

DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Draft Letter of Offer (“**DLoF**”) is being sent to you as a Public Shareholder(s) of Spice Islands Apparels Limited (“**Target Company**”). If you require any clarifications about the action to be taken, you may consult your stock broker or Investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your Equity Shares of the Target Company, please hand over this Draft Letter of Offer (as defined hereinafter) and the accompanying Form of Acceptance cum Acknowledgement (“**Form of Acceptance**”) to the Purchaser of equity shares or the member of Stock Exchange through whom the said sale was effected.

OPEN OFFER (“OFFER”) BY

FOTOSSET TRADING PRIVATE LIMITED (“ACQUIRER”)

Corporate Identification Number: U74993KA1981PTC004565

Registered office: HTC Aspire, 19, Ali Asker Road, 2nd Floor, Bangalore -560052, Karnataka

Phone no.: 080-40865062 ; **E-mail:** cs@hittco.com ;

TO ACQUIRE UP TO 11,18,000 FULLY PAID UP EQUITY SHARES, OF FACE VALUE OF ₹10 (RUPEES TEN ONLY) EACH (“EQUITY SHARES”), REPRESENTING 26.00% (TWENTY-SIX PERCENT ONLY) OF THE PAID-UP SHARE CAPITAL OF THE TARGET COMPANY (AS HEREINAFTER DEFINED), FROM THE PUBLIC SHAREHOLDERS OF

SPICE ISLANDS APPARELS LIMITED (“TARGET COMPANY”)

Corporate Identification Number: L17121MH1988PLC050197

Registered Office: Unit 3043-3048, 3rd Floor, Bhandup Industrial Estate Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup West - 400078, Mumbai, Maharashtra

Tel: 022-6740 0800; **Fax:** 022-22826167, ; **Website:** www.spiceislandsapparelslimited.in



Email: grievance_redressal@spiceislandsindia.com

AT AN OFFER PRICE OF ₹9/- (RUPEES NINE ONLY) PER FULLY PAID-UP EQUITY SHARE (“OFFER PRICE”), PAYABLE IN CASH, PURSUANT TO REGULATION 3(1) AND 4 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AND SUBSEQUENT AMENDMENTS MADE THEREOF. (“SEBI (SAST) REGULATIONS, 2011”)

1. This Offer is being made by the Acquirer pursuant to and in compliance with Regulations 3(1) and 4 and other applicable Regulations of the SEBI (SAST) Regulations, 2011 and subsequent amendments thereto for Substantial Acquisition of shares and control over the Target Company.
2. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations, 2011.
3. **This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations, 2011.**
4. The Offer is subject to the compliance of the terms and conditions as set out under the Share Purchase Agreement. As on date, to the best of the knowledge and belief of the Acquirer, there are no statutory approvals required to acquire equity shares that are validly tendered pursuant to this Offer. However, the Offer would be subject to all the statutory approvals that may become applicable at a later date but before the completion of the Offer.

5. The Acquirer shall complete all procedures relating to this Open Offer within 10 (Ten) Working Days from the date of closure of the Tendering Period (as defined below), including the payment of consideration to Public Shareholders.
6. If there is any upward revision in the Offer Price and/or Offer Size by the acquirer at any time up to 1 (One) Working Day before the commencement of the Tendering Period, in terms of the SEBI (SAST) Regulations, 2011, or in the case of withdrawal of the offer the same would also be informed by way of the Public Announcement in the same newspapers where the original Detailed Public Statement (“DPS”) was published. Such revised Offer Price would be payable by the Acquirer to all the Public Shareholders, who have validly tendered their Equity Shares anytime during the Tendering Period to the extent of such Equity Shares being verified and accepted under the Offer.
7. **As per the information available with the acquirer and the Target Company, there has been no competing offer as on date of this Letter of Offer.**
8. **If there are competing offers, the public offers under all the subsisting bids shall open and close on the same date.**
9. Public Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement/ Detailed Public Statement / Draft Letter of Offer, shall not be entitled to withdraw such acceptance during the Tendering Period.
10. The Procedure for acceptance is set out under ‘Procedure for Acceptance and Settlement’ at page 26 of this Draft Letter of Offer.
11. A copy of the Public Announcement (“PA”) and Detailed Public Statement is available on the website of Securities and Exchange Board of India (“SEBI”) at <http://www.sebi.gov.in> and copies of Draft Letter of Offer and Letter of Offer, including Form of Acceptance cum Acknowledgment will be available on website of SEBI at <http://www.sebi.gov.in>.

All future correspondence, if any, should be addressed to the Manager to the Offer/ Registrar to the Offer at the addresses mentioned below:

MANAGER TO THE OPEN OFFER	REGISTRAR TO THE OPEN OFFER
 <p>Pantomath Capital Advisors Private Limited Pantomath Nucleus House Saki-Vihar Road, Andheri-East, Mumbai - 400072, Maharashtra, India Tel: +91 22 61946700/750 Fax: +91 22 26598690 Website: www.pantomathgroup.com E-mail: punam.thadeshwar@pantomathgroup.com Contact Person: Punam Thadeshwar SEBI Registration No: INM000012110</p>	 <p>Link Intime India Private Limited C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra , India Tel: +918108114949 Fax: + 91 22 49186195 Website: www.linkintime.co.in Email: spiceiceland.offer@linkintime.co.in Contact Person: Mr. Sumeet Deshpande SEBI Registration Number: INR000004058</p>

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER IS GIVEN BELOW:

ACTIVITY	DATE*	DAY*
Date of Public Announcement	April 06, 2023	Thursday
Publication of Detailed Public Statement	April 17, 2023	Monday
Filing of the Letter of Offer with SEBI	April 24, 2023	Monday
Last date for a Competitive Bid#	May 10, 2023	Wednesday
Last date of receipt of the comments on Draft Letter of Offer from SEBI	May 17, 2023	Wednesday
Identified Date##	May 19, 2023	Friday
Last date for dispatch of the Letter of Offer to the Public Shareholders of Target company	May 26, 2023	Friday
Last Date of announcement containing reasoned recommendation by committee of Independent directors of TC	May 31, 2023	Wednesday
Last date for Revising the Offer Price / Offer Size	June 01, 2023	Thursday
Date of Advertisement announcing the Schedule of activities for the open offer, status of statutory & other approvals, status of unfulfilled conditions (if any), Procedure for tendering acceptances etc.	June 01, 2023	Thursday
Date of Opening of the Tendering Period	June 02, 2023	Friday
Date of Closing of the Tendering Period	June 15, 2023	Thursday
Date by which the acceptance/ rejection would be intimated and the corresponding payment for the acquired shares and/or share certificate for the rejected shares will be dispatched	June 29, 2023	Thursday
Date of post offer advertisement	June 22, 2023	Thursday
Date of Post Offer Report to SEBI	July 07, 2023	Friday

**The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and are subject to receipt of statutory/ regulatory approvals and may have to be revised accordingly. Accordingly, the dates for the above mentioned activities and wherever mentioned elsewhere in this Draft Letter of Offer, are subject to change.*

#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 eligible equity shareholders of the Target Company as on such date to whom the Letter of Offer would be sent by email/post. It is clarified that all Public Shareholders of the Target Company (whether registered or unregistered) (except the Acquirer, selling shareholders, promoter and promoter group of the Target Company) are eligible to participate in this Offer at any time before the closure of Tendering Period.

RISK FACTORS:

Set forth below are the risk factors relating to the Underlying Transaction, Proposed Open Offer and the probable risks associated with the Acquirer and are not in relation to the present or future business operations of the Target Company or any other related matters. These risk factors are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation or otherwise by the Public Shareholders in this Offer, but are merely indicative in nature. The Public Shareholders are advised to consult their stock brokers, legal, financial, tax or investment advisors/ consultants, if any, for analysing and understanding all the risks associated with respect to their participation in this Offer and related sale and transfer of Equity Shares.

A. RISK FACTORS RELATING TO UNDERLYING TRANSACTION:

1. Acquisition of Equity Shares in the Underlying Transaction is subject to the applicable provisions of the SEBI (SAST) Regulations, 2011, and the Share Purchase Agreement (as hereinafter defined). In case the provisions of SEBI (SAST) Regulations, 2011 or the Share Purchase Agreement are not satisfactorily complied with for reasons beyond reasonable control of the Acquirer and consequently if the Share Purchase Agreement is rescinded, the Acquirer shall not be able to act upon for Acquisition of Equity Shares under the Offer.
2. The Underlying Transaction is subject to completion risks as would be applicable to similar transactions.

B. RISK FACTORS RELATING TO THE PROPOSED OFFER:

1. As on the date of this Draft Letter of Offer, to the best of knowledge and belief of the Acquirer, no statutory approvals are required by the Acquirer to acquire the equity shares that are validly tendered pursuant to this Offer. However, in case of any other statutory approvals are required or become applicable at a later date before the completion of the Offer, the Offer would be subject to the receipt of such other statutory approvals and the Acquirer shall make the necessary applications for such approvals. In the event of non-receipt of any of the statutory approvals, which may become applicable for acquisition of equity shares the Acquirer shall have the right to withdraw the Offer in accordance with the provisions of Regulation 23(1) of the SEBI (SAST) Regulations, 2011. In the event of such a withdrawal of the Offer, the Acquirer shall through the Manager to the Offer, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for such withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, 2011.
2. In the event that either: (a) there is any order of a governmental authority and regulatory approvals are not received within time or litigation leading to a stay or injunction on the Offer or that restricts or restrains the Acquirer from performing their obligations hereunder; or (b) SEBI instructing the Acquirer not to proceed with this Offer, then this Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Public Shareholders, whose Equity Shares are validly accepted in this Offer as well as the return of the Equity Shares not accepted in this Offer, may be delayed beyond the schedule of activities as indicated in this Draft Letter of Offer.
3. In case of delay in receipt of any statutory approval that may be required by the Acquirer at a later date, SEBI may, if satisfied that such delay in receipt of the requisite statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest, if any, in accordance with the Regulations of SEBI (SAST) Regulations, 2011, grant an extension of time to the Acquirer to make the payment of the consideration to the Public Shareholders whose Offer Shares have been accepted in the Offer. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
4. In case of the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, acceptance will be determined by the Acquirer, as per the SEBI (SAST) Regulations, 2011, in consultation with the Manager to the Offer, 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.
5. The Equity Shares tendered in the Offer will be held in the Escrow Demat Account of **M/s Fotoset Trading Private Limited Open Offer Demat Account** handled by the Buying Broker of the Acquirer, in trust by the Clearing Corporation of the Stock Exchange/Registrar to the Offer and

will not be able to trade such Equity Shares till the process of acceptance of tenders and the payment of consideration is completed.

6. Public Shareholders who have lodged their acceptance to this Offer shall not be entitled to withdraw such acceptance during the Tendering Period, even if the acceptance of Equity Shares in this Offer and dispatch of consideration are delayed. During such period, there may be fluctuations in the market price of the equity shares and the Shareholders will not be able to trade in such equity shares, thereby restricting the ability of such Shareholders to take advantage of any favourable price movements. It is understood that the Shareholders will be solely responsible for their decisions regarding their participation in this Offer.
7. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of the Letter of Offer, resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements. This Draft Letter of Offer does not in any way constitute an offer to purchase or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.
8. The Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer 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.
9. This Offer is subject to completion risks as would be applicable to similar transactions.

C. RISK FACTORS RELATING TO THE ACQUIRER:

1. The Acquirer make no assurance with respect to their investment or divestment decisions relating to their proposed shareholding in the Target Company.
2. The Acquirer make no assurances with respect to the continuation of the business of the Target Company or continuation of past trends in the financial performance or of the future performance of the Target Company.
3. The Acquirer make no assurances with respect to the market price of the Equity Shares before, during or after this Offer and expressly disclaim any of their responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any Public Shareholder on whether or not to participate in this Offer.
4. The Acquirer and the Manager to the Offer accept no responsibility for statements made and information pertaining to the Target Company, which has been provided or published by the Target Company or obtained from publicly available sources. Any person placing reliance on any other source of information will be doing so at his / her / its own risk.
5. For the purpose of disclosures in the PA or DPS or this Draft Letter of Offer in relation to the Target Company and/or the Sellers, the Acquirer and Manager have relied on the information published or provided by the Target Company and/or the Sellers, as the case may be, or publicly available sources and have not independently verified the accuracy of details of the Target Company and/or the Sellers. The Acquirer do not accept any responsibility with respect to any misstatement made by the Target Company and/or the Sellers in relation to such information.

CURRENCY OF PRESENTATION:

1. In this Draft Letter of Offer, all references to “Rs.” or “Rupees” or “INR” or “₹” are references to Indian Rupee(s), the official currency of India. Throughout this Draft Letter of Offer, all figures have been expressed in “million”, “thousand”, “lakh” or “crore” unless otherwise specifically stated.
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.

TABLE OF CONTENTS

1. ABBREVIATIONS / DEFINITIONS	8
2. DISCLAIMER CLAUSE.....	11
3. DETAILS OF THE OFFER.....	11
4. BACKGROUND OF THE ACQUIRER	15
5. BACKGROUND OF TARGET COMPANY – SPICE ISLANDS APPARELS LIMITED	18
6. OFFER PRICE AND FINANCIAL ARRANGEMENTS	22
7. TERMS AND CONDITIONS OF THE OFFER.....	25
8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER	27
9. COMPLIANCE WITH TAX REQUIREMENTS	35
10. DOCUMENTS FOR INSPECTION	37
11. DECLARATION BY THE ACQUIRER.....	37

1. ABBREVIATIONS / DEFINITIONS

Term	Definition
Acquirer	Fotoset Trading Private Limited
Board/ Board of Directors	The Board of Directors of the Spice Islands Apparels Limited
Book Value Per equity Share	Net worth / Number of outstanding Equity Shares
BSE	BSE Limited
Buying Broker	Asit C. Mehta Investment Intermmediates Limited the broker appointed by the Acquirer for the Offer, through whom the purchases and settlement of Offer Shares shall be made
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Clearing Corporation	Indian Clearing Corporation Limited
Companies Act	The Companies Act, 2013, as amended, as the case may be
Depositories	CDSL and NSDL
Designated Stock Exchange	BSE Limited
DIN	Director Identification Number
DP	Depository Participant
DPS / Detailed Public Statement	The Detailed Public Statement, issued by the Manager to the Offer, on behalf of the Acquirer in relation to this Offer and published in the newspaper on April 17, 2023
Draft Letter of Offer/ DLoF	This Draft Letter of Offer dated April 24, 2023 filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations, 2011
Equity Shares/ Shares	Fully paid-up equity shares of the Target Company of the face value of ₹10/- (Rupees Ten only) each
Equity Shareholders / Public Shareholders	All the shareholders of the Target Company who are eligible to tender their equity shares in the Offer
EPS	Profit After Tax/ Number of Equity Shares issued
Escrow Agreement	Escrow Agreement dated March 21, 2023 entered among the Acquirer, Escrow Bank and Manager to the Offer
Escrow Bank	Axis Bank Limited
FEMA	Foreign Exchange Management Act, 1999, as amended or modified from time to time
FII	Foreign Institutional Investor registered with SEBI under applicable laws in India
Form of Acceptance / FoA	Form of Acceptance cum Acknowledgement, accompanying with the Letter of Offer
FPI	Foreign Portfolio Investor, as defined under Regulation 2(h) of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
FY	Financial Year

Term	Definition
Identified Date	The date falling on the 10 th (Tenth) Working Day prior to the commencement of Tendering Period, for the purposes of determining eligible shareholders to whom the Letter of Offer will be sent
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961, as amended from time to time
ISIN	International Securities Identification Number
Letter of Offer / LoF	The Letter of Offer to be issued pursuant to the Offer, duly incorporating SEBI's comments on this Draft Letter of Offer, including the Form of Acceptance-cum-Acknowledgement
Manager to the Offer or Merchant Banker	Pantomath Capital Advisors Private Limited
Maximum Consideration	The Total funding requirement for the Offer of ₹1,00,62,000 (Rupees One Crore Sixty Two Thousand Only) assuming full acceptance of the Offer
NA/ N.A.	Not Applicable
Non-Resident Shareholder(s)	Persons resident outside India, as defined under FEMA, holding equity shares of the Target Company
NRI	Non-Resident Indians
NSDL	National Securities Depositories Limited
OCBs	Overseas Corporate Bodies
Offer/Open Offer	The open offer made by the Acquirer to the Public Shareholders to acquire up to 11,18,000 Equity Shares, representing 26.00% of the Paid-up Share Capital of Target Company
Offer Period	Period from the date of release of Public Announcement to the date of payment of consideration
Offer Price	₹9/- (Rupees Nine only) per Equity Share, payable in cash
Offer Size	11,18,000 Equity Shares of face value ₹10/- each representing 26.00% of the paid-up Share Capital of the Target Company
PA / Public Announcement	Public Announcement dated April 06, 2023, submitted to BSE as well as to SEBI on April 06, 2023 and sent to the Target Company with requisite content
PAN	Permanent Account Number
PAT	Profit After Tax
Persons Acting in Concert	There are no persons acting in concert with the Acquirer for the purposes of this Open Offer, within the meaning of Regulation 2(1)(q) of the SEBI (SAST) Regulations.
Promoter and Promoter Group	Promoter and Promoter Group of Spice Islands Apparels Limited

Term	Definition
Public Shareholders	All the equity shareholders of the Target Company other than (i) the Acquirer, (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 Regulation 7(6) of the SEBI (SAST) Regulations.
RBI	Reserve Bank of India
Registrar / Registrar to the Offer	Link Intime India Private Limited
INR	Indian Rupees, the legal currency of India
Sale Shares	26,80,790 Equity Shares having face value of ₹10 (Rupees Ten only) each, constituting 62.34% (Sixty Two Point Thirty Four percent only) of the Total voting share capital of the Target Company, to be sold by the Sellers to the Acquirer, in terms of the SPA
SCRR, 1957	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (LODR) Regulations, 2015	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI (SAST) Regulations, 2011	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Sellers	1.Ms. Seema Umesh Katre 2.Mr. Umesh M Katre 3.M/s Mohan G Katre HUF 4.Ms. Anjaliben Shyambhai Shevade 5.M/s Umesh Mohan Katre HUF
Selling Broker	The respective stock brokers of the Public Shareholders through whom Equity Shares shall be tendered under this Offer
Share Purchase Agreement/ SPA / Agreement	Share purchase agreement dated April 06, 2023 executed between the Acquirer and the Promoter Sellers
Stock Exchange	BSE Limited
STT	Securities Transaction Tax
Target Company	Spice Islands Apparels Limited
Tendering Period	Period commencing from June 02, 2023 up till June 15, 2023 both days inclusive
TRS	Transaction Registration Slip generated by the Designated Stock Exchange bidding system
Underlying Transaction	The acquisition of Sale Shares under the Share Purchase Agreement
Voting Capital	The fully diluted Equity Share Capital and voting share capital of the Target Company as of the 10 th working day from the Closure of the Tendering Period
Working Day	A working day of SEBI, as defined under the SEBI (SAST)

Term	Definition
	Regulations, 2011

2. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011. THIS REQUIREMENT IS TO FACILITATE THE PUBLIC SHAREHOLDERS OF SPICE ISLANDS APPARELS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED APRIL 24, 2023 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

3. DETAILS OF THE OFFER

3.1. Background of the Offer

- 3.1.1 This Offer is a Mandatory offer, being made by the Acquirer to all the Public Shareholders, in compliance with Regulations 3(1) & 4 and other applicable provisions of the SEBI (SAST) Regulations, 2011, This Offer has triggered upon the execution of the Share Purchase Agreement dated April 06, 2023.
- 3.1.2 The Acquirer is making this Offer to acquire up to 11,18,000 (Eleven Lakh Eighteen Thousand) Equity Shares representing 26.00% (Twenty-Six Percent) of Voting Share Capital of the Target Company, at an offer price ₹9.00/- (Nine Rupees Only) per Equity Share, aggregating to a total consideration of ₹1,00,62,000 (One Crore Sixty Two Thousand Rupees 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.
- 3.1.3 The Acquirer has entered into an Share Purchase Agreement with the Promoter Sellers with an intention to acquire up to 26,80,790 fully paid up Equity Shares having face value of ₹10/- (Rupees Twenty six lakhs Eighty Thousand Seven Hundred and Ninety Only) each (“Sale Shares”) constituting 62.34 % of the Paid- up Share Capital of the Target Company at a negotiated price of ₹9/- (Rupees Nine only) per fully paid-up Equity Share (“Negotiated Price”) aggregating to ₹2,41,27,110/- (Rupees Two Crore Forty One Lakhs Twenty Seven Thousand

One Hundred and Ten Only) (“Purchase Consideration”) payable in cash along with the acquisition of control over the Target Company. The Acquirer do not hold any shares in the Target Company as on this date of filing DLoF.

3.1.4 The Details of Promoter Sellers, who has entered into the Share Purchase Agreement with the Acquirer are stated hereunder:

Sr. No.	Name of the Selling Shareholder	Pre Transaction		Post Transaction*	
		Number of Shares	% of the voting capital	Number of Shares	% of the voting capital
1.	Seema Umesh Katre	8,86,278	20.61%	NIL	NIL
2.	Umesh M Katre HUF	3,15,100	7.33%	NIL	NIL
3.	Mohan G Katre HUF	2,55,125	5.93%	NIL	NIL
4.	Anjaliben Shyambhai Shevade	32,000	0.74%	NIL	NIL
5.	Umesh Mohan Katre	11,92,278	27.73%	NIL	NIL
	Total	26,80,790	62.34%	NIL	NIL

*Assuming all 26,80,790 Equity Shares are acquired from the promoter sellers under the SPA.

3.1.5 The summary of key terms and conditions of the Share Purchase Agreement are as follows:

- i. Pursuant to the SPA, the Acquirer, relying on the representations and warranties of the Sellers, agreed to purchase the Sale Shares constituting up to 62.34% of the paid-up share capital of the Target Company at the Negotiated Price for the Purchase Consideration.
- ii. As a consequence of the SPA, the Sellers shall cease to be the Promoter of the Company and the Acquirer shall become the Promoter of the Target Company as mentioned under SEBI (SAST) Regulations, 2011.
- iii. The SPA is subject to the compliance of provisions of the SEBI (SAST) Regulations, 2011.
- iv. The SPA contains mutual customary representations and warranties between the Acquirer and the Sellers, including in relation to compliance with applicable laws.

For some of the above terms more specifically defined in the SPA and other details of the SPA, shareholders of the Target Company may refer the SPA which would be available to them for inspection during the period between the Tendering Period at the office of the Manager to the Offer.

3.1.6 As per Regulations 26(6) and 26(7) of SEBI (SAST) Regulations, 2011, the Board of Directors of the Target Company is required to constitute a committee of independent directors, to provide its written reasoned recommendation on the Offer to the 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 DPS of the Offer was published. A copy whereof shall be sent to SEBI, BSE and Manager to the Offer and in case of a competing offer/s to the Manager/s to the Offer for every competing offer.

3.1.7 As on date of this DLoF, the Acquirer and the Sellers have confirmed that they are not prohibited by SEBI from dealing in securities in terms of direction issued under Section 11B of SEBI Act or under any regulations made under SEBI Act.

3.1.8 There may be changes in the composition of Board of Directors of the Target Company after the completion of Open Offer, in accordance with applicable laws (including without limitation,

the Companies Act, 2013, the SEBI (LODR) Regulations, 2015 and Regulation 24 of the SEBI (SAST) Regulations).

3.1.9 This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares.

3.2. DETAILS OF THE PROPOSED OFFER

3.2.1 The Public Announcement in connection with the Offer and made in accordance with the Regulation 13(1) and 15(1) read with Regulations 3(1) & 4 of the SEBI (SAST) Regulations, 2011 was made by the Manager to the Offer on behalf of Acquirer on April 06, 2023 and filed with BSE, SEBI and the Target Company at its registered office.

3.2.2 In accordance with Regulations 13(4) and 14(3) of the SEBI (SAST) Regulations, 2011, the Detailed Public Statement was published on April 17, 2023 in the following newspapers:

Publication	Language	Edition
Financial Express	English	All
Jansatta	Hindi	All
Navshakti	Marathi	Mumbai

A copy of the PA and DPS has been filed with BSE and sent to SEBI and the Target Company on April 06, 2023 and April 17, 2023 respectively with requisite content. A copy of is also available on the SEBI website at www.sebi.gov.in and BSE website at www.bseindia.com.

3.2.3 Simultaneously with the publication of DPS in the newspapers, a copy of the DPS was mailed and filed through the Manager to the Offer with SEBI, BSE and sent to the Target Company.

3.2.4 The Offer is being made by the Acquirer to the Public Shareholders of the Target Company in terms of Regulation 7(6) of the SEBI (SAST) Regulations, 2011, to acquire up to 11,18,000 (Eleven Lakhs Eighteen Thousand only) fully paid up Equity Shares, representing 26.00% (Twenty six percent only) of the paid up share capital, at an offer price of ₹9/- (Indian Rupees Nine only) per Equity Share, payable in cash, in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations, 2011 subject to the terms and conditions mentioned in the PA, DPS and this Draft Letter of Offer.

3.2.5 As on date, there are no partly paid up Equity Shares in the Target Company. Further, there is no differential pricing for the Offer.

3.2.6 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations, 2011 and there has been no competing offer as on the date of this Draft Letter of Offer.

3.2.7 This Offer is unconditional and not subject to any minimum level of acceptance from the Public Shareholders, in terms of Regulation 19(1) of the SEBI (SAST) Regulations, 2011.

3.2.8 The Acquirer will accept the Equity Shares, which are validly tendered in terms of this Offer, up to a maximum of 11,18,000 (Eleven Lakhs Eighteen Thousand only) Equity Shares constituting 26.00% (Twenty-six percent only) of the paid-up share capital of the Target Company. If the aggregate valid responses to this Offer by the Public Shareholders are more than the Offer Size, then the acceptance would be determined 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.

3.2.9 The Acquirer has not acquired any shares of the Target Company after the date of PA i.e. April 06, 2023, up to the date of this Draft Letter of Offer.

- 3.2.10 The Equity Shares of the Target Company proposed to be acquired by the Acquirer shall be 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.
- 3.2.11 As on date, the Manager to the Offer, Pantomath Capital Advisors Private Limited, does not hold any Equity Shares in the Target Company. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period. There are no directions subsisting or proceedings pending against the Manager to the Offer under SEBI Act, 1992 and regulations made thereunder or by any other Regulator. There are no penalties levied by SEBI / RBI or other regulator against the Manager to the Offer.
- 3.2.12 Upon completion of the proposed Open Offer (assuming full acceptance in the Offer) and the Share Purchase Transaction, the Acquirer will hold 37,98,790 (Thirty-Seven Lakhs Ninety-Eight Thousand Seven Hundred and Ninety only) Equity Shares representing 88.34% of the paid-up equity share capital of the Target Company as on the 10th working day after the closure of the Tendering Period. As per Regulation 38 of the SEBI (LODR) Regulations read with Rules 19(2) and 19A of the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR"), the Target Company is required to maintain at least 25.00% public shareholding as determined in accordance with SCRR, on a continuous basis for listing. Upon the completion of the Open Offer and Underlying Transaction pursuant to the Share Purchase Agreement, if the public shareholding of the Target Company falls below the minimum level of public shareholding as required to be maintained by the Target Company under the SCRR and the SEBI (LODR) Regulations, the Promoter Sellers undertakes to take necessary steps to facilitate compliance by the Target Company with the relevant provisions under the SCRR, as required under Regulation 7(4) of the SEBI(SAST) Regulations and/or the SEBI (LODR) regulations, within the time period stated therein, i.e. to bring down the non-public shareholding to bring down the non- public shareholding to 75.00% of the Equity share capital within 12 (twelve) months from the date of such fall in the public shareholding below 25.00% through permitted routes and/or any other such routes as may be approved by SEBI from time to time.
- 3.2.13 The Target Company not received any complaint in relation to the Open Offer or the valuation.
- 3.2.14 The Manager to the Offer has not received any complaint in relation to the Open Offer or the valuation.

3.3. **OBJECT OF THE OFFER**

- 3.3.1 The Offer is being made to the Public Shareholders in accordance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations for substantial acquisition of shares and voting rights and control over the management and affairs of the Target Company by the Acquirer in accordance with and subject to the terms of the Share Purchase Agreement.
- 3.3.2 In terms of Regulation 25(2) of the Regulations, the Acquirer do not currently have any intention to alienate any material assets of the Target in the succeeding 2 (two) years from the completion of this Offer save and except:
- i. in the ordinary course of business; or
 - ii. on account of regulatory approvals or conditions, or compliance with any law that is binding on or applicable to the operations of the Target Company; or
 - iii. as has already been disclosed by the Target Company in the public domain.
- 3.3.3 After the completion of this Offer and pursuant to the transfer of the Sale shares so acquired, the Acquirer will hold the majority of the Equity Shares by virtue of which they will be in a position to exercise effective management and control over the Target Company.

- 3.3.4 The Acquirer reserves the right to streamline/ restructure, pledge/ encumber their holding in the Target Company and/ or the operations, assets, liabilities and/ or businesses of the Target Company through arrangements, reconstructions, restructurings, mergers, demergers, sale of assets or undertakings and/ or re-negotiation or termination of existing contractual/ operating arrangements, at a later date in accordance with applicable laws. Such decisions will be taken in accordance with procedures set out under applicable law, pursuant to business requirements and in line with opportunities or changes in economic circumstances, from time to time.
- 3.3.5 Pursuant to this Offer and the transactions contemplated in the Share Purchase Agreement, the Acquirer shall become the Promoter of the Target Company and, the existing Promoter Sellers will cease to be the promoters of the Target Company in accordance with the provisions of Regulation 31A (10) of the SEBI (LODR) Regulations, 2015.

4. BACKGROUND OF THE ACQUIRER

- 4.1. Fotoset Trading Private Limited, the Acquirer is a private company limited by shares. It was incorporated as private company on December 28, 1981 under the provision of Companies Act, 1956 bearing CIN: U74993KA1981PTC004565.
- 4.2. The Registered Office of the Acquirer is situated at HTC Aspire, 19, Ali Asker Road 2nd Floor Bangalore - 560052, Karnataka, India.
- 4.3. The e-mail Id of the Company is cs@hittco.com and the Phone number: 080-40865000.
- 4.4. The acquirer is primarily incorporated to engage into the business of textiles, garments, goldsmiths, silversmiths, jewellers, gems and diamond merchant, manufacturing and dealing in clocks, watches and their components and accessories, etc.
- 4.5. There are no persons acting in concert with the Acquirer for the purposes of this Open Offer, within the meaning of Regulation 2(1)(q)(1) of the SEBI (SAST) Regulations.
- 4.6. The Authorised Share Capital of the Acquirer is ₹4,00,00,000 (Rupees Four Crores Only) divided into 40,00,000 (Forty Lakh only) Equity Shares of ₹10 (Ten rupees only) each and the Paid-up Share Capital of ₹10,58,200 (Ten Lakh Fifty-Eight Thousand Two Hundred Only) divided into 1,05,820 (One Lakh Five Thousand Eight Hundred and Twenty Only) Equity Shares of ₹10 (Ten rupees Only) each.
- 4.7. The Acquirer does not have any relationship with the Target Company.
- 4.8. As on the date of this DPS, the shareholding pattern of the Acquirer is as follows:

Sr. No	Name of Shareholder	No. of Equity Shares having face value of ₹10/- each	Percentage%
1.	Ashwin Jamnadas Merchant	12,800	12%
2.	Sandeep Jamnadas Merchant	63,020	60%
3.	Sangita Sandeep Merchant	30,000	28%
Total		1,05,820	100 %

4.9. The Board of Directors of the Acquirer are as follows:

Sr. No	Name of the Director	DIN	Designation	Qualification and Experience	Date of Appointment
1.	Ashwin Jamnadas Merchant	05210116	Additional Director	He passed his Eleventh Standard from Sheth Anandilal, Podar High School. And his area of specialization is Management.	03/01/2022
2.	Sandeep Jamnadas Merchant	05210128	Additional Director	He passed his S.Y B.S.C. from University of Bombay. His area of specialization is Management.	03/01/2022
3.	Sangita Sandeep Merchant	09564256	Additional Director	She completed her Bachelor's degree in Bachelor of Arts from University of Bombay. Her area of expertise is Management.	11/04/2022

4.10. The Key Financial Information of the Acquirer based on unaudited financial statements for the period ended 9 months i.e. December 31, 2022 and Audited financial statements for the Financial Year(s) ended March 31, 2022, March 31, 2021 and March 31, 2020 are as follows:

(₹ in Thousand)

Profit and Loss Statement	9 months period ended December 31, 2022 (Unaudited)	Year ended March 31, 2022 (Audited)	Year ended March 31, 2021 (Audited)	Year ended March 31, 2020 (Audited)
Income from Operation	6971.980	-	-	-
Other Income	3.090	3.72	737.91	1509.35
Increase/ (Decrease) in Stock	-	-	-	-
Total Income	6975.070	3.72	737.91	1509.35
Total Expenditure (Excluding Depreciation and Interest)	323.33	1051.26	1023.30	378.92
Profit Before Depreciation Interest and Tax	5279.74	(202.60)	599.85	1130.43
Depreciation	76.00	120.16	99.49	125.027
Interest	610.00	724.78	785.75	810.52
Profit/ (Loss) Before Tax	5965.740	(1047.54)	(285.39)	194.89
Exception Items	-	-	-	-
Current Tax	1200.00	-	-	-
Deferred Tax	-	(544.54)	-	(22.99)
Profit/ (Loss) After Tax	4765.74	(1592.08)	(285.39)	217.88

(₹ in Thousand)

Balance Sheet	9 Months period ended December 31, 2022 (Unaudited)	Year ended March 31, 2022 (Audited)	Year ended March 31, 2021 (Audited)	Year ended March 31, 2020 (Audited)
Source of Funds				
Paid up share capital	1058.20	1058.20	1058.20	1058.20
Reserves and Surplus (Excl. Revaluation Reserve)	14781.480	(9576.00)	(7984.26)	(7707.02)
Share Application received pending for Allotment	-	-	-	-
Secured loans	48,570.893	20508.00	13937.00	14374.35
Unsecured loans		-	-	
Deferred Tax Liability (Net)	722.541	(178)	-	
Other Long term Liabilities	651.958	540.00	540.00	540
Long term Provision	-	-	-	-
Current Liabilities	1270.200	1112.00	138.00	64.30
Short term Provisions	-	-	-	-
Total	67055.27	13464.00	7689.00	8329.63
Uses of funds				
Net fixed assets	18,849.00	925.00	1,045.33	1144.82
Investments	-	-	-	-
Deferred tax assets	722	-	722.54	704.87
Long term loans and advance	21242.347	11,320.00	5254.00	6117.54
Net current assets	26241.925	1218.00	667.00	362.40
Total miscellaneous expenditure not written off	-	-	-	
Total	67055.27	13464.00	7689.00	8329.63

Other Financial Data	9 Months period ended December 31, 2022 (Unaudited)	Year ended March 31, 2022 (Audited)	Year ended March 31, 2021 (Audited)	Year ended March 31, 2020 (Audited)
Dividends (%)	-	-	-	-
Earnings Per Share (₹)	45.036	-	-	2.06
Networth (₹ in thousand)	15839.68	(8517.80)	(6926.06)	(6649.20)
Return on Networth (%)	30.09	(18.68)	(4)	(3.28)
Book Value Per Share (₹)	149.69	(80.49)	(65.45)	(62.83)

(Source: The financial information set forth above has been extracted from the Acquirer's Company's respective Unaudited financial statements as on period ended December 31, 2022 and Audited financial statement for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 audited by the statutory auditor of the Acquirer)

- 4.11. There are no contingent liabilities.
- 4.12. Acquirer does not hold any shares in the Target Company as on the date of this DPS. Pursuant to the Underlying Transaction (as defined hereinafter), the Acquirer proposes to acquire 26,80,790 (Twenty-Six Lakhs Eighty Thousand Seven Hundred and Ninety only) Equity Shares

from the selling shareholders of the Target Company constituting 62.34% (Sixty-Two point Thirty-Four Percent only) of its total paid up share capital.

- 4.13. The Acquirer is neither the Promoters nor a part of the Promoter Group of the Target Company as on the date of this Draft Letter of Offer. Further, the Acquirer its directors and promoters are not related to the directors, key employees and promoters of the Target Company in any manner whatsoever.
- 4.14. As on the date of this Draft Letter of Offer, the Acquirer neither holds any equity share in the Target Company nor has previously acquired any equity share of the Target Company. Therefore, the provisions of Chapter V of SEBI (SAST) Regulations, 2011 and/or Chapter II of the SEBI (SAST) Regulations, 1997 are not applicable to it. Further, the Acquirer have not acquired any Equity Shares of the Target Company after the date of the PA.
- 4.15. The Acquirer, its directors and promoters have confirmed that they are not categorized as a 'wilful defaulter' in terms of Regulation 2(1) (ze) of the SEBI (SAST) Regulations, 2011 and have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulations made under the SEBI Act.
- 4.16. The Acquirer have confirmed that they have not been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 4.17. There are no statutory / regulatory actions / administrative warnings / directions subsisting or proceedings pending against the Acquirer under the SEBI Act and regulations made there under, and also by any other regulator. There are no penalties levied by SEBI / RBI or other regulator against the Acquirer to the offer.

5. BACKGROUND OF TARGET COMPANY– SPICE ISLANDS APPARELS LIMITED

- 5.1. The Target Company is a public limited company which was incorporated under the provisions of the Companies Act, 1956 on December 23, 1988, at Mumbai. The name of the Target Company has not undergone any change in the last 3 years.
- 5.2. The Registered Office of the Target Company is situated at Unit 3043-3048, 3rd Floor, Bhandup Industrial Estate Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) - 400078, Mumbai, Maharashtra. The Corporate Identity Number (CIN) of the Target Company is L17121MH1988PLC050197.
- 5.3. The Authorised Share Capital of the Target Company is ₹500,00,000 (Rupees Five Crores only) comprising of 50,00,000 (Fifty Lakhs only) equity shares of ₹10 (Rupees Ten only) each. The issued, subscribed and fully paid-up equity share capital of the Target Company is ₹4,30,00,000 (Rupees Four Crore Thirty Lakhs only) comprising of 43,00,000 (Forty-Three Lakhs only) equity shares of ₹10 (Rupees Ten only) each. The Target Company does not have partly paid-up equity shares.
- 5.4. As on date, the Target Company does not have any partly paid-up equity shares and there are no outstanding convertible securities, depository receipts, warrants, options or similar instruments, issued by the Target Company, convertible into equity shares at a later stage. As on date, none of the Equity Shares are under lock-in period.
- 5.5. The Equity Shares are presently listed on BSE (Scrip Code: **526827**). The ISIN of the Equity Shares of the Target Company is **INE882D01017**.
- 5.6. **Share Capital Structure:**

The Equity Share capital structure of the Target Company is as follows:

Paid-up Equity Shares	No. of Equity Shares/Voting Rights	% Equity of Shares/Voting Rights
Fully paid-up Equity Shares	43,00,000	100%
Partly paid-up Equity Shares	NIL	NIL
Total paid-up Equity Shares	43,00,000	100%
Total Equity Shares/Voting Rights in Target Company	43,00,000	100%

- 5.7. All the outstanding Equity Shares of the Target Company are admitted for trading at BSE.
- 5.8. As on date, the trading in Equity Shares of Target Company is not suspended on BSE.
- 5.9. As on date, No Equity Shares of the Target Company are under lock-in.
- 5.10. Details of the Board of Directors of Target Company:

Name	Designation	Date of Appointment	DIN
Umesh Mohan Katre	Director	November 01,2009	00196300
Seema Umesh Katre	Whole time Director	November 12,2010	00196783
Neeraj Madhukar Desai	Director	April 10, 2019	03184375
Milind Sitaram Desai	Additional cum Non-Executive Independent Director	April 18, 2023	00326235

None of the above Directors are representative of the Acquirer.

- 5.11. There has been no merger / de-merger or spin off occurred in the Target Company during the past three years.
- 5.12. The Key Financial Information of the Target Company based on unaudited financial statements for the period ended 9 months i.e. December 31, 2022 and Audited financial statements for the Financial Year(s) ended March 31, 2022, March 31, 2021 and March 31, 2020 are as follows:

• **PROFIT & LOSS STATEMENT:**

(₹ in lakhs)

Particulars	9 Months Period ended December 31, 2022	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021	Financial Year ended March 31, 2020
Income from Operations	67.21	267.64	660.36	1,563.70
Other Income	14.36	11.12	15.21	50.53
Total Income	81.56	278.76	675.57	1,614.23
Total Expenditure	91.77	409.05	878.74	1,901.89
Profit before Depreciation Interest and Tax	(6.57)	(115.78)	(188.47)	(248.47)

Particulars	9 Months Period ended December 31, 2022	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021	Financial Year ended March 31, 2020
Depreciation	(3.64)	(14.51)	(29.91)	(39.19)
Interest	0.00	0.00	0.00	8.77
Profit/(loss) before Tax	(10.21)	(130.29)	(217.84)	(296.43)
Provision for Tax	0.00	(1.36)	0.00	0.00
Defferred Tax	0.00	0.00	0.00	(2.89)
Profit/ (Loss) after Tax	(10.21)	(131.66)	(217.84)	(293.55)

- BALANCE SHEET:**

(₹ in lakhs)

Particulars	9 Months period ended December 31, 2022	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021	Financial Year ended March 31, 2020
Sources of fund				
Paid-up share capital	430.00	430.00	430.00	430.00
Reserves & Surplus (excluding revaluation reserves)	(492.273)	(482.07)	(352.90)	(134.57)
Net Worth	(62.273)	(52.07)	77.10	295.43
Long Term borrowings	-	13.78	31.00	2.04
Other Non-Current Liabilities	7.614	4.36	5.31	21.86
Short Term borrowings	22.958	72.97	167.76	178.35
Other current liability and provisions	283.03	313.78	222.39	340.42
Total	251.322	352.81	503.56	838.10
Application of Fund				
Fixed assets	61.004	84.27	124.74	196.39
Other Non-Current assets	97.132	115.69	143.97	128.61
Current Assets	93.186	152.85	234.85	513.10
Total miscellaneous expenditure not written off	-	-	-	-
Total	251.322	352.81	503.56	838.10
Dividend (%)	-	-	-	-
Earnings per share	(0.24)	(3.06)	(5.07)	(6.83)
Net Worth (₹ in Lakhs)	(62.27)	(52.07)	77.10	295.43
Return on Net Worth (%)	16.40	252.85	(282.54)	(99.36)
Book Value (in ₹)	(1.45)	(1.21)	1.79	6.87

Source: The financial information set forth above has been extracted from the Target Company's respective unaudited financial statement for the nine months' period ended December, 2022 and audited financial statements as on and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 audited by the statutory auditors of the Target Company)

5.13. Pre and Post-Offer Shareholding Pattern of the Target Company as on date is as follows:

Shareholder's Category	Shareholding & voting rights prior to the SPA/acquisition and Open Offer.		Shares and voting rights acquired pursuant to the SPA		Shares and voting rights to be acquired in the Open Offer (assuming full acceptance)*		Shareholding / voting rights after the acquisition and Open Offer.	
	(A)		(B)		(C)		(A)+(B)+(C) =(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter								
a. Parties to agreement, if any	26,80,790	62.34	-	-	-	-	-	-
b. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1(a+b)	26,80,790	62.34	-	-	-	-	-	-
(2) Acquirer								
a. Acquirer – Fotoset Trading Private Limited	-	-	26,80,790	62.34	11,18,000	26	37,98,790	88.34
Total 2(a)	-	-	26,80,790	62.34	11,18,000	26	37,98,790	88.34
(3) Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-
Total 3	-	-	-	-	-	-	-	-
(4) Public (other than parties to SPA, Acquirer)	16,19,210	37.66	-	-	-	-	5,01,210	11.66
GRAND TOTAL (1+2+3+4)	43,00,000	100.00	26,80,790	62.34	11,18,000	26	43,00,000	100.00

Notes:

- 1) *Assuming full acceptance in the open offer, the Post Offer holding of the Acquirer would be 88.34% and that of the public would be 11.66%. Pursuant to Regulation 38 of the SEBI (LODR) Regulations, 2015, as amended read with Rules 19(2) and 19A of the SCRR wherein a Listed entity is required to maintain at least 25% public shareholding (the "Minimum Public Shareholding"), as determined in accordance with SCRR, on a continuous basis for listing, the Acquirer hereby undertake in terms of Regulation 7 (4) of the SEBI (SAST) Regulations that the public shareholding in the Target Company will be enhanced, in such manner and within the time period specified in the SCRR, SEBI (SAST) Regulations and as per applicable SEBI Regulations, such that the Target Company complies with the required Minimum Public Shareholding.
- 2) The Number of shares to be acquired under the SPA by the Acquirer will be 26,80,790 shares.
- 3) There are 2,362 Public Shareholders as on March 31, 2023.

5.14. Details of the Compliance Officer of the Target Company:

Name: Mrs. Surbhi Pachori

Address: Unit 3043-3048, 3rd Floor, Bhandup Industrial Estate Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup-West - 400078, Mumbai, Maharashtra

Contact details: +91-22-2596 8069 / 6507 8883

E-mail: grievance_redressal@spiceislandsindia.com

- 5.15. 1. As disclosed and confirmed by the Target Company, there are no regulatory actions or directions subsisting, or proceedings pending against, the Target Company under the SEBI Act and regulations made thereunder. Other than as set out in the annual reports of the Target Company and stock exchange disclosures made by the Target Company, and other than tax or

other judicial proceedings in the ordinary course of business, there are no regulatory actions or directions subsisting, or proceedings pending against, the Target Company by any other regulator.

2. No penalties levied by SEBI / RBI or other regulator against the Target Company or its promoters.

3. To the best of our knowledge, there are no instances of non-compliances and delayed compliances by the Target Company under Chapter V (Regulations 29, 30 and 31) of SEBI (SAST) Regulations, 2011.

4. To the best of our knowledge, the Target Company has complied with listing requirements/ SEBI (LODR) Regulations, 2015 in a timely manner for the last 8 years that the company has been penalised for any actions.

5. The Target Company, its promoters and its directors are not or have not been declared as 'Fugitive Economic Offenders' under Section 12 of the Fugitive Economic Offenders Act, 2018, including subsequent amendments thereto, nor are they or have they been categorized nor are appearing in the 'Wilful Defaulter' list issued by any bank, financial institution, or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

5.16. 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 (₹)
April 06, 2023, the date of the PA	7.91
April 10, 2023, the next trading day after the PA	8.30
April 17, 2023, the date of the DPS	10.06
April 18, 2023, The next trading day after the DPS	10.56

(Source: www.bseindia.com)

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. JUSTIFICATION OF OFFER PRICE

6.1.1 This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares of the Target Company.

6.1.2 The Offer is made pursuant to the execution of the SPA for the acquisition of 26 % (Twenty-Six Percent only) of the Equity Shares and voting rights, accompanied with a change in control of the Target Company.

6.1.3 The Equity Shares of the Target Company are presently listed and permitted to trade on BSE (Scrip ID: **SPICEISL**; Scrip Code: **526827**). The International Securities Identification Number ('ISIN') of the Equity Shares of the Target Company is **INE882D01017**.

6.1.4 The trading turnover in the Equity Shares based on the trading volume during the twelve calendar months prior to the calendar month in which the PA was made i.e. April 01, 2022 to March 31, 2023 is as under:

Name of Stock Exchange	No. of Equity Shares Traded (A)	Number of Listed Equity Shares (B)	Trading Turnover (in terms of % to listed equity shares) (A/B)
BSE	2,40,106	43,00,000	5.58%

(Source: www.bseindia.com)

Based on the above, the Equity Shares are not frequently traded on the BSE, in terms of SEBI (SAST) Regulations, 2011.

- 6.1.5 The Offer Price determined in terms of Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations, 2011, considering the following:

Sr. No.	Particulars	Price
1.	Negotiated Price under the SPA	₹ 9/-
2.	The volume weighted average price paid or payable for acquisitions by the Acquirer during 52 weeks immediately preceding the date of PA	Not Applicable
3.	The highest price paid or payable for acquisitions by the Acquirer during 26 weeks immediately preceding the date of PA	Not Applicable
4.	The volume weighted average market price per equity share for a period of sixty trading days immediately preceding the date of the PA as traded on the Stock Exchange (in case of frequently traded shares only)	Not Applicable
5.	Where the shares are not frequently traded, the price determined by Acquirer and the Manager taking into account valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies	₹ 7.15/-*
6.	The per equity share value computed under Regulation 8(5) of SEBI (SAST), 2011, if applicable.	Not Applicable

(*As certified by Bhavesh M Rathod, Chartered Accountants, Registered Valuer (CP No.: 119158) having an office at 12D, White spring, A wing, Rivali Park Complex, Western Express Highway, Borivali East - 400066, Mumbai; Mob.No.:+919769113490; Email: info.cabhavesh@gmail.com has valued the Equity Shares of the Target Company and calculated the fair value per share at ₹7.15/- vide his Share Valuation Report dated March 31, 2023.)

- 6.1.6 In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹9 (Rupees Nine only) per share is justified in terms of Regulation 8 of the SEBI (SAST) Regulations, 2011.
- 6.1.7 There have been no corporate actions by the Target Company warranting adjustment of the Relevant price parameters under Regulation 8 of the SEBI (SAST) Regulations, 2011. The Offer Price may be revised in the event of any corporate actions like bonus, rights, split etc. where the record date for effecting such corporate actions falls within 3 Working Days prior to the commencement of Tendering period.
- 6.1.8 In the event of further acquisition of Equity Shares of the Target Company by the Acquirer during the Offer Period, at a price higher than the Offer Price, the Offer Price will stand revised equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations, 2011. However, the Acquirer will not acquire any Equity Shares

of the Target Company after 3 Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

- 6.1.9 If the Acquirer acquires Equity Shares of the Target Company during the period of 26 (twenty-six) weeks after the Tendering Period at a price higher than the Offer Price, they will pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in Offer within 60 (Sixty) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, 2011 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 Exchange, not being negotiated acquisition of Equity Shares whether by way of bulk deals, block deals or in any other form.
- 6.1.10 As on date, there has been no revision in Offer Price and/or Offer Size.
- 6.1.11 The Offer Price is subject to upward revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer at any time prior to the commencement of 1 (one) working day prior to the commencement of the Tendering Period, in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall make corresponding increases to the escrow amounts in accordance with Regulation 18(5) of the SEBI (SAST) Regulations and the Acquirer shall:
- (i) make a public announcement in the same newspapers in which this DPS is published; and
 - (ii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision.

6.2. DETAILS OF FIRM FINANCIAL ARRANGEMENTS

- 6.2.1 Assuming full acceptance of the Offer, the Total Consideration payable for the proposed Offer i.e. for acquisition of up to 11,18,000 (Eleven Lakhs Eighteen Thousand only) fully paid-up Equity Shares at the Offer Price of ₹9/- (Rupees Nine only) per Equity Share, is ₹1,00,62,000/- (Rupees One Crore Sixty-Two Thousand only) (“**Maximum Consideration**”).
- 6.2.2 In terms of Regulation 25(1) of the SEBI (SAST) Regulations the Acquirer has adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of his own sources/ Net worth. Mr. Mulraj D Gala, Chartered Accountants bearing proprietorship registration number ‘41206’ having their office located at My Mother Co.op. Hsg. Soc., A-wing, 2nd Floor, Flat No.12, Plot-417, RC.Marg, Near Mono Rail Station, Next to Vasant Park Police Station. Chembur (E), Mumbai - 400 074, India, has vide certificates dated March 04, 2023 and March 06, 2023 stated that the Acquirer has a Networth of ₹4,32,84,911/- and that sufficient resources are available with the Acquirer, for fulfilling its obligations under the Open Offer in full.
- 6.2.3 The Acquirer has confirmed that he has adequate financial resources to meet the obligations under the Offer. The Acquirer, the Manager to the Offer and Axis Bank Limited, a Scheduled Commercial Bank and carrying on business as of banking in India under Banking Regulations, Act, 1949 have entered into an Escrow Agreement dated March 21, 2023 and for the purpose of the Open Offer (the “Offer Escrow Agreement”). In terms of Regulation 17 of the SEBI(SAST) Regulations, 2011. The Acquirer has deposited cash of ₹1,01,000 (Rupees One Lakh One Thousand Only) (“**Security Deposit**”) which is 1% of the value of the Maximum Consideration payable through the Escrow Account bearing Name and style as “**SPICE ISLANDS APPARELS LIMITED OPEN OFFER CASH ESCROW ACCOUNT**” (‘Escrow Account’) opened with Axis Bank Limited. The Manager is duly authorised by the Acquirer to realise the value of the Escrow Account and operate the Escrow Account in terms of the SEBI (SAST) Regulations.

6.2.4 The Acquirer has furnished a Bank Guarantee of ₹26,00,000 (Rupees Twenty-Six Lakhs Only) issued by Axis Bank in favour of the Manager to the Open Offer (“Bank Guarantee”). The Manager to the Open offer has been duly authorized to realize the value of aforesaid Bank Guarantee in terms of SEBI (SAST) Regulations. The Bank Guarantee will be valid up to July 20, 2023. The Acquirer undertakes that in case the offer process is not completed within time, then this Bank Guarantee will be further extended for maximum upto 30 days from the end of offer period.

6.2.5 Based on the aforesaid financial arrangements and on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager is satisfied that firm arrangements have been put in place by the Acquirer to fulfil their obligations in relation to this Offer for payment in accordance with the SEBI (SAST) Regulations.

6.2.6 In case of any upward revision in the Offer Price or the Offer Size, the Acquirer shall deposit additional funds in the Escrow Account as required under the Regulation 17(2) of the SEBI (SAST) Regulations, 2011.

7. TERMS AND CONDITIONS OF THE OFFER

7.1. OPERATIONAL TERMS AND CONDITIONS

7.1.1 This Offer is being made by the Acquirer to the Public Shareholders of the Target Company, other than the Sellers, who are parties to the Share Purchase Agreement and in terms of Regulation 7(6) of the SEBI (SAST) Regulations; other promoters and members of the promoter group of the Target Company; the Acquirer;

7.1.2 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations, 2011.

7.1.3 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations, 2011.

7.1.4 This Offer is subject to the terms and conditions set out in the Letter of Offer, this Draft Letter of Offer, the PA, the DPS, and any other Public Announcements that may be issued with respect to the Offer.

7.1.5 The Public Shareholders of the Target Company who will tender their Equity Shares in this Offer shall ensure that the Equity Shares are clear from all liens, charges and encumbrances and will be acquired by the Acquirer, in accordance with the terms and conditions set forth in the DPS, this Draft Letter of Offer and the terms and conditions which will be set out in the Letter of Offer to be sent to all the Eligible Equity Shareholders in relation to this Offer, the relevant provisions of the SEBI (SAST) Regulations, and applicable laws.

7.1.6 Accidental omission to dispatch the Letter of Offer to any member entitled to this Offer or non-receipt of the Letter of Offer by any member entitled to this Offer shall not invalidate the Offer in any manner whatsoever.

7.1.7 Public Shareholders can write to the Registrar to the Offer/ Manager to the Offer requesting for the Letter of Offer along with the Form of Acceptance cum acknowledgement. Alternatively, the Letter of Offer along with the Form of Acceptance cum acknowledgement would also be available on the website of SEBI i.e. <http://www.sebi.gov.in>, and such shareholders can also apply by downloading requisite forms from the website.

- 7.1.8 This Offer is subject to the receipt of the statutory and other approvals as mentioned under paragraph 'Statutory Approvals' of this Draft Letter of Offer. In terms of Regulation 23(1) of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.9 The Acquirer reserve the Right to revise the Offer Price and/or the Offer Size upwards at any time prior to the commencement of 1 (one) working day prior to the commencement of the tendering period, in accordance with the SEBI (SAST) Regulations, 2011 and the revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the DPS was published. The Acquirer would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the DPS and the Letter of Offer.
- 7.1.10 The Public Shareholders to whom the Offer is being made are free to offer their Equity Shares in the Target Company in whole or in part while accepting the Offer. The acceptance of the Offer must be unconditional, absolute and unqualified.
- 7.1.11 The Equity Shares tendered under this Offer shall be fully paid-up, free from all liens, charges, equitable interests and encumbrances and shall be tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter, and the tendering Public Shareholder shall have obtained any necessary consents for it to sell the Equity Shares on the foregoing basis.
- 7.1.12 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the shareholder maybe precluded from bidding of such Equity Shares during pendency of the said litigation are liable to be rejected if directions/orders regarding the free transferability of such equity shares tendered under the Offer are not received prior to the date of closing of the Offer.
- 7.1.13 In terms of Regulation 18(9) of the SEBI (SAST) Regulations, 2011, the Public Shareholders who tender their Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptance.
- 7.1.14 In the event that the Equity Shares tendered in this Offer by the Public Shareholders are more than the Equity Shares to be acquired in this Offer, the acquisition of the Equity Shares from each Shareholder will be on a proportionate basis.

7.2. **LOCKED-IN SHARES**

There are No locked in Equity Shares in the Target Company.

7.3. **ELIGIBILITY FOR ACCEPTING THE OFFER**

All the Public Shareholders registered or unregistered, who own fully paid equity shares of the Target Company any time before the closure of Tendering period in the Open Offer are eligible to participate in the Open Offer. However, the Letter of Offer would be sent by email/post to those Shareholders whose names appear on the Register of Members of the Target Company at the close of business hours on the Identified Date.

7.4. **STATUTORY APPROVALS**

- 7.4.1 As on date, to the best of the knowledge and belief of the Acquirer, there are no statutory or other approvals required to complete the acquisition of the Equity Shares that are tendered pursuant to the Offer. If, however, any statutory or other approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory or other approval(s) and the Acquirer shall make the necessary applications for such approvals.

- 7.4.2 All Public Shareholders, including Non-resident holders of Equity Shares, must on its own obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted within the Tendering Period, the Acquirer reserve the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserve the right to reject such Offer Shares. The acquisition of the Equity Shares tendered by NRI and OCB are subject to approval/exemption, if applicable, from RBI.
- 7.4.3 In case of delay in receipt of any statutory approval that may be required by the Acquirer at a later date, SEBI may, if satisfied that such delay in receipt of the requisite statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, 2011, grant an extension of time to the Acquirer to make the payment of the consideration to the Public Shareholders whose Offer Shares have been accepted in the Offer. Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
- 7.4.4 In terms of Regulation 23(1) of the SEBI (SAST) Regulations, 2011, in the event that the approvals which may become applicable prior to completion of the Offer are not received, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer (through the Manager to the Offer) shall, within 2 (Two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, 2011.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

- 8.1. The Offer will be implemented by the Acquirer through a Stock Exchange Mechanism made available by BSE Limited in the form of a separate window (“Acquisition Window”), as provided under the SEBI (SAST) Regulations, 2011 and SEBI Circular CIR/CFD/POLICYCELL/1/ 2015 dated April 13, 2015 read with SEBI Circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 and SEBI/HO/CFD/DCR-III/CIR/P/2021/615 dated August 13, 2021, as may be amended from time to time issued by SEBI and notices / guidelines issued by the Designated Stock Exchange and the Clearing Corporation in relation to the mechanism / process for acquisition of shares through stock exchange pursuant to the tender offers under takeovers as amended and updated from time to time.
- 8.2. BSE Limited shall be the Designated Stock Exchange (“Designated Stock Exchange”) for the purpose of tendering the Equity Shares in the Offer by the Public Shareholders of the Target Company.
- 8.3. All Public Shareholders, registered or unregistered, holding the shares in dematerialized form or holding locked-in shares are eligible to participate in this Open Offer at any time during the tendering period for this Open Offer. For details in relation to tendering of Offer Shares held in physical form, please refer to section titled “Procedure for tendering Equity Shares held in Physical form” below of this part.
- 8.4. The Acquirer have appointed Asit C Mehta Investment Interrmediates Limited (“**Buying Broker**”) as their broker for the Offer through whom the purchases and settlement of the Offer

Shares tendered in the Offer will be made. The contact details of the Buying Broker are as mentioned below:

Name: Asit C Mehta Investment Intermediates Limited
Address: Nucleus House, Saki Vihar Road, Andheri (East, Mumbai- 4000072)
Contact person: Mr. Sanjay Pawar
Tel No: 022-28583831
Email id: sanjay.pawar@acm.co.in

- 8.5. All the owners of Equity Shares, who desire to tender their Equity Shares under the Offer, needs to approach and intimate their respective stock brokers (“Selling Broker”) during the normal trading hours of the secondary market, during the Tendering Period.
- 8.6. The Acquisition Window will be provided by the Designated Stock Exchange to facilitate placing of sell orders. The Selling Members can enter orders for Demat Shares.
- 8.7. The details of settlement number for early pay-in of Equity Shares shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation, before the opening of the Offer.
- 8.8. Modification/cancellation of orders will not be allowed during the Tendering period of the Offer.
- 8.9. The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
- 8.10. The Public Shareholders are requested to note that trading account is mandatory to participate in the Offer irrespective of the Equity Shares are in dematerialised form.
- 8.11. The Public Shareholders can tender their shares only through a broker with whom the shareholder is registered as client (Know Your Customer/Client (KYC) Compliant).
- 8.12. In the event Selling Broker of the Shareholder is not registered with BSE then that shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code facility through that BSE registered stock broker after submitting the details as may be required by the stock broker to be in compliance with applicable law and regulations. In case a Public Shareholder is not able to bid using quick unique client code facility through any BSE registered stockbroker, then the Public Shareholder may approach the Buyer Broker, to tender Equity Shares by using the quick unique client code facility of the Buying Broker or an affiliate. The Public Shareholders approaching BSE registered stockbroker (with whom he does not have an account) may have to submit following details.
- 8.13. **In case of Public Shareholder being an Individual:**
 - (a) If the Public Shareholder is registered with a ‘KRA’, i.e., a KYC Registration Agency, the following documents will be required to be submitted (duly filled and completed):
 - (i) CKYC form, including FATCA, IPV, OSV if applicable.
 - (ii) KYC form and the supporting documents (all such documents are required to be self-attested) including bank account details (cancelled cheque).
 - (iii) DP details where the Equity Shares are deposited (demat master/latest demat statement), assuming the Equity Shares are in dematerialised mode.
 - (b) If the Public Shareholder is not registered with KRA, the following documents will be required to be submitted (duly filled and completed):
 - (i) CKYC form, including FATCA, IPV, OSV if applicable.
 - (ii) KRA form.
 - (iii) KYC form and the following supporting documents required (all such documents are required to be self-attested): PAN card copy, address proof & bank account details (cancelled cheque).

(iv) DP details where the Equity Shares are deposited (demat master / latest demat statement), assuming the Equity Shares are in dematerialised mode.

It may be noted that other than submission of above forms and documents, in person verification may be required.

8.14. In case of Public Shareholder being a HUF:

(a) If the Public Shareholder is already registered with KRA, the following documents will be required to be submitted (duly filled and completed):

(i) CKYC form of the 'KARTA', including FATCA, IPV, OSV if applicable.

(ii) KYC form and the supporting documents required (all documents self-attested) including bank account details (cancelled cheque).

(iii) DP details where the Equity Shares are deposited (demat master/latest demat statement), assuming the Equity Shares are in dematerialised mode.

(b) If the Public Shareholder is not registered with KRA, the following documents will be required to be submitted (duly filled and completed):

(i) CKYC form of the 'KARTA' including FATCA, IPV, OSV if applicable.

(ii) KRA form.

(iii) KYC form and the following supporting documents (all such documents are required to be self-attested): PAN card copy of HUF & KARTA, address proof of HUF & KARTA, HUF declaration, bank account details (cancelled cheque).

(iv) DP details where the Equity Shares are deposited (demat master/latest demat statement), assuming the Equity Shares are in dematerialised mode.

It may be noted that other than submission of above forms and documents, in person verification may be required.

8.15. In case of Public Shareholder being other than Individual and HUF:

(a) If the Public Shareholder is already registered with KRA, the following documents will be required to be submitted (duly filled and completed):

(i) KYC form and the supporting documents (all such documents are required to be self-attested) including bank account details (cancelled cheque).

(ii) DP details where the Equity Shares are deposited (demat master/latest demat statement), assuming the Equity Shares are in dematerialised mode.

(iii) FATCA, IPV, OSV if applicable.

(iv) Latest list of directors.

tors / authorised signatories / partners / trustees.

(v) Latest shareholding pattern.

(vi) Board resolution.

(vii) Details of ultimate beneficial owner along with PAN card and address proof.

(viii) Last 2 (two) years' financial statements.

(b) If the Public Shareholder is not registered with KRA, the following documents will be required to be submitted (duly filled and completed):

(i) KRA form.

(ii) KYC form and the supporting documents (all such documents are required to be self-attested): PAN card copy of company/firm/trust, address proof of company/firm/trust and bank account details (cancelled cheque).

(iii) DP details where the Equity Shares are deposited (Demat master/latest Demat statement), assuming the Equity Shares are in dematerialised mode.

(iv) FATCA, IPV, OSV if applicable.

(v) Latest list of directors/authorised signatories/partners/trustees.

(vi) PAN card copies & address proof of directors/authorised signatories/partners/trustees.

(vii) Latest shareholding pattern.

(viii) Board resolution / partnership declaration.

(ix) Details of ultimate beneficial owner along with PAN card and address proof.

(x) Last 2 (Two) years' financial statements.

(xi) memorandum of association/partnership deed/trust deed.

It may be noted that above mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker.

8.16. Procedure for tendering Equity Shares held in dematerialised form:

- (a) The Public Shareholders who are holding the Equity Shares in electronic/ dematerialised form and who desire to tender their Equity Shares under the Offer would have to do so through their respective Selling Broker (“Seller Broker”) by giving the details of Equity Shares they intend to tender under the Offer. Public Shareholders should tender their Equity Shares before market hours close on the last day of the Tendering Period.
- (b) The Public Shareholders are required to transfer, through their respective depository participants, the Equity Shares intended to be tendered to the early pay-in account of the Clearing Corporation. Such Public Shareholders shall provide early pay-in of Demat Equity Shares (except for custodian participant orders) to the Clearing Corporation using the settlement number provided in the Offer opening circular before their respective Selling Broker places the bids / orders on their behalf and the same shall be validated at the time of order entry.
- (c) The lien shall be marked in demat account of the 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.
- (d) Public Shareholders needs to submit Delivery Instruction Slips (“DIS”) duly filled in specifying market type as ‘Open Offer’ and execution date along with other details to their respective Stock Broker so that Equity Shares can be tendered in Offer.
- (e) For Custodian participant order for Demat Equity Shares, early pay-in is mandatory prior to confirmation of order by the Custodian. The Custodians shall either confirm or reject orders not later than the close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- (f) Upon placing the bid, the Selling Broker(s) shall provide Transaction Registration Slip (“TRS”) generated by the Exchange Bidding System to the Shareholders. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No of Shares tendered, etc.
- (g) 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.
- (h) The Public Shareholders needs to ensure that they keep their DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to Pro Rata acceptance in the Offer.
- (i) The Public Shareholders holding Equity Shares in Demat mode are not required to fill any form for acceptance.

8.17. Procedure for tendering Equity Shares held in Physical Form:

As per the provisions of Regulation 40(1) of the SEBI (LODR) Regulations and SEBI’s press release dated 3 December 2018, bearing reference no. PR 49/2018, requests for transfer of

securities shall not be processed unless the securities are held in dematerialized form with a depository with effect from 1 April 2019. However, in accordance with the circular issued by SEBI bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated 31 July 2020, shareholders holding securities in physical form are allowed to tender shares in an Open Offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations. Accordingly, Public Shareholders holding Equity Shares in physical form as well are eligible to tender their Equity Shares in this Open Offer as per the provisions of the SEBI (SAST) Regulations.

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, SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020 and BSE notice no 20200528-32 dated May 28 2020, shareholders holding securities in physical form are allowed to tender shares in open offer. However, such tendering shall be as per the provisions of the SEBI (SAST) Regulations. The Eligible Equity Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach Selling Broker and submit complete set of documents for verification procedure as mentioned below:

- a. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company.
- b. Original share certificate(s).
- c. Valid share transfer deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place.
- d. Self-attested PAN Card copy (in case of Joint holders, PAN card copy of all transferors).
- e. Any other relevant document such as power of attorney, corporate authorization (including board resolution/ specimen signature).
- f. Self-attested copy of address proof such as valid Aadhar Card, Voter I.D., Passport.
- g. The Selling Broker should place bids on the Designated Stock Exchange 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 shares etc.
- h. The Selling Broker / Public Shareholder has to deliver the original share certificate(s) and documents (as mentioned above) along with the TRS either by registered post or courier or hand delivery to the Registrar to the Offer i.e. Link Intime India Private Limited [at the following address: C 101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083, Maharashtra, India] within 2 (two) days of bidding by the Selling Broker i.e. last date for receipt of documents by Registrar is the Offer Closing Date (by 5.00 p.m.(IST)). The envelope should be super scribed as **“SPICE ISLANDS APPARELS LIMITED - OPEN OFFER 2023”** and 1 (one) copy of the TRS will be retained by the Registrar and Registrar will provide acknowledgement of the same to the Selling Broker/Public Shareholder.
- i. Eligible Equity 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 Shares in Offer shall be subject to verification by the RTA. On receipt of the confirmation from the RTA the bid will be accepted else rejected and accordingly the same will be depicted on the exchange platform.
- j. In case any person has submitted Equity Shares in physical form for dematerialisation, such Eligible Equity Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Offer before the Offer Closing Date.
- k. Public shareholders holding Equity Shares in physical mode will be required to fill the respective Forms of Acceptance cum Acknowledgment. Eligible Equity shareholders holding Equity Shares in physical mode will be sent respective Form of Acceptance cum Acknowledgment along with the Letter of Offer. Detailed procedure for tendering such Equity Shares will be included in the Form of Acceptance cum Acknowledgment.

1. The Public Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for the Open Offer shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the Stock Exchanges shall display such bids as '**Unconfirmed Physical Bids**'. Once the Registrar confirms the bids, they will be treated as 'confirmed bids'. Physical share certificates and other relevant documents should not be sent to the Acquirer, PACs, Target Company or the Manager.

All documents as mentioned above, shall be enclosed with the Form of Acceptance, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others:

- (i) If there is any other company's equity share certificate(s) enclosed with the Form of Acceptance instead of the Equity Share certificate(s) of the Target Company;
- (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Public Shareholders;
- (iii) If the Public Shareholders tender their Equity Shares but the Registrar to the Offer does not receive the Equity Share certificate(s);
- (iv) In case the signature on the Form of Acceptance and Form SH-4 does not match as per the specimen signature recorded with Target Company/registrar of the Target Company.

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

8.18. Procedure for tendering the shares in case of non-receipt of Letter of Offer:

- a. Eligible Equity shareholders 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.
- b. An Eligible Equity Shareholder may participate in the Offer by approaching their Selling Broker and tender Shares in the Offer as per the procedure mentioned in the Draft Letter of Offer or in the relevant Form of Acceptance-cum-Acknowledgment. The Letter of Offer along with a Form of Acceptance-cum-Acknowledgement will be dispatched to all the Eligible Equity shareholders of the Target Company, whose names appear on the beneficial records of the respective depositories, in either case, at the close of business hours on the Identified Date to the Offer.
- c. In case of non-receipt of the Letter of Offer, such Eligible Equity shareholders of the Target Company may download the same from the SEBI website (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company. The Letter of Offer along with the Form of Acceptance cum Acknowledgment (FOA) would also be available at SEBI's website, www.sebi.gov.in, and Eligible Equity shareholders can also apply by downloading such forms from the said website.

8.19. Acceptance of Shares:

Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.

In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer 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.

8.20. Settlement Process:

- i. On closure of the Tendering Period, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list shall be provided to the Designated Stock Exchange to facilitate settlement on the basis of equity shares transferred to the Clearing Corporation.
- ii. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
- iii. Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the Demat account which will be provided by the Acquirer.
- iv. Excess Demat Equity Shares or unaccepted Demat Equity Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation.
- v. In case of partial or non-acceptance of orders the balance Demat Equity Shares shall be returned directly to the Demat accounts of the Public Shareholders. However, in the event of any rejection of transfer to the Demat account of the Public Shareholder for any reason, the demat equity shares shall be released to the Securities pool account of their respective Selling Broker and the Selling Broker will thereafter transfer the balance Equity Shares to the respective Public Shareholders.
- vi. The Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of the shares under the Offer.
- vii. The Target Company is authorized to split the share certificate and issue a new consolidated share certificate for the unaccepted Equity Shares in case the Equity Shares accepted are less than the Equity Shares tendered in the Open Offer by the Public Shareholders holding Equity Shares in the physical form.

8.21. Settlement of Funds / Payment Consideration:

- i. On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list of accepted Equity Shares tendered in this Offer shall be provided to the Designated Stock Exchange to facilitate settlement on the basis of Equity Shares transferred to the Clearing Corporation.
- ii. The settlement of trades will be carried out in the manner similar to settlement of trades in the Acquisition Window Circulars.
- iii. For Equity Shares accepted under the Offer, the Eligible Equity shareholders will receive funds payout directly in their respective bank accounts (in case of Demat Equity Shares, in the bank accounts which are linked to the respective Demat accounts) / as per secondary market pay-out mechanism (in case of physical Equity Shares). However, in the event that the pay-outs are rejected by the Eligible Shareholder's bank accounts due to any reason, the pay-

out will be transferred to their respective Selling Broker's settlement accounts and their respective Selling Brokers will thereafter transfer the consideration to their respective Eligible Equity Shareholders. The Eligible Equity Shareholders will be required to independently settle fees, dues, statutory levies or other charges (if any) with their Selling Brokers.

- iv. The funds payout pertaining to the bids of NRIs, foreign shareholders and/or bids confirmed by custodians, will be transferred to the Selling Broker's settlement accounts or the settlement bank account of the custodian, in accordance with the applicable mechanism prescribed by the Designated Stock Exchange and the Clearing Corporation from time to time.
- v. The Public Shareholders needs to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of the Equity Shares tendered under the Offer.
- vi. Unaccepted Equity Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation/ Registrar to the offer.
- vii. The direct credit of Equity Shares will be given to the demat account of Acquirer as indicated by the Buying Broker.
- viii. Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the demat account of Acquirer.
- ix. In case of partial or non-acceptance of orders the balance demat Equity Shares will be returned directly to the demat accounts of the Public Shareholders. However, in the event of any rejection of transfer to the demat account of the Public Shareholder for any reason, the demat Equity Shares will be released to the securities pool account of their respective Selling Broker and the Selling Broker will thereafter transfer the balance Equity Shares to the respective Public Shareholders.
- xi. Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases / attachment orders / restriction from other statutory authorities wherein the Public Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected if directions / orders regarding these Equity Shares are not received together with the Equity Shares tended under the Offer.
- xii. If Public Shareholders bank account details are not available or if the fund transfer instruction is rejected by the Reserve bank of India or bank, due to any reasons, then the amount payable to Public Shareholders will be transferred to the Selling Broker for onward transfer to the Eligible Equity Shareholder.
- xiii. Public Shareholders who intend to participate in the Offer should consult their respective Selling Broker for any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Offer (secondary market transaction). The Offer consideration received by the Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Target Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Public Shareholders.
- xiv. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the Public Shareholders who have accepted the Open Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

9. COMPLIANCE WITH TAX REQUIREMENTS

THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME-TAX ACT, 1961 AND THE REGULATIONS THEREUNDER. THE LEGISLATIONS, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED BELOW. ACCORDINGLY, ANY CHANGE OR AMENDMENTS IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE BELOW. THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT INCOME-TAX IMPLICATIONS. THIS NOTE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES.

THE IMPLICATIONS ARE ALSO DEPENDENT ON THE SHAREHOLDERS FULFILLING THE CONDITIONS PRESCRIBED UNDER THE PROVISIONS OF THE RELEVANT SECTIONS UNDER THE RELEVANT TAX LAWS. IN VIEW OF THE PARTICULARISED NATURE OF INCOME-TAX CONSEQUENCES, SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

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

- a. The basis of charge of Indian income-tax depends upon the residential status of the person subject to tax ("Taxpayer") during a Financial Year and the taxpayer has to pay their taxes in the following year (Assessment Year). The Financial Year for Indian Residents starts from April 01 and ends on March 31. A person who is a resident in terms of Indian Income Tax Act, 1961, ("IT Act") he is liable to pay income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the IT Act itself. A person who is treated as a non-resident for the purpose of Indian income-tax purposes is generally subject to tax in India only on such person's India sourced income (i.e. income which accrues or arises or deemed to be accrued or arise in India) or income received or deemed to be received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "Situs" of such shares. "Situs" of the shares is generally where a company is "incorporated".
- b. 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 IT Act.
- c. A Taxpayer who is non-resident for tax purpose under Indian IT Act can avail benefits of the Double Taxation Avoidance Agreement ("DTAA"), between India and the respective country of which the Taxpayer is a resident for tax purpose subject to satisfying relevant conditions including: a. those set out in limitation of benefits provisions present in the said DTAA (if any), b. the non-applicability of General Anti-Avoidance Rules, and c. providing and maintaining necessary information and documents as prescribed under the Income-tax Act.
- d. The summary of income-tax implications on tendering of listed equity shares on the recognized stock exchange in India is set out below. All references to equity shares herein refer to listed equity shares unless stated otherwise.

- e. As per the current provisions of the IT Act, in addition to the basic tax rate, surcharge and health and education cess are also leviable. The applicable rate of surcharge is dependent on the category of the shareholder and for individual shareholders, income slab rates is applicable. The health and education cess is levied at the rate of 4% of the income tax and surcharge.
- f. Gains arising from the transfer of equity shares may be treated either as “Capital Gains” or as “Business Income” for income-tax purposes, depending upon whether such equity shares were held as a capital asset or business asset (i.e. stock-in-trade).
- g. 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.
- h. Based on the provisions of the IT Act, the shareholders would be required to file an annual income tax return, as may be applicable to different category of persons, with the Indian income tax authorities, reporting their income for the financial year. The summary of income tax implications on tendering of Equity Shares on the recognized stock exchange and chargeable to STT is set out below.

Taxability of Capital Gain in the hands of the Public Shareholders:

- i. The Finance Act, 2018, vide Section 112A, has imposed an income tax on long-term capital gains at the rate of 10% (Ten percent only) on transfer of equity shares that are listed on a recognized stock exchange, which have been held for more than 1 (one) year and have been subject to Securities Transaction Tax (“STT”) upon both buy and sale (subject to certain transactions, yet to be notified, to which the provisions of applicability of payment of STT upon acquisition shall not be applicable). Under this provision the Capital Gains tax would be computed on gains exceeding 1,00,000 (Rupees One Lakh only) (without any indexation and foreign exchange fluctuation benefits). It may also be noted that any Capital Gains arising up to January 31, 2018 are grandfathered under this provision. The cost of acquisition for the long term capital asset acquired on or before January 31, 2018 will be the actual cost. However, if the actual cost is less than the fair market value of such asset as on January 31, 2018, the fair market value will be deemed to be the cost of acquisition.
- ii. As per section 111A of the IT Act, short-term capital gains arising from transfer of listed shares on which STT is paid would be subject to tax at the rate of 15% (Fifteen percent only) for Public Shareholders (except certain specific categories).
- iii. Any applicable surcharge and education cess would be in addition to above applicable tax rates.
- iv. In case of resident Public Shareholders, in absence of any specific provision under the IT Act, the Acquirer shall not deduct tax on the consideration payable to resident Public Shareholders pursuant to the Offer.
- v. In case of non-resident Public Shareholders, since the Offer is through the recognized stock exchange, the responsibility to discharge the tax due on the gains (if any) is on the non-resident Public Shareholders. It is therefore recommended that the non-resident Public Shareholder may consult their custodians/authorized dealers/ tax advisors appropriately.

THE TAX IMPLICATIONS ARE BASED ON PROVISIONS OF THE IT ACT AS APPLICABLE AS ON DATE OF THIS DRAFT LETTER OF OFFER. IN CASE OF ANY AMENDMENT MADE EFFECTIVE PRIOR TO THE DATE OF CLOSURE OF THIS OFFER, THEN THE PROVISIONS OF THE IT ACT AS AMENDED WOULD APPLY. NOTWITHSTANDING THE DETAILS GIVEN ABOVE, ALL PAYMENTS WILL BE MADE TO THE PUBLIC SHAREHOLDERS SUBJECT TO COMPLIANCE WITH PREVAILING TAX LAWS. THE FINAL TAX LIABILITY OF THE PUBLIC SHAREHOLDER SHALL REMAIN OF SUCH PUBLIC SHAREHOLDER AND THE SAID PUBLIC SHAREHOLDER WILL APPROPRIATELY DISCLOSE THE AMOUNTS RECEIVED BY IT, PURSUANT TO THIS OFFER, BEFORE THE INDIAN INCOME TAX AUTHORITIES.

10. DOCUMENTS FOR INSPECTION

The copies of the following documents shall be available for inspection to the Public Shareholders at the office of the Manager to the Offer, Pantomath Capital Advisors Private Limited, situated at Pantomath Nucleus House Saki-Vihar Road, Andheri-East, Mumbai - 400072, Maharashtra, India on any working day (except Saturdays, Sundays and Bank holidays) between 10.30 a. m. to 5.00 p.m. during the period from the Date of Commencement of the Tendering Period till the Date of Closing of the Tendering Period.

- i. Copy of Share Purchase Agreement dated April 06, 2023, entered by and among the Acquirer and the Selling Shareholders, which triggered this Offer.
- ii. Certificate of Incorporation, Memorandum of Association and Articles of Association of the Acquirer,
- iii. Certificate of Incorporation, Memorandum of Association and Articles of Association of the Target Company.
- iv. Annual Reports of the Target Company for the financial years ending March 31, 2022, March 31, 2021 and March 31, 2020.
- v. Unaudited financials of the Acquirer and Target Company for the financial years for the period from April 01, 2022 to December 31, 2022.
- vi. Certificates dated March 06, 2023 certifying that the Acquirer has firm and adequate financial resources to meet the financial obligations under the Offer.
- vii. Escrow Agreement between the Acquirer, Manager to the Offer and the Escrow Bank, Axis Bank Limited dated March 21, 2023.
- viii. Letter dated April 05, 2023 from Axis Bank Limited confirming the requisite amount deposited in the Escrow Account.
- ix. Public Announcement dated April 06, 2023 and published copy of Detailed Public Statement, which appeared on April 17, 2023, Offer Opening Public Announcement dated [●]
- x. Copy of the recommendation made by the independent directors of the Board of Directors of the Target Company as required in terms of Regulation 26(7) of SEBI (SAST) Regulations, 2011.
- xi. Observation Letter No. [●] dated [●] issued by SEBI.
- xii. Copy of the letter bearing reference number [●] received from SEBI dated [●] containing its observations on the DLOF.

11. DECLARATION BY THE ACQUIRER

The Acquirer accept full responsibility, for the information contained in the PA, the DPS and this Draft Letter of Offer other than such information as has been obtained from public sources or provided or confirmed by the Target Company and also for ensuring the compliance with the obligations of the Acquirer as laid down in terms of the SEBI (SAST) Regulations, 2011.

We, the Acquirer, have made all reasonable inquiries, and confirm that this Draft Letter of Offer is in compliance with the SEBI (SAST) Regulations, 2011, and that it contains all information

with regard to the Offer, which is material in the context of the Offer, that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Manager to the Offer hereby states that the person(s) signing this Draft Letter of Offer is the Acquirer or duly and legally authorized person of the Acquirer to sign this DLoF.

On behalf of the Acquirer

For Fotoset Trading Private Limited

Sandeep Jamnadas Merchant

Director

DIN: 05210128

Place: Mumbai

Date: April 24, 2023