

Khemani Distributors & Marketing Limited

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Recommendations of the Committee of Independent Directors ("IDC") of Khemani Distributors & Marketing Limited ("Target Company") on the Open Offer made by Vijaykumar Khemani, ("Acquirer") along with BSAS Infotech Limited ("PAC 1"), ONYX Partners ("PAC 2") and Vijaykumar Mangtaram Khemani HUF ("PAC 3") and Gryffin Advisory Services Private Limited ("PAC 4") ("PAC 1, PAC 2, PAC 3 and PAC 4 are collectively referred to as "Persons Acting in Concert" / "PACs") to the Public Shareholders of the Target Company in accordance with the provisions of Regulation 26(7) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 including any subsequent amendments thereto ("SEBI SAST Regulations")

1.	Date	Meeting of IDC held on February 07, 2024
2.	Name of the Target Company	Khemani Distributors & Marketing Limited
3.	Details of the Offer pertaining to the Target Company	<p>This Open Offer is made by Vijaykumar Khemani, ("Acquirer") along with BSAS Infotech Limited ("PAC 1"), ONYX Partners ("PAC 2"), Vijaykumar Mangtaram Khemani HUF ("PAC 3") and Gryffin Advisory Services Private Limited ("PAC 4") (collectively "Persons Acting in Concert" / "PAC") in accordance with Regulations 3(2), 3(3), 4 and other applicable regulations of the SEBI SAST Regulations, to the Public Shareholders of the Target Company for the acquisition of upto 56,91,200 fully-paid up equity shares of Rs. 5/- each, representing 24.77% of the total outstanding Share Capital and Voting Share Capital of the Target Company, at an offer price of Rs 155.67/- per equity share (Rupees One Hundred Fifty Five and paise Sixty Seven only) ("Offer Price").</p> <p>The Public Announcement dated August 09, 2023 read with Corrigendum to the Public Announcement dated August 17, 2023, the Detailed Public Statement dated August 18, 2023, the Draft Letter of Offer dated August 25, 2023 and the Letter of Offer dated February 05, 2024 released by Sundae Capital Advisors Private Limited for and on behalf of the Acquirer/ PAC in connection with the Open Offer.</p> <p>Transactions which triggered the Open Offer:</p> <ol style="list-style-type: none"> 1. "Share Purchase Agreement 1 / SPA 1" dated August 09, 2023 entered into between the Acquirer and Varada Trading Private Limited and Badnoobs Technology Private Limited to acquire 18,02,800 Equity Shares by the Acquirer alongwith the PAC at a price of Rs. 26.50 per Equity share; 2. "Share Purchase Agreement 2 / SPA 2" dated August 09, 2023 entered into between the Acquirer and Azura Projects Private Limited, Carron Investments Private Limited and S&D Share & Stock Private Limited to acquire 32,26,400 Equity Shares by the Acquirer alongwith the PAC at a price of Rs. 26.50 per Equity share; 3. "Share Purchase Agreement 3 / SPA 3" dated August 09, 2023 entered into between the Acquirer and Ekansh Concepts Limited to acquire 9,78,400 Equity Shares by the Acquirer alongwith the PAC at a price of Rs. 26.50 per Equity share, collectively known as ("Share Purchase Agreements") <p>Further, the Board also took note of the historical breach of creeping acquisition limits by the Acquirers and PACs under the SEBI SAST Regulations, as under:</p> <ol style="list-style-type: none"> 1. On January 01, 2018, certain inter-se transfers were undertaken by the Promoter and Promoter Group and such inter-se transfer among promoters was not exempted under the Regulations 10 of the SEBI SAST Regulations and was for more than 5% of the creeping acquisition limit as provided Regulation 3(2) of the SEBI SAST Regulations, the same had triggered an open offer under Regulation 3(2) read with Regulation 4 of the SEBI SAST Regulations in the past ("Breach of SAST Limit 1"). 2. On June 30, 2023, the Acquirer, Vijaykumar Khemani, has acquired certain shares from the stock market, which has resulted in increase of his individual shareholding beyond 25% as stipulated under Regulation 3(3) of the SEBI SAST Regulations and hence had triggered an open offer under Regulation 3(3) read with Regulation 4 ("Breach of SAST Limit 2"). 3. On June 30, 2017, Gryffin Advisory Services Private Limited, has acquired certain shares from the stock market, which has resulted in increase of promoter and promoter group shareholding beyond the creeping acquisition limit of 5% in any one financial year as stipulated under Regulation 3(2) of the SEBI SAST Regulations and hence had triggered an open offer under Regulation 3(2) read with Regulation 4 ("Breach of SAST Limit 3"). 4. On January 13, 2021, the Promoter group entity, Gryffin Advisory Services Private Limited, has acquired certain shares from the stock market, which has resulted in increase of promoter and promoter group shareholding collectively beyond the creeping acquisition limit of 5% in any one financial year as stipulated under Regulation 3(2) of the SEBI SAST Regulations and hence had triggered an open offer under Regulation 3(2) read with Regulation 4 ("Breach of SAST Limit 4"). <p>The Committee also took note that Gryffin Advisory Services Private Limited, a shareholder of the Company was wrongly classified as a public category shareholder by the Target Company. In terms of Regulation 2(ii) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"), Mrs. Savita Agarwal, sister of Sushiladevi Khemani falls under the definition of "Promoter Group" and holds 99% of the paid up equity shares in Gryffin Advisory Services Private Limited. Further, in terms of Regulation 2(ii) of the SEBI ICDR Regulations and the shareholding pattern, Gryffin Advisory Services Private Limited also forms part of the Promoter Group of the Company.</p>
4.	Name of the Acquirers and PAC with the Acquirers	<p>Acquirer</p> <ul style="list-style-type: none"> - Vijaykumar Khemani <p>Persons Acting in Concert (PAC)</p> <ul style="list-style-type: none"> - BSAS Infotech Limited ("PAC 1") - ONYX Partners ("PAC 2") - Vijaykumar Mangtaram Khemani HUF ("PAC 3") - Gryffin Advisory Services Private Limited ("PAC 4")
5.	Name of the Manager to the Offer	<p>Sundae Capital Advisors Private Limited 404, 4th Floor, Vaibhav Chambers, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India Tel No.: +91 96 6785 9191 E-mail Id: kdm.openoffer@sundaecapital.com, Investor Grievance e-mail id: grievences.mb@sundaecapital.com Website: www.sundaecapital.com SEBI Regn. No.: INM000012494 Validity Period: Permanent Contact Person: Anchal Lohia / Rajiv Sharma</p>
6.	Members of the Committee of Independent Directors (IDC) (Please indicate the chairperson of the Committee separately)	<ol style="list-style-type: none"> a) Mr. Amit Mahavirprasad Jain (Chairman) b) Mr. Balkishan Ramsnehi Agarwal (Member) c) Mr. Mukeshkumar Devidutt Kabra (Member)
7.	IDC Member's relationship with the Target Company (Director, Equity Shares Owned and Other contract/relationship) if any.	<p>The IDC members are Independent Directors on the Board of Directors of the Target Company. None of the Members of the IDC hold any equity shares or other securities in the Target Company.</p> <p>Apart from above, none of the Members of the IDC have entered into any contract or any other relationship with the Target Company.</p>
8.	Trading in the Equity Shares / other securities of the Target Company by IDC Members	<p>None of the members of the IDC have traded in any of the equity shares/other securities of the Target Company during:</p> <ol style="list-style-type: none"> (a) the 12 months period preceding the date of the Public Announcement; and (b) the period from the date of Public Announcement till the date of this recommendation.
9.	IDC Member's relationship with the Acquirers (Director, Equity Shares Owned and Other contract/relationship) if any.	<p>None of the members of IDC:</p> <ol style="list-style-type: none"> (a) are directors of the Acquirer/PAC; (b) hold any equity shares or other securities of the Acquirer/PAC; or (c) have any contracts/relationship with the Acquirer/PAC.
10.	Trading in the Equity Shares / other securities of the Acquirer by IDC Members	<p>None of the members of the IDC have traded in the Equity Shares / other securities of the Acquirer / PAC in any manner.</p>
11.	Recommendation on the Open Offer, as to whether the offer, is or is not, fair and reasonable	<p>The IDC noted that the Offer Price at Rs. 155.67 per Equity Share by the Acquirer has been arrived at after considering the following:</p> <ol style="list-style-type: none"> 1. Minimum Offer Price 1 as triggered on account of execution of SPA 1, SPA 2 and SPA 3 and as calculated and disclosed under the Clause 6.1.1 of the Letter of Offer as per the provisions of Regulation 8(2) of the SEBI SAST Regulations; 2. Minimum Offer Price 2 as triggered on account of Breach of SAST Limit 1 and as calculated and disclosed under the Clause 6.1.2 of the Letter of Offer as per the provisions of Regulation 8(2) of the SEBI SAST Regulations; 3. Minimum Offer Price 3 as triggered on account of Breach of SAST Limit 2 and as calculated and disclosed under the Clause 6.1.3 of the Letter of Offer as per the provisions of Regulation 8(2) of the SEBI SAST Regulations; 4. Minimum Offer Price 4 as triggered on account of Breach of SAST Limit 3 and as calculated and disclosed under the Clause 6.1.4 of the Letter of Offer as per the provisions of Regulation 8(2) of the SEBI SAST Regulations; and 5. Minimum Offer Price 5 as triggered on account of Breach of SAST Limit 4 and as calculated and disclosed under the Clause 6.1.5 of the Letter of Offer as per the provisions of Regulation 8(2) of the SEBI SAST Regulations; <p>The closing price of the equity shares of the Target company on BSE Limited ("BSE") on December 15, 2023 (i.e., the day immediately preceding the date of the meeting of IDC on which the same were traded on the stock exchange) is INR 76.96 (Rupees Seventy Six and paise Ninety Six only). The Offer Price of Rs. 155.67 (Rupees One Hundred Fifty Five and paise Sixty Seven only), including interest @ 10% p.a. for the period of delay, is at 102.27% premium to the above mentioned closing price.</p> <p>For the reasons set out hereinunder, as of the date of this recommendation, the IDC is of the opinion that the Open offer is in accordance with the SEBI SAST Regulations.</p> <p>Further, the Public Shareholders of the Target company are advised to independently evaluate the Open Offer and take an informed decision in their best interest about tendering the Equity shares held by them in the Open Offer.</p>
12.	Disclosure of voting pattern of the meeting in which the open offer proposal was discussed	<p>The recommendations were unanimously approved by the members of IDC present at the Meeting held on February 07, 2024.</p>
13.	Summary of reasons for recommendations	<p>The IDC of Khemani Distributors & Marketing Limited has taken into consideration the following points while making this recommendation:</p> <ol style="list-style-type: none"> a) The Public Announcement, Detailed Public Statement, Draft Letter of Offer and Letter of Offer. b) SPA 1, SPA 2 and SPA 3 entered into on August 09, 2023 to acquire an aggregate of 60,07,600 Equity shares of the Target Company at a price of INR 26.50 per Equity share. c) The Offer Price of Rs. 155.67 per Equity Share, including interest for the period of delay, by the Acquirer and PACs has been arrived at after considering the points mentioned under Clause 11 of this recommendation. d) The valuation reports dated August 09, 2023 and addendum valuation report dated December 19, 2023 to determine the Minimum Offer Price 1 as Rs. 26.50, Minimum Offer Price 2 as Rs. 97.50, Minimum Offer Price 3 as Rs. 24.32, Minimum Offer Price 4 as Rs. 56.50 and Minimum Offer Price 5 as Rs. 80.00 per Equity Share, excluding interest payable on the minimum Offer Price for the period of delay, as provided by RV FCS Abhinav Agarwal, Registered Valuer (SFA) (IBBI Membership No.: IBBI/RV/06/2019/12564). e) The closing price of the equity shares of the Target company on BSE on December 15, 2023 (i.e., the day immediately preceding the date of the meeting of IDC on which the same were traded on the stock exchange) is INR 76.96 (Rupees Seventy Six and paise Ninety Six only). The Offer Price of Rs. 155.67 (Rupees One Hundred Fifty Five and paise Sixty Seven only) is at 102.27% premium to the above mentioned closing price. Further, the above price of Rs. 155.67 also includes interest @ 10% p.a. for the period of delay. f) Keeping in view above facts IDC is of the opinion that Open Offer price is fair and reasonable. However, the Public Shareholders of the Target Company should independently evaluate the offer and take the informed decision in their best interest about tendering the Equity shares held by them in the Open Offer.
14.	Details of Independent Advisors, if any	None
15.	Any other matter(s) to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under SEBI SAST Regulations.

For and on behalf of Committee of Independent Directors of Khemani Distributors & Marketing Limited

Place: Surat
Date: February 07, 2024

Sd/-
Amit Mahavirprasad Jain
Chairperson