0.07%	-	-			2,500	0.07%
Deepak Kumar Jotwani	2,500	0.07%	-	-			2,500	0.07%
<b>Total</b>	<b>7,500</b>	<b>0.21%</b>	-	-	-	-	<b>7,500</b>	<b>0.21%</b>
<b>Total 1 (a+b)</b>	<b>10,13,800</b>	<b>28.87%</b>	-	-	-	-	<b>7,500</b>	<b>0.21%</b>
<b>2. Acquirers</b>								

Shareholders' Category	Shareholding/voting rights prior to the SPA/acquisition and Offer		Shares/voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding /voting rights after Acquisition and Offer (A+B+C)	
	(A)		(B)		(C)		(D)	
	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding	No. of Equity Shares	% of Equity Shareholding
Ankit Tayal	7,81,862	22.25%	2,89,600	8.25%	9,13,185	26%	27,01,347	76.91%
Mohit Sharma	-	-	7,16,700	20.41%				
<b>Total</b>	<b>7,81,862</b>	<b>22.25%</b>	<b>10,06,300</b>	<b>28.66%</b>	<b>9,13,185</b>	<b>26.00%</b>	<b>27,01,347</b>	<b>76.91%</b>
<b>3. Parties to Share Purchase Agreement other than 1(a) &amp; 2</b>								
None	-	-	-	-	-	-	-	-
<b>4. Public (other than Parties to Agreement and Acquirers) #</b>								
a. FIs/ MFs/ FIIs/ Banks/ SFIs (Indicate names)	700	0.02%	-	-	(9,13,185)	(26.00%)	8,03,403	22.88%
b. Others	17,15,888	48.86%	-	-				
<b>Total (4) (a+b)</b>	<b>17,16,588</b>	<b>48.88%</b>	<b>-</b>	<b>-</b>				
<b>GRAND TOTAL (1+ 2+ 3+ 4)</b>	<b>35,12,250</b>	<b>100.00%</b>			<b>NIL</b>	<b>NIL</b>	<b>35,12,250</b>	<b>100.00%</b>

**Notes:**

- i. There are 1,137 (One Thousand One Hundred and Thirty-Seven) Public Shareholders as per the shareholding pattern with BSE filed for the quarter ending March 31, 2023.
  - ii. As on date of this Draft Letter of Offer, none of the Equity Shares are subject to lock-in.
- 5.15. The closing market price of the Equity Shares of the Target Company as on the date of the Public Announcement and the Detailed Public Statement, the trading day after the date of the Public Announcement was as below:

Particulars	Closing Market Price
Friday March 31, 2023, being the date of Public Announcement	No Trades were Executed
Monday April 03, 2023, being the next Trading after date of Public Announcement	No Trades were Executed
Monday April 10, 2023, being the date of the Detailed Public Statement	No Trades were Executed
Tuesday April 11, 2023, being the date of publication of the Detailed Public Statement	No Trades were Executed

## 6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 6.1. Justification of the Offer Price

6.1.1. The Equity Shares of the Target Company bearing ISIN 'INE149D01011' are presently listed on the BSE bearing Scrip ID 'RAHME' and Scrip Code '531887'.

6.1.2. The trading turnover in the Equity Shares of the Target Company on BSE based on trading volume during the 12 (twelve) calendar months prior to the month of Public Announcement, March 2022 to February 2023 have been obtained from [www.bseindia.com](http://www.bseindia.com), as given below:

<i>Stock Exchange</i>	<i>Total no. of Equity Shares traded during the 12 (twelve) calendar months prior to the month of PA</i>	<i>Total no. of listed Equity Shares</i>	<i>Annualized trading turnover (as % of shares listed)</i>
BSE	776 (Seven Hundred and Seventy-Six)	35,12,250 (Thirty-Five Lakh Twelve Thousand Two Hundred and Fifty)	0.02%

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

Based on the information provided above, the Equity Shares of the Target Company are infrequently traded on the BSE within the meaning of explanation provided in regulation 2(1)(j) of the SEBI (SAST) Regulations.

6.1.3. The Offer Price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) has been determined considering the parameters as set out under Regulations 8 (1) and 8 (2) of the SEBI (SAST) Regulations, being highest of the following:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Price (In Rs per Equity share)</b>
1.	Negotiated Price under the Share Purchase Agreement attracting the obligations to make a Public Announcement for the Offer	Re.1.50/- (Rupee One and Fifty Paise Only)
2.	The volume-weighted average price paid or payable for acquisition(s) by the Acquirer, during the 52 (fifty-two) weeks immediately preceding the date of Public Announcement	Rs.4.70/- (Rupees Four and Seventy Paise only)
3.	The highest price paid or payable for any acquisition by the Acquirer, during the 26 (twenty-six) weeks immediately preceding the date of Public Announcement	Rs.8.01/- (Rupees Eight and One Paise only)
4.	The volume-weighted average market price of Equity Shares for a period of 60 (sixty) trading days immediately preceding the date of Public Announcement as traded on BSE where the maximum volume of trading in the Equity Shares of the Target Company are recorded during such period, provided such shares are frequently traded	Not Applicable
5.	Where the Equity Shares are not frequently traded, the price determined by the Acquirer and the Manager considering valuation parameters per Equity Share including, book value, comparable trading multiples, and such other parameters as are customary for valuation of Equity Shares	(0.42/-*) Loss of (Forty-Two Paise Only)

\*Cost Accountant, Mr. Suman Kumar Verma, bearing Membership number '28453', IIBI Registered Valuer Registration number 'IIBI/RV/05/2019/12376' and having his office at RZ-26P/205E, Lane No. 10, Indra Park, Palam Colony, New Delhi - 110045 with the Email address being 'ipskverma@gmail.com', through his valuation report dated Friday, March 31, 2023, has certified that the fair value of the Equity Share of Target Company is Rs.(0.42/-) (Forty Two Paise Only)(Negative) per Equity Share.

In view of the parameters considered and presented in the table above, in the opinion of the Acquirers and Manger to the Offer the Offer Price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Equity Share being the highest of the prices mentioned above is justified in terms of Regulation 8 (2) of the SEBI (SAST) Regulations and is payable in cash.

- 6.1.4. As on date of this Draft Letter of Offer, there is no revision in Offer Price or Offer Size. In case of any revision in the Offer Price or Offer Size, the Acquirers would comply with Regulation 18 and all other applicable provisions of SEBI (SAST) Regulations.
- 6.1.5. There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8 (9) of the SEBI (SAST) Regulations. The Offer Price may be adjusted in the event of any corporate actions like bonus, rights issue, stock split, consolidation, dividend, demergers, reduction, etc. where the record date for effecting such corporate actions falls between the date of this Draft Letter of Offer up to 3 (three) Working Days prior to the commencement of the Tendering Period of the Offer, in accordance with Regulation 8 (9) of the SEBI (SAST) Regulations.
- 6.1.6. In the event of any acquisition of Equity Shares by the Acquirers during the Offer Period, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8 (8) of the SEBI (SAST) Regulations. However, the Acquirers shall not acquire any Equity Shares after the 3<sup>rd</sup> (third) Working Day prior to the commencement and until the expiry of the Tendering Period of this Offer.
- 6.1.7. As on the date of this Draft Letter of Offer, there is no revision in the Offer Price or Offer Size. An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, may also be done at any time prior to the commencement of 1 (one) Working Day before the commencement of the Tendering Period in accordance with the provisions of Regulation 18 (4) of the SEBI (SAST) Regulations. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations. In the event of such revision, the Acquirers shall: (i) make corresponding increase to the escrow amount (ii) make an announcement in the same newspapers in which the Detailed Public Statement has been published; and (iii) simultaneously notify the BSE, the SEBI, and the Target Company at its registered office of such revision.
- 6.1.8. If the Acquirers acquire Equity Shares during the period of 26 (twenty-six) weeks after the Tendering Period at a price higher than the Offer Price, the Acquirers will pay the difference between the highest acquisition price and the Offer Price, to all the Public Shareholders whose Equity Shares have been accepted in the Open Offer within 60 (Sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under SEBI (SAST) Regulations, or pursuant to Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of Equity Shares of the Target Company in any form.
- 6.2. **Financial Arrangements**
- 6.2.1. In terms of Regulation 25(1) of the SEBI (SAST) Regulations, the Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full out of their own sources/ Net-worth and no borrowings from any Bank and/ or Financial Institutions are envisaged, the details of which are specified as under:
- a) Chartered Accountant, Abhishek Sharma bearing Membership Number ‘511896’, proprietor at Abhishek Anand & Co (Chartered Accountants) bearing firm registration number ‘014596C’ having their office located at K-62, First Floor, Green Park, New Delhi-110016, India with contact details being ‘011-46046396’ and Email Address being [abhishek@abhishekanand.com](mailto:abhishek@abhishekanand.com) vide certificate dated Friday, March 31, 2023 has certified that sufficient resources are available with the Acquirers for fulfilling their Offer obligations in full.
- 6.2.2. The maximum consideration payable by the Acquirers to acquire up to 9,13,185 (Nine Lakh Thirteen Thousand One Hundred and Eighty-Five) Equity Shares, representing 26.00% (Twenty-Six Percent) of the Voting Share Capital of the Target Company at the Offer Price of Rs.8.50/- (Rupees Eight and Fifty Paise Only) per Offer Share, assuming full acceptance of the Offer aggregating to Rs.77,62,072.50/- (Seventy-Seven Lakh Sixty-Two Thousand Seventy-Two Rupees and Fifty Paise Only). In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirers have opened an Escrow Account under the name and style of ‘**RAHME – OPEN OFFER ESCROW ACCOUNT**’ with Kotak Mahindra Bank Limited and have deposited an amount of Rs.21,00,000/- (Rupees Twenty-One Lakh) *i.e.*, more than 25.00% of the total consideration payable in the Offer, assuming full acceptance.
- 6.2.3. The Manager is authorized to operate the Escrow Account to the exclusion of all others and has been duly empowered to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

- 6.2.4. Based on the aforesaid financial arrangements and on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager to offer is satisfied about the ability of the Acquirers to fulfill its obligation in respect of this Offer in accordance with the SEBI (SAST) Regulations.
- 6.2.5. In case of upward revision of the Offer Price and/ or the Offer Size, the Acquirers would deposit additional appropriate amount into an Escrow Account to ensure compliance with Regulation 18 (5) of the SEBI (SAST) Regulations, prior to effecting such revision.



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

- 7.1. The Letter of Offer will be mailed to all those Public Shareholders of the Target Company whose names appear on the Register of Members and to the beneficial owners of the Equity Shares of the Target Company whose names appear on the beneficial records of the Depository Participant, at the close of business hours on **Tuesday, May 16, 2023**.
- 7.2. Accidental omission to dispatch the Letter of Offer or the non-receipt or delayed receipt of the Letter of Offer will not invalidate this Offer in anyway.
- 7.3. In terms of the provisions of Regulation 18 (9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in this Offer shall not be entitled to withdraw such acceptance.
- 7.4. **Locked-in Shares**
- None of the Equity Shares of the Target Company are subject to lock-in.
- 7.5. **Eligibility for accepting the Offer**
- 7.5.1. The Letter of Offer shall be mailed to all the Public Shareholders and/or beneficial owners holding Equity Shares in dematerialized form whose names appear in register of Target Company as on **Tuesday, May 16, 2023**, the Identified Date.
- 7.5.2. This Offer is also open to persons who own Equity Shares but are not registered Public Shareholders as on the Identified Date.
- 7.5.3. All Public Shareholders and/or beneficial owners who own Equity Shares of the Target Company any time before the closure of this Offer are eligible to participate in this Offer.
- 7.5.4. The Acquirers have appointed Skyline Financial Services Private Limited, as the Registrar to the Offer, having their, office located at D-153 A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 India, with contact number being '011-40450193-97', Email Address being '[ipo@skylinerta.com](mailto:ipo@skylinerta.com)' and website '[www.skylinerta.com](http://www.skylinerta.com)'. The contact person Mr. Anuj Kumar, the contact person can be contacted from 10:00 a.m. (Indian Standard Time) to 5:00 p.m. (Indian Standard Time) on working days (except Saturdays, Sundays, and all public holidays), during the Tendering Period.
- 7.5.5. The Offer Documents will also be available on the website of SEBI accessible at [www.sebi.gov.in](http://www.sebi.gov.in), BSE accessible at [www.bseindia.com](http://www.bseindia.com) and Manager to the offer accessible at [www.swarajshares.com](http://www.swarajshares.com). In case of non-receipt of the Letter of Offer, all Public Shareholders including unregistered Public Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the website of SEBI for applying in this Offer.
- 7.5.6. Unregistered Public Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Public Shareholders.
- 7.5.7. The acceptance of this Offer by the Public Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
- 7.5.8. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s)/beneficial owner(s) of Target Company.
- 7.5.9. The Acquirers, Manager to the Offer, or the Registrar accepts no responsibility for any loss of Equity Share certificates, Offer Acceptance Forms, and Share Transfer Deed, etc., during transit and the Public Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
- 7.5.10. The acceptance of Equity Shares tendered in this Offer will be made by the Acquirers in consultation with the Manager to the Offer.
- 7.5.11. The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of this Offer.

**7.6. Statutory Approvals and conditions of the Offer**

- 7.6.1. To the best of the knowledge and belief of the Acquirers, as on the date of this Draft Letter of Offer, there are no statutory or other approvals required for implementing the Offer. If any statutory approvals are required or become applicable prior to completion of the Offer, the Offer would be subject to the receipt of such statutory approvals.
- 7.6.2. If the holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, and FIIs) required and received any approvals (including from the RBI, the FIPB, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender their Equity Shares held by them in this Offer, along with other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirers reserve the right to reject such Equity Shares tendered in this Offer.
- 7.6.3. The Acquirers, in terms of Regulation 23 of SEBI (SAST) Regulations, will have the right not to proceed with this Offer in the event the statutory approvals indicated above are refused. In the event of withdrawal, a public announcement will be made within 2 (two) Working Days of such withdrawal, in the same newspapers in which the Detailed Public Statement had appeared.
- 7.6.4. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay receipt of the requisite approvals was not due to any wilful default or neglect of the Acquirers, or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the Public Shareholders as directed by SEBI, in terms of the provisions of Regulation 18 (11) of SEBI (SAST) Regulations. Further, if delay occurs on account of wilful default by the Acquirers in obtaining the requisite approvals, the provisions of Regulation 17 (9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable to forfeiture. Further, where any statutory approval extends to some but not all of the Public Shareholders, the Acquirers shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

## 8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 8.1. This Offer will be implemented by the Acquirers, through stock exchange mechanism as provided under the SEBI (SAST) Regulations and the SEBI circulars bearing reference number ‘CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015’, ‘CFD/DCR2/CIR/P/2016/131 dated December 09, 2016’ and ‘SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021’ and on such terms and conditions as may be permitted by law from time to time.
- 8.2. BSE shall be the designated stock exchange for the purpose of tendering Equity Shares in this Offer.
- 8.3. The facility for acquisition of Equity Shares through stock exchange mechanism pursuant to this Offer shall be available on the BSE, in the form of a separate window (**‘Acquisition Window’**).
- 8.4. For implementation of this Offer, the Acquirers have appointed Nikunj Stock Brokers Limited (**‘Buying Broker’**) through whom the purchases and settlements on account of this Offer would be made by the Acquirers. The contact details of the Buying Broker are as follows:

<b>Name</b>	Nikunj Stock Brokers Limited
<b>Address</b>	A-92, Gf, Left Portion, Kamla Nagar, New Delhi-110 007, India
<b>Contact Details</b>	011-47030000-01
<b>Email Address</b>	info@nikunjonline.com
<b>Contact Person</b>	Mr. Pramod Kumar Sultania

- 8.5. All the Public Shareholders who desire to tender their Equity Shares under this Offer would have to approach their respective stockbrokers (**‘Selling Broker’**), during the normal trading hours of the secondary market during the Tendering Period.
- 8.6. The Acquisition Window provided by the BSE shall facilitate the placing of sell orders. The Selling Brokers can enter orders for dematerialized Equity Shares only.
- 8.7. The cumulative quantity tendered shall be displayed on the BSE’s website throughout the trading session at specific intervals by the BSE during Tendering Period.
- 8.8. Equity Shareholders can tender their Equity Shares only through a broker with whom the shareholder is registered as client (KYC Compliant).
- 8.9. **Procedure for Equity Shares held in physical form**
- 8.9.1. In accordance with the Frequently Asked Questions issued by SEBI, ‘FAQs – Tendering of physical shares in buyback offer/ open offer/ exit offer/ delisting dated February 20, 2020’ and SEBI circular bearing reference number ‘SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020’, shareholders holding securities in physical form are allowed to tender shares in the open offer through Tender Offer route. However, such tendering shall be as per the provisions of respective regulations.
- 8.9.2. Public Shareholders who are holding physical Equity Shares and intend to participate in this Offer shall approach Selling Broker. The Selling Broker should place bids on the BSE’s platform with relevant details as mentioned on physical share certificate(s). The Selling Broker(s) shall print the TRS generated by the Exchange Bidding System. TRS will contain the details of order submitted like Folio No., Certificate No. Dist. Nos., No. of Equity Shares etc.
- 8.9.3. After placement of order, the Selling Broker(s)/ Eligible Shareholders must ensure delivery of the Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein the along with the complete set of documents for verification procedures to be carried out, namely being: (a) original share certificate(s), (b) valid share transfer form(s) duly filled and signed by the transferors (i.e., by all registered shareholders in same order and as per the specimen signatures registered with the Target Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Target Company, (c) self-attested copy of the shareholder’s PAN Card, and (d) TRS, any other relevant documents such as power of attorney, corporate authorization (including board resolution/ specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable either by registered post or courier or hand delivery to the Registrar to the Offer (at the address mentioned on the cover page not later than 2 (Two) days from the closure of the Tendering Period latest by 5:00 PM (Indian Standard Time). The envelope should be superscripted as **‘Rahul Merchandising Limited**

**Open Offer'**. One copy of the TRS will be retained by Registrar and it will provide acknowledgement of the same to the Selling Broker.

- 8.9.4. In addition, if the address of the Public Shareholder has undergone a change from the address registered in the register of members of the Target Company, the relevant Public Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: (a) valid Aadhar Card; (b) Voter Identity Card; or (c) Passport.
- 8.9.5. Public Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for this Offer shall be subject to verification by the Registrar. On receipt of the confirmation from the Registrar, the bid will be accepted else rejected and accordingly the same will be depicted on the BSE platform.
- 8.9.6. Public Shareholders who have sent the Equity Shares held by them for dematerialization need to ensure that the process of dematerialization is completed in time for the credit in the Escrow Demat Account, to be received on or before the closure of the Tendering Period or else their application will be rejected.
- 8.9.7. Public Shareholders should also provide all relevant documents, which are necessary to ensure transferability of Equity Shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):
- a) Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired;
  - b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s);
  - c) No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien, or encumbrance;
- 8.10. **Procedure for tendering the Equity Shares held in dematerialized form**
- 8.10.1. The Public Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their Selling Broker/ Seller Member, indicating details of Equity Shares they wish to tender in this Offer.
- 8.10.2. The Seller Member would be required to place a bid on behalf of the Public Shareholders who wish to tender their Equity Shares in this Offer using the Acquisition Window of the BSE Limited.
- 8.10.3. The lien shall be marked in demat account of the Eligible Public Shareholders for the Equity Shares tendered in this Offer. The details of Equity Shares marked as lien in the demat account of the Eligible Public Shareholders shall be provided by Depositories to the Clearing Corporation.
- 8.10.4. In case, the demat account of the Eligible Public Shareholders is held in one depository and clearing member pool and clearing corporation account is held with another depository, the Equity Shares tendered under this Offer shall be blocked in the Public Shareholders demat account at the source depository during the Tendering Period. Inter Depository Tender Offer ('IDT') instruction shall be initiated by the Public Shareholder at source depository to clearing member pool/ clearing corporation account at target depository. Source depository shall block the Public Shareholder's securities (i.e., transfers from free balance to blocked balance) and send IDT message to target depository for confirming creation of lien. The details of Equity Shares blocked in the shareholders demat account shall be provided by the target Depository to the Clearing Corporation.
- 8.10.5. For Custodian Participant orders for Equity Shares in demat form, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to custodian again for confirmation.
- 8.10.6. Upon placing the order, the Seller Member shall provide a transaction registration slip generated by the exchange bidding system to the Eligible Public Shareholder on whose behalf the order has been placed. The TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, no. of Equity Shares tendered, etc.

- 8.10.7. It is clarified that in case of dematerialized Equity Shares, non-receipt of the completed acceptance form and other documents, but if the lien is marked successfully in the depository system and a valid bid in the exchange bidding system, the tender for this Offer shall be deemed to have been accepted.
- 8.10.8. The Eligible Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to pro rata (if applicable) decided by the Company.

**9. ACCEPTANCE OF EQUITY SHARES**

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

**10. PROCEDURE FOR TENDERING THE EQUITY SHARES IN CASE OF NON-RECIPT OF THE LETTER OF OFFER**

- 10.1. Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.
- 10.2. A Public Shareholder may participate in this Offer by approaching their broker/ Selling Broker and tender Equity Shares in this Offer as per the procedure mentioned in the Letter of Offer.
- 10.3. The Letter of Offer along with an acceptance form will be dispatched to all the eligible Public Shareholders of the Target Company, as appearing in the list of members of the Target Company. In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) or obtain a copy of the same from the Registrar on providing suitable documentary evidence of holding of the Equity Shares.
- 10.4. The Letter of Offer along with the Form of Acceptance would also be available at website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) and Public Shareholders can also apply by downloading such forms from the said website.
- 10.5. Alternatively, in case of non-receipt of the Letter of Offer, the eligible Public Shareholders holding the Equity Shares may participate in this Offer by providing their application in plain paper in writing signed by all the shareholder(s), stating name, address, number of Equity Shares held, client-ID number, DP name, DP-ID number, number of Equity Shares tendered and other relevant documents as mentioned in Paragraph 8.9 titled as '*Procedure for Equity Shares held in physical form*' at page 27 of this Draft Letter of Offer. Such eligible Public Shareholders have to ensure that their order is entered in the electronic platform of BSE, made available by BSE before the closure of the Tendering Period.

## **11. SETTLEMENT PROCESS AND PAYMENT OF CONSIDERATION**

- 11.1. Upon finalization of the basis of acceptance as per the SEBI (SAST) Regulations, the settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as intimated by the Clearing Corporation from time to time.
- 11.2. Details in respect of Public Shareholder's entitlement for this Offer shall be provided to Clearing Corporation by Company/ Registrar to the Offer. On receipt of the same, the Clearing Corporation will cancel excess or unaccepted blocked Equity Shares. On settlement date, all blocked Equity Shares mentioned in the accepted tender will be transferred to the Clearing Corporation.
- 11.3. In the case of IDT, Clearing Corporation will cancel the excess or unaccepted Equity Shares in target depository. Source depository will not be able to release the lien without a release of IDT message from target depository. Further, release of IDT message shall be sent by target depository either based on cancellation request received from Clearing Corporation or automatically generated after matching with tender accepted detail as received from the Registrar to the Offer. Post receiving the IDT message from target depository, source depository will cancel/release excess or unaccepted block Equity Shares in the demat account of the Public Shareholder. Post completion of the Tendering Period and receiving the requisite details viz., demat account details and accepted tendered quantity, source depository shall debit the Equity Shares as per the communication/ message received from target depository to the extent of accepted tendered Equity Shares from the Public Shareholder's demat account and credit it to Clearing Corporation settlement account in target depository on settlement date.
- 11.4. The Buying Broker will transfer the consideration pertaining to this Offer to the Clearing Corporation's bank account as per the secondary market mechanism, as per the prescribed schedule. For demat Equity Shares accepted under this Offer, the Clearing Corporation will make direct funds pay-out to the respective Eligible Public Shareholders. If the bank account details of any Eligible Public Shareholder holding Equity Shares in dematerialized form are not available or if the fund transfer instruction is rejected by the Reserve Bank of India or any other relevant Bank, due to any reasons, then the amount payable to the Eligible Public Shareholders will be transferred to the concerned Seller Member for onward transfer to such Eligible Public Shareholder holding Equity Shares in dematerialized form.
- 11.5. In case of certain client types viz. NRI, foreign clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Selling Member's settlement accounts for releasing the same to the respective Eligible Public Shareholder's account. For this purpose, the client type details would be collected from the Depositories, whereas funds payout pertaining to the tenders settled through custodians will be transferred to the settlement bank account of the custodian, each in accordance with the applicable mechanism prescribed by the BSE Limited and the Clearing Corporation from time to time.
- 11.6. For the Eligible Public Shareholders holding Equity Shares in physical form, the funds pay-out would be given to their respective Seller Member's settlement accounts for releasing the same to the respective Eligible Public Shareholder's account. On settlement date, all blocked Equity Shares mentioned in the accepted tender shall be transferred to Clearing Corporation.
- 11.7. The Equity Shares tendered in the dematerialized form would be transferred directly to the escrow demat account/ demat account of the Acquirers provided it is indicated by the Buying Brokers or it will be transferred by the Buying Broker to the demat escrow account/ demat account of the Acquirers on receipt of the Equity Shares from the clearing and settlement mechanism of BSE Limited.
- 11.8. Excess Equity Shares or unaccepted Equity Shares, in dematerialized form, if any, tendered by the Eligible Public Shareholders would be transferred by the Clearing Corporation directly to the respective Eligible Public Shareholder's DP account. If the securities transfer instruction is rejected in the Depository system, due to any issue then such securities will be transferred to the Seller Member's depository pool account for onward transfer to the respective Eligible Public Shareholder. The Public Shareholders of the demat Equity Shares will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of demat Equity Shares, due to rejection or due to non-acceptance in this Offer.
- 11.9. Any excess Equity Shares, in physical form, pursuant to proportionate acceptance/ rejection will be returned back to the Eligible Public Shareholders directly by the Registrar to the Offer. The Target Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares



accepted are less than the Equity Shares tendered in this Offer by Eligible Public Shareholders holding Equity Shares in the physical form.

- 11.10. The Seller Members would issue contract note for the Equity Shares accepted under this Offer and will unblock the excess unaccepted Equity Shares. The Buying Broker would also issue a contract note to the Company for the Equity Shares accepted under this Offer.
- 11.11. Equity Shareholders who intend to participate in this Offer should consult their respective Seller Member for payment to them of any cost, applicable taxes, charges, and expenses (including brokerage) that may be levied by the Seller Member for tendering Equity Shares in this Offer (secondary market transaction). Therefore, the Offer consideration received by the selling Eligible Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage). The Manager to the Offer and the Acquirers accept no responsibility to bear or pay any additional cost, applicable taxes, charges, and expenses (including brokerage) levied by the Seller Member, and such costs will be borne solely by the Eligible Public Shareholders.
- 11.12. In case of delay in receipt of any statutory approval(s), the SEBI may, if satisfied that such delay in receipt of the statutory approval(s) was not attributable to any wilful default, failure, or neglect on the part of the Acquirers to diligently pursue such approval, and subject to such terms and conditions as specified by the SEBI (including payment of interest in accordance with Regulation 18 (11) of the SEBI (SAST) Regulations grant an extension of time to the Acquirers pending receipt of such statutory approval(s) to make the payment of the consideration to the Eligible Public Shareholders whose Equity Shares have been accepted in the Offer.

## 12. NOTE ON TAXATION

### 12.1. General

- 12.1.1. Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.
- 12.1.2. The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his/her worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act, 1961. A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e., income which accrues or arises or is deemed to accrue or arise in India) as also income received by such person in India. In case of shares of a company, the source of income from shares will depend on the "situs" of such shares. As per judicial precedents, the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.
- 12.1.3. Accordingly, since the Target Company is incorporated in India, the Target Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the IT Act.
- 12.1.4. Further, the non-resident shareholder can avail beneficial treatment under the Double Taxation Avoidance Agreement ("DTAA") between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions including but not limited to (a) conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument ("MLI") as ratified by India with the respective country of which the said shareholder is a tax resident and (b) non-applicability of General Anti-Avoidance Rule ("GAAR") and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.
- 12.1.5. The IT Act also provides for different income-tax regimes/rates applicable to the gains arising from the tendering of shares under the Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc.
- 12.1.6. The Public Shareholders may be required to undertake compliances such as filing an annual income tax return, as may be applicable to different categories of persons, with the income-tax authorities, reporting their income for the relevant year.
- 12.1.7. The summary of income-tax implications on tendering of listed equity shares is set out below. All references to equity shares herein refer to listed equity shares unless stated otherwise.

### 12.2. Classification of Shareholders: Public Shareholders can be classified under the following categories:

#### a) Resident Shareholders being:

- Individuals, Hindu Undivided Family ("HUF"), Association of Persons ("AOP") and Body of Individuals ("BOI")
- Others:
  - (i) Company
  - (ii) Other Than Company

#### b) Non-Resident Shareholders being:

- Non-Resident Indians (NRIs)
- Foreign Institution Investors (FIIs) / Foreign Portfolio Investors (FPIs)
- Others:
  - (i) Company
  - (ii) Other Than Company

12.3. Gains arising from the transfer of shares may be treated either as “capital gains” or as “business income” for income-tax purposes, depending upon whether such shares were held as a capital asset or business asset (i.e., stock-in-trade). The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of Equity Shares under the Open Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc.

#### 12.4. **Taxability of Capital Gains in the hands of shareholders**

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

12.4.2. As per the current provisions of the IT Act, where the shares are held as investments (i.e., capital assets), income arising from the transfer of such shares is taxable under the head “Capital Gains”. Further, Section 2(14) of the IT Act has provided for deemed characterization of securities held by FPIs as capital assets, whether or not such assets have been held as a capital asset; and therefore, the gains arising in the hands of FPIs will be taxable in India as capital gains.

12.4.3. Capital Gains in the hands of shareholders would be computed as per the provisions of Section 48 of the IT Act.

12.4.4. Period of holding: Depending on the period for which the shares are held, the gains would be taxable as “short-term capital gain/ STCG” or “long-term capital gain/ LTCG”:

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

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

12.4.5. The Finance Act, 2018, vide Section 112A, has imposed an income tax on LTCG at the rate of 10% (plus applicable surcharge and health and education cess) on transfer of equity shares that are listed on a recognized stock exchange, which have been held for more than 12 (Twelve) months and have been subject to STT upon both acquisition and sale exceeding Rs. 1,00,000 (Rupees One lakh only) (without any indexation and foreign exchange fluctuation benefits).

12.4.6. As per section 111A of the IT Act, STCG arising from transfer of listed shares on which STT is paid would be subject to tax at the rate of 15% (plus applicable surcharge and health and education cess) (except under specific categories).

However, since STT will not be applicable to the Equity Shares transferred in this Offer, the provisions of Section 112A and Section 111A of the IT Act shall not be applicable.

12.4.7. LTCG arising from tendering of Equity Shares in the Offer shall be subject to tax as follows:

a) LTCG will be chargeable to tax at the rate of up to 20% (plus applicable surcharge and health and education cess) in the case of a non-resident Public Shareholder (other than a FPI/FII, or a NRI who is governed by the provisions of Chapter XII-A of the IT Act) in accordance with provisions of section 112 of the IT Act.

b) In the case of FIIs/FPIs, LTCG would be taxable at 10% (plus applicable surcharge and health and education cess) in accordance with provisions of section 115AD of the IT Act (without benefit of indexation and foreign exchange fluctuation).

c) For a NRI who is governed by the provisions of Chapter XII-A of the IT Act, LTCG would be taxable at 10% (plus applicable surcharge and health and education cess) under Section 115E of the IT Act on meeting certain conditions. While computing the LTCG, the benefit of indexation of cost may not be available.

d) For a resident Public Shareholder, an option is available to pay tax on such LTCG at either 20% (plus applicable surcharge and cess) with indexation or 10% (plus applicable surcharge and health and education cess) without indexation.

12.4.8. Further, any gain realized on the sale of listed equity shares held for a period of 12 (twelve) months or less, which are transferred under the Offer, will be subject to short term capital gains tax and shall be taxable at the rates prescribed in

First Schedule to the Finance Act (i.e. applicable marginal tax rates applicable to different categories of persons) (plus applicable surcharge and health and education cess).

- 12.4.9. Taxability of capital gain arising to a non-resident in India from the transfer of equity shares shall be determined basis the provisions of the IT Act or the DTAA entered between India and the country of which the non-resident seller is resident, whichever is more beneficial, subject to fulfilling relevant conditions and maintaining & providing necessary documents prescribed under the IT Act.
- 12.4.10. As per Section 70 of the IT Act, short-term capital loss computed for a given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set-off against subsequent years' STCG as well as LTCG, in terms of Section 74 of the IT Act.
- 12.4.11. Long-term capital loss computed for a given year is allowed to be set-off only against LTCG computed for the said year, in terms of Section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off only against subsequent years' LTCG, in terms of Section 74 of the IT Act.

#### **12.4.12. Investment Funds**

Under Section 10 (23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head, "Profits and gains of business or profession" would be exempt from income tax but would be taxable in the hands of their investors. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

#### **12.4.13. Mutual Funds**

Under Section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorized by the RBI and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

#### **12.5. Taxability of business income in hands of shareholders (Shares held as Stock-in-Trade)**

If the shares are held as stock-in-trade by any of the eligible Public Shareholders of the Target Company, then the gains will be characterized as business income and taxable under the head "Profits and Gains from Business or Profession".

##### **a) Profit of Resident Shareholders**

- (i) Individuals, HUF, AOP and BOI will be taxable at applicable slab rates.
- (ii) Domestic companies having turnover or gross receipts not exceeding Rs. 400 crores in the prescribed financial year, will be taxable @ 25%.
- (iii) Domestic companies which have opted for concessional tax regime under Section 115BAA and 115BAB of the IT Act will be taxable at 22%, upon meeting certain conditions.
- (iv) For persons other than stated in (A), (B) and (C) above, profits will be taxable @ 30%.
- (v) No benefit of indexation by virtue of period of holding will be available in any case.

##### **b) Profit of Non-Resident Shareholders**

- (i) Non-resident Public Shareholders can avail beneficial provisions of the applicable DTAA entered into by India with the relevant country of residence of the shareholder but subject to fulfilling relevant conditions and maintaining & providing necessary documents prescribed under the IT Act, as discussed in para 1(d) above.
- (ii) Where DTAA provisions are not applicable:

- (iii) For non-resident individuals, HUF, AOP and BOI, profits (as determined in accordance with the provisions of the IT Act) will be taxable at slab rates.
- (iv) For foreign companies, profits (as determined in accordance with the provisions of the IT Act) will be taxed in India @ 40%.
- (v) For other non-resident Public Shareholders, such as foreign firms, profits (as determined in accordance with the provisions of the IT Act) will be taxed in India @ 30%.

12.6. **THE ABOVE DISCLOSURE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THIS DISCLOSURE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN. HENCE, THE PUBLIC SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRERS AND THE MANAGER TO THE OFFER DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY PUBLIC SHAREHOLDER AS A REASON OF THIS OFFER.**

### **13. DOCUMENTS FOR INSPECTION**

The copies of the following documents will be available for inspection at the registered office of the Manager to the Offer, Swaraj Shares and Securities Private Limited, having principal place of business located at Unit No 304, A Wing, 215 Atrium Courtyard Marriot, Andheri East, Mumbai- 400093, Maharashtra, India and shall be made available for online inspection by the manager to the offer on any working day between 10:00 a.m. (Indian Standard Time) and 5:00 p.m. (Indian Standard Time) during the Tendering Period commencing from Tuesday, May 30, 2023 to Monday, June 12, 2023:

- 13.1. Memorandum and Articles of Association and Certificate of Incorporation of the Target Company.
- 13.2. Memorandum of Understanding between the Manager and the Acquirers.
- 13.3. The copy of Agreement between the Registrar and the Acquirers.
- 13.4. Networth Certificate of the Acquirers.
- 13.5. Audited Annual Reports for the last 3 (three) Financial Years ending March 31, 2022, March 31, 2021, and March 31, 2020, unaudited Financial Results for the six-months period ending September 30, 2022, and nine-months period ending December 31, 2022, of the Target Company.
- 13.6. Bank Statement received from, Kotak Mahindra Bank Limited for required amount kept in the escrow account and marked lien in favor of Manager to the Offer.
- 13.7. The copy of the Share Purchase Agreement dated Friday, March 31, 2023, entered between the Promoters and the Acquirers, which triggered this Offer.
- 13.8. Copy of the Public Announcement dated Friday, March 31, 2023.
- 13.9. Copy of the Detailed Public Statement dated Monday, April 10, 2023, published on behalf of the Acquirers on Tuesday April 11, 2023, in the Newspapers.
- 13.10. Copy of the recommendations to be published on Friday, May 26, 2023, by the Committee of Independent Directors of the Target Company.
- 13.11. Copy of SEBI Observation letter bearing reference number '[●]' dated [●].
- 13.12. Escrow Agreement between Acquirers, Escrow Bank, and Manager to the Offer.

### **14. DECLARATION BY THE ACQUIRERS**

For the purpose of disclosures in this Draft Letter of Offer relating to the Target Company, the Acquirers have relied on the information provided by the Target Company and has not independently verified the accuracy of details of the Target Company. Subject to the aforesaid, the Acquirers accepts full responsibility for the information contained in this Draft Letter of Offer. The Acquirers shall be responsible for ensuring compliance with the SEBI (SAST) Regulations.

**Date: Wednesday, April 19, 2023**  
**Place: Mumbai**

**On Behalf of the Acquirers**  
**Ankit Tayal**

**Sd/-**