

DRAFT LETTER OF OFFER
“This Document is important and requires your immediate attention”

This Draft Letter of Offer (DLoO) is sent to you as public shareholder(s) of **LYKIS LIMITED**. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Manager/Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Draft Letter of Offer to the Member of the Stock Exchange through whom the said sale was effected.

OPEN OFFER (“OFFER”)			
BY			
Name	Address	Contact No.	Email Id
Mr. Nadir Umedali Dhrolia	2501, Windsor Grande Residences, Mega Mall Road, Off Link Road, Jogeshwari West, Mumbai – 400 102	9867330531	nadirdhrolia@gmail.com

(hereinafter collectively referred to as “**The Acquirer**”)

To the existing shareholders of
LYKIS LIMITED

(Hereinafter referred to as “**LYKIS**” or the “**Target Company**”)
 (CIN: **L74999WB1984PLC038064**)

Registered Office: 57B, C.R. Avenue, 1st Floor, Kolkata- 700 012, West Bengal.
Tel No.: 033-22625265; **Website:** www.lykisgroup.com; **Email Id:** lykisho@lykisgroup.com

For the acquisition of up to 67,81,305 (Sixty Seven Lakhs Eighty One Thousand Three Hundred and Five) fully paid up equity Shares of Rs.10/- each representing 35.00% of total equity and voting share capital of the Target Company, at a price of Rs.20/- (Rupees Twenty Only) per equity share (the “**Offer Price**”) payable in cash (“**Offer**” or “**Open Offer**”).

Please Note:

- This Offer is being made by the Acquirer pursuant to regulation 3(1) & (4) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto (“**SEBI (SAST) Regulations**”) for substantial acquisition of shares/ voting rights accompanied with change in control and management of the Target Company.
- As on the date of this Draft Letter of Offer, there are no other statutory approvals are required to acquire the equity shares that are validly tendered pursuant to this offer. If any statutory approval becomes applicable prior to the completion of the Offer, this Offer would also be subject to such other statutory approval(s). For more details regarding the statutory and other approvals for the Offer, please see paragraph 6.7.1 (Statutory approvals and conditions of the Offer) at page 15 of this Draft Letter of Offer.
- If there is any upward revision in the Offer Price/Size at any time up to one (1) working day prior to commencement of the tendering period viz. August 12, 2020 in terms of the SEBI (SAST) Regulations, the same would also be informed by way of a Public Announcement in the same newspapers where the original Detailed Public Statement had appeared. If the Offer is withdrawn pursuant to Regulation 23, the same would be communicated within two (2) working days by an Announcement in the same newspapers in which the Detailed Public Statement had appeared.
- This is not a **competitive offer as per Regulation 20 of the SEBI (SAST) Regulations 2011.**
- If there is a competitive bid:**
 - The Public Offer under all subsisting bids shall open and close on the same date.**
- Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public/ Detailed Public Statement/Draft Letter of Offer (DLoO), shall not be entitled to withdraw such acceptance during the tendering period.
- The Offer is not subject to a minimum level of acceptance by the shareholders of LYKIS and is not a conditional offer.
- The Procedure for acceptance is set out in Para 7 of this DLoO.
- The Public Announcement, Detailed Public Statement and Draft Letter of Offer would also be available on website of SEBI at (www.sebi.gov.in).

 CAPITALSQUARE® Teaming together to create value	 R&D Infotech
MANAGER TO THE OFFER CAPITALSQUARE ADVISORS PRIVATE LIMITED 208, 2nd Floor, AARPEE Center, MIDC Road No 11, CTS 70, Andheri (E), Mumbai 400093, Maharashtra, India Phone No: +91-22-66849999; Email: tanmoy.banerjee@capitalsquare.in/mb@capitalsquare.in Website: www.capitalsquare.in Contact Person: Mr. Tanmoy Banerjee SEBI Reg NO: INM000012219	REGISTRAR TO THE OFFER R&D INFOTECH PRIVATE LIMITED 7A, Beltala Road, 1st Floor, Kolkata, West Bengal, 700026 Phone No: +91- 033-24192642; Email: rd.infotech@vsnl.net Website: www.rdinfotech.org Contact Person: Mr. Ratan Mishra SEBI Reg NO: INR000003985
OFFER OPENS ON: AUGUST 12, 2020 (WEDNESDAY)	OFFER CLOSSES ON: AUGUST 26, 2020 (WEDNESDAY)

A SCHEDULE OF SOME OF THE MAJOR ACTIVITIES RELATING TO THE OFFER IS GIVEN BELOW:

Activities	Date	Day
Date of the PA	June 22, 2020	Monday
Publication of Detailed Public Statement in newspapers	June 29, 2020	Monday
Last date of filing of the Draft Letter of Offer with the SEBI	July 06, 2020	Monday
Last date of a Competing Offer	July 20, 2020	Monday
Identified Date*	July 31, 2020	Friday
Date by which the Letter of Offer will be dispatched to the shareholders	August 05, 2020	Wednesday
Last date for revising the Offer Price / Offer Size	August 11, 2020	Wednesday
Last date by which Board of the Target shall give its recommendation	August 10, 2020	Tuesday
Offer Opening Public Announcement	August 11, 2020	Wednesday
Date of commencement of tendering period (Open Date)	August 12, 2020	Wednesday
Date of closing of tendering period (Close Date)	August 26, 2020	Wednesday
Date by which all requirement including payment of consideration would be completed	September 14, 2020	Monday

Note: Schedule of Activity may be changed as the offer is subject to getting requisite approval from SEBI

#There has been no competing offer as of the date of this DLoO.

**Identified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of equity shares of the Target Company (except the Acquirer and the parties to the SPA) are eligible to participate in the Offer any time before the Closure of the Offer.*

Risk Factors relating to the transaction, the proposed offer and probable risks involved in associating with the Acquirer: -

1. The Offer involves an offer to acquire 35.00% of the total equity and voting share capital of LYKIS from the eligible persons for the Offer. In the case of oversubscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
2. To the best of knowledge and belief of the Acquirer, However, if any other statutory approvals are required prior to completion of this offer, this offer would be subject to the receipt of such other statutory approvals that may become applicable at a later date.
3. In the event that either (a) regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the 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 of LYKIS whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders for the delay, as may be specified by SEBI.
4. Shareholders should note that shareholders who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance during the tendering period even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
5. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 23 of the SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

6. Risks involved in associating with the Acquirer:

The Acquirer intends to acquire up to 67,81,305 (Sixty Seven Lakhs Eighty One Thousand Three Hundred and Five) fully paid up equity Shares of Rs.10/- each representing 35.00% of total equity and voting share capital of the Target Company, at a price of Rs.20/- (Rupees Twenty Only) per equity share, payable in cash under the SEBI (SAST) Regulations, 2011. LYKIS does not have any partly paid-up equity shares as on the date of PA. The equity shares and documents tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the shareholders will

not be able to trade such equity shares. Post this Offer, the Acquirer will have significant equity ownership & effective management control over the Target Company pursuant to regulation 3(1) & 4 of the SEBI (SAST) Regulations.

7. The Acquirer makes no assurance with respect to the market price of the shares during the Offer period and upon the completion of the Offer and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer. The Acquirer makes no assurance with respect to the financial performance of the Target Company.
8. The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Public Announcement, Detailed Public Statement or this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.
9. The risk factor set forth above pertains to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risk with respect to their respective participation in the Offer.
10. The Acquirer makes no assurance of market price of shares of the Target Company during or after the offer.

The risk factors set forth above, pertain to the offer and not in relation to the present or future business or operations of LYKIS or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risk involved in participation or otherwise by a shareholder in the offer. Shareholders of LYKIS are advised to consult their stockbrokers or investment consultants, if any for further risk with respect to their participation in the offer. Each Shareholder of the Target Company is hereby advised to consult with legal, financial, tax, investment or other advisors and consultants of their choice, if any, for further risks with respect to each such Shareholder's participation in the Offer and related transfer of Equity Shares of the Target Company to the Acquirer.

CURRENCY OF PRESENTATION

- In this DLoO, all references to “Rs./Rupees/Re/Rupee” are references to the official currency of India.
- In this DLoO, 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

Sl. No.	Subject	Page No.
1.	Disclaimer Clause	5
2.	Details of the Offer	5
3.	Background of the Acquirer	8
4.	Background of Lykis Limited (“LYKIS” or “Target Company”)	9
5.	Offer Price and Financial Arrangements	12
6.	Terms and Conditions of the Offer	14
7.	Procedure for Acceptance and Settlement of the Offer	15
8.	Acceptance of Shares	16
9.	Procedure for Tendering the Shares in Case of Non Receipt of the Letter of Offer	17
10.	Settlement Process	17
11.	Settlement of Funds / Payment Consideration	17
12.	Note on Taxation	18
13.	Documents for Inspection	19
14.	Declaration by the Acquirer	20

DEFINITIONS/ABBREVIATIONS

Acquirer	Mr. Nadir Umedali Dhrolia
Board	The Board of Directors of the Target Company
Book Value per Share	Net Worth/Number of share
BSE	BSE Limited
CSE	The Calcutta Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
DLoO	Draft Letter of Offer dated June 30, 2020 , submitted to SEBI for its observations
DPS	Detailed Public Statement dated June 25, 2020
Tender Period	August 12, 2020 to August 26, 2020
ECS	Electronic Clearing Service
Escrow Banker	Kotak Mahindra Bank Limited
Equity and voting share capital	Rs.1,937.51 Lakh divided into 1,93,75,155 equity shares of Rs.10/- each
Identified Date	Date for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent.
IFSC	Indian Financial System Code
LoO	Letter of Offer
Manager to the Offer	CapitalSquare Advisors Private Limited
NRI(s)	Non- Resident Indians
NSDL	National Securities Depository Limited
Offer Period	From June 22, 2020 (i.e. date of entering into Memorandum of Understanding between Acquirer and Manager to the Offer) to September 14, 2020 (i.e. date of Payment Consideration)
Offer Price	Rs.20/- (Rupees Twenty Only) per equity share payable in cash
Offer/Open Offer	Cash Offer being made by the Acquirer to acquire 67,81,305 equity shares of Rs.10/- each, representing 35.00% of the total equity and voting share capital at a price of Rs. 20/- (Rupees Twenty Only) per equity share
PA	Public Announcement dated June 22, 2020
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of LYKIS except the Acquirer and parties to the Share Purchase Agreement
RBI	Reserve Bank of India
Registrar to the Offer	R&D Infotech Private Limited
Return on Net Worth	Profit After Tax/Net Worth
Sale Shares	23,76,472 equity shares of Rs.10/- each at a price of Rs.20/- (Rupees Twenty Only) per equity share forming part of the SPA
SEBI	Securities & Exchange Board of India

SEBI (SAST) Regulations/ Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof.
Seller or Present Promoter	Mr. Vijay Kedia
SPA or Agreement	Share Purchase Agreement dated June 22, 2020 entered into between the Acquirer and the Seller
Target Company / LYKIS	Lykis Limited

1. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DLoO 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 REGULATIONS. THIS REQUIREMENT IS TO FACILITATE EQUITY SHAREHOLDERS OF LYKIS TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR FOR THE TARGETCOMPANY 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 ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER CAPITALSQUARE ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 30, 2020, TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER.”

2. DETAILS OF THE OFFER:

2.1.1 Background of the Offer:

- 2.1.1 This mandatory Offer (“**Open Offer**”) is being made by Mr Nadir Umedali Dhrolia (hereinafter referred to as the “**Acquirer**”) in compliance with regulation 3(1) & 4 of the SEBI (SAST) Regulations, to the shareholders of Lykis Limited (hereinafter referred to as “**Target Company**” or “**LYKIS**”) a company incorporated and duly registered under the Companies Act, 1956 and having its registered office 57B, C.R. Avenue, 1st Floor, Kolkata-720 012, West Bengal, India. This Offer has been triggered upon the execution of the Share Purchase Agreement dated June 22, 2020 entered into by and between Mr. Vijay Kishanlal Kedia (hereinafter referred to as the “**Seller**”) and Mr. Nadir Umedali Dhrolia (hereinafter referred to as the “**Acquirer**”).
- 2.1.2 The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change in control and management of the Target Company.
- 2.1.3 There is no person acting in concert (“**PAC**”) with the Acquirer within the meaning of regulation 2(1)(q) of the SEBI (SAST) Regulations.
- 2.1.4 The Acquirer is making an offer to acquire 67,81,305 fully paid up Equity Shares of Rs.10/- each representing 35.00% of total equity and voting share capital of the Target Company, at a price of Rs.20/- (Rupees Twenty Only) per equity share (the “**Offer Price**”) payable in cash, subject to the terms and conditions mentioned hereinafter.
- 2.1.5 The Acquirer has entered into a Share Purchase Agreement dated June 22, 2020 with the present Promoter of the Target Company viz, Mr. Vijay Kedia (hereinafter referred to as the “**Seller**”) to acquire in aggregate 23,76,472 (Twenty Three Lakhs Seventy Six Thousand and Four Hundred and Seventy Two) equity shares of Rs.10/- each representing 12.27% of the fully paid-up equity and voting share capital of the Target Company at a price of Rs.20/- per fully paid-up equity share payable in cash (“**Negotiated Price**”) for a total consideration of Rs 4,75,29,440/- (Rupees Four Crores Seventy Five Lakhs Twenty Nine Thousand Four Hundred and Forty only).

The details of the Seller are as under:

Sl. No.	Name & Address of Seller	Nature	Part of the Promoter/ Promoter Group (Yes/No)	Shares Holding of the Seller			
				Pre Transaction		Post Transactions	
				No of Share	% to paid Equity Shares	No of Share	% to paid Equity Shares
1.	Mr. Vijay Kedia B 3201, Oberoi Spring, New Link Road, Andheri West, Mumbai 400053	Individual	Yes	41,84,383	21.60	18,07,911	9.33
TOTAL				41,84,383	21.60	18,07,911	9.33

2.1.6 Apart from as mentioned above 23,76,472 (Twenty Three Lakhs Seventy Six Thousand and Four Hundred and Seventy Two) equity shares of Rs.10/- each representing 12.27% of the fully paid-up equity and voting share capital of the Target Company which the Acquirer has agreed to acquire pursuant to SPA dated June 22, 2020, the Acquirer has acquired 23,00,000 equity shares representing 11.87% of the fully paid-up equity and voting share capital of the Target Company during the 52 weeks period prior to the date of the PA.

2.1.7 The Manager to the Offer i.e. CapitalSquare Advisors Private Limited does not hold any Equity Shares in the Target Company as on the date of this DLOO. The Manager to the Offer further declared and undertakes that they shall not deal in the Equity Shares of the Target Company on their own account during the offer period.

2.1.8 The Offer is not as a result of global acquisition resulting in indirect acquisition of LYKIS.

2.1.9 The Salient features of the Share Purchase Agreement are as follows:

- The Seller holds 41,84,383 Equity shares of the Target Company aggregating to 21.60% of the present paid up Equity and voting share capital of the Target Company.
- The Seller has agreed to sell and the Acquirer has agreed to acquire in aggregate 23,76,472 fully paid up Equity shares of Rs.10/- each ("**Sale shares**") representing 12.27% of the present paid up Equity and voting share capital of the Target Company at a price of Rs.20/- per share for cash aggregating to Rs. 4,75,29,440/- ("**Purchase Price**").
- The Sale Shares are free from all charges, encumbrances or liens and are not subjects to any lock in period.
- The aggregate purchase consideration for the sale shares i.e. Rs. 4,75,29,440/- shall be payable to the Seller. The Acquirer shall pay an amount not less than 10% of the Purchase Price to the Seller at the time of signing of the agreement and the Balance Consideration will be paid on receipt of the shares.
- After completion of open offer, the seller will hold 18,07,911 fully paid equity shares representing 9.33% of the fully paid-up equity share capital of the Target Company and will be reclassified as Public category shareholder subject to the compliances of the provisions of Regulation 31A of SEBI (LODR) Regulations, 2015
- The Seller shall sell, convey and deliver to the Acquirer, Sale shares and the Acquirer shall purchase, acquire and accept from the Seller.
- The Sale Shares are free from all charges, encumbrances, pledge, liens, attachments and litigations.
- That the Acquirer and the Seller agrees to abide by its obligations as contained in the SEBI (SAST) Regulations.
- That in case of non-compliance of any provisions of the SEBI (SAST) Regulations; the Agreement for such sale shall not be acted upon by the Seller or the Acquirer.

2.1.10 The Acquirer has not been prohibited by SEBI from dealing in the securities, in terms of direction issued under Section 11B of SEBI Act 1992 as amended or under any other Regulations made under the SEBI Act.

2.1.11 Apart from 23,76,472 (Twenty Three Lakhs Seventy Six Thousand Four Hundred and Seventy Two) fully paid up equity shares which the Acquirer proposes to acquire through SPA; the Acquirer holds 46,59,370 equity shares/voting rights of LYKIS. The provisions of Chapter V of SEBI (SAST) Regulations, 2011 are applicable to the Acquirer and the Acquirer has complied with the provisions of Chapter V of SEBI (SAST) Regulations, 2011.

- 2.1.12 As per regulations 26(6) and 26(7) of SEBI (SAST) Regulations, the Board of the Target Company is required to constitute a committee of Independent Directors who would provide its written reasoned recommendation on the Offer to the Shareholders of the Target Company and such recommendations shall be published at least two working days before the commencement of the Tendering Period in the same newspaper where the DPS of the Offer was published.
- 2.1.13 No other persons/individuals/entities are acting in concert with the Acquirer for the purpose of this Offer in terms of Regulation 2 (1) (q) of the SEBI (SAST) Regulations.

2.2 Details of the proposed Offer:

- 2.2.1. The Acquirer has made a Public Announcement on June 22, 2020 to SEBI, BSE, CSE, Target Company and Detailed Public Statement pursuant on June 25, 2020 which was published in the following newspapers in accordance with the Regulation 14 (3):

Publication	Language	Edition
Financial Express	English	All Editions
Jansatta (Hindi)	Hindi	All Editions
Mumbai Lakshadeep	Marathi	Mumbai Edition
Duranta Barta	Bengali	Kolkata Edition

The Detailed Public Statement is also available on the website of SEBI at www.sebi.gov.in; website of BSE at www.bseindia.com; and the website of Manager to the Offer www.capitalsquare.in

- 2.2.2. The Acquirer proposes to acquire from the existing equity shareholders of LYKIS (except the parties to the SPA) 42,62,534 equity shares of Rs.10/- each representing 35.00% of total Equity and voting share capital of the Target Company, at a price of Rs.20 (Rupees Twenty Only) (the “Offer Price”) per Equity share payable in cash (the “Offer” of “Open Offer”) in accordance with Regulation 9(1)(a) of SEBI (SAST) Regulations, 2011 and subject to the terms and conditions set out in the PA, the DPS and this Draft Letter of Offer.
- 2.2.3. The Target Company doesn’t have any partly paid up shares. There are no outstanding warrants or option or similar instrument, convertible into equity shares at a later stage. No shares are subject to any lock- in obligations.
- 2.2.4. The Acquirer will accept all the Equity shares of LYKIS those that are tendered in valid form in terms of this Open Offer up to a maximum of 67,81,305 fully paid-up Equity shares of Rs.10/- each representing 35.00% of the total Equity and voting share capital of the Target Company.
- 2.2.5. Since the date of the PA to the date of this DLoO, the Acquirer has not acquired any Equity shares of LYKIS.
- 2.2.6. The Acquirer has deposited 100% of the total consideration payable to the Equity Shareholders under this Offer in compliance with the Regulation 22(2) of the Takeover Regulations.
- 2.2.7. No competitive bid has been received as on date of this Draft Letter of Offer.
- 2.2.8. There is no differential pricing in this Open Offer.
- 2.2.9. This Offer is not conditional upon any minimum level of acceptance in terms of the Regulation 19(1) of SEBI (SAST) Regulations and is not a competitive bid in terms of the Regulation 20 of SEBI (SAST) Regulations.
- 2.2.10. The offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.
- 2.2.11. The Equity Shares of the Target Company will be acquired by Acquirer 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.
- 2.2.12. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirer has appointed CapitalSquare Advisors Private Limited as the Manager to the Offer.
- 2.2.13. As per Regulation 38 of SEBI (LODR) Regulations, 2015 read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended (‘SCRR’), the Target Company is required to maintain at least 25% Public Shareholding, on continuous basis for listing. Pursuant to completion of this Offer, assuming full acceptance, the Public Shareholding in the Target Company will not fall below the minimum public shareholding requirement as per SCRR as amended and the SEBI (LODR) Regulations, 2015.

- 2.2.14. Upon completion of the Offer, assuming full acceptances in the Offer, Acquirer will hold 1,38,17,147 (One Crore Thirty Eight Lakh Seventeen Thousand One Hundred and Forty Seven) Equity Shares constituting 71.31% of the present issued, subscribed and paid up share capital of the Target Company.

2.3 Object of the Offer:

- 2.3.1 The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change in control and management of the Target Company.
- 2.3.2 The Acquirer proposes to continue existing business of the Target Company and may diversify its business activities in future with prior approval of the shareholders. The main purpose of takeover is to expand the Company's business activities in same/diversified line through exercising effective control over the Target Company. However, no firm decision in this regard has been taken or proposed so far.
- 2.3.3 The Acquirer do not have any plans to dispose off or otherwise encumber any significant assets of LYKIS in the succeeding two years from the date of closure of the Open Offer, except in the ordinary course of business of the Target Company and (b) on account of regulatory approvals or conditions or compliance with any law that is binding on or applicable to the Target company. In the event any substantial asset of the Target Company is to be sold, disposed off or otherwise encumbered other than in the ordinary course of business, the Acquirer undertakes that it shall do so only upon the receipt of the prior approval of the shareholders of the Target Company through special resolution in terms of regulation 25(2) of the SEBI (SAST) Regulations and subject to the provisions of applicable law as may be required.
- 2.3.4 The Acquirer reserves the right to streamline/ restructure, pledge/ encumber its holding in the Target Company and/ or the operations, assets, liabilities and/ or businesses of the Target Company and/ or its subsidiary through arrangements, reconstructions, restructurings, mergers (including but not limited to merger with or between its subsidiary), 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.
- 2.3.5 This Open Offer is for acquisition of 35.00% of total Equity and voting share capital of the Target Company. After the completion of this Open Offer and pursuant to transfer of Equity shares so acquired under SPA, the Acquirer shall hold the majority of the Equity Shares by virtue of which they shall be in a position to exercise effective management and control over the Target Company.

3. BACKGROUND OF THE ACQUIRER:

3.1 Mr. Nadir Umedali Dhrolia (hereinafter referred to as “Acquirer”)

- 3.1.1 Mr. Nadir Umedali Dhrolia, S/o Umed Hashamali Dhrolia, aged 44, residing at A 2501, Windsor Grande Residences, Mega Mall Road, Off Link Road, Jogeshwari West, Mumbai – 400 102. (PAN: AHSPD9326K). Contact No: 9867330531, email id: nadirdhrolia@gmail.com.
- 3.1.2 He is an under Graduate.
- 3.1.3 He has more than 21 years of rich experience and expertise in export business.
- 3.1.4 He is Managing Director of following Company:

Sl. No.	Name of the Company
1.	Spectra International Limited

- 3.1.5 As on date of filing of DPS, acquirer is the Non- Executive Director of the Company. Except this, there is no nominee of the Acquirer on the Board of Directors of the Target Company. Except the transaction contemplated in the Share Purchase Agreement (“SPA”), the Acquirer holds 46,59,370 shares representing 24.05% of the total paid up Equity Capital of the Company. Except as stated above, he is not related with the Target Company in any other manner.
- 3.1.6 The Networth of Mr. Nadir Umedali Dhrolia on June 22, 2020 is Rs. 3,272.53 Lakhs (Rupees Three Thousand Two Hundred Seventy Two Lakhs and Fifty Three Thousand Only) and the same is certified by CA Mr. Anurag Khandelia, partner of K T P S & Co & Company, Chartered Accountants, (Membership No. 172909, Firm Reg. No. 134942W, having office at 110,1st Floor, Dattani Trade Centre, Chandavarkar Road, Near BMC Building, Borivali (west), Mumbai-400 092, Maharashtra. Tel. No. 07976039549; Email: anurag@ktps.co.in.

- 3.1.7 He has 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 Regulation made under the SEBI Act.
- 3.1.8 He has confirmed that he is not categorized as a “Willful Defaulter” in terms of Regulation (1)(ze) of the SEBI (SAST) Regulations, 2011. It has further confirmed that it is not appearing in the willful defaulters list of the Reserve Bank of India.
- 3.1.9 As on the date, Acquirer has confirmed that he is not declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.1.10 He is not forming part of the present Promoter group of the Target Company.
- 3.1.11 Except the transaction contemplated in the Share Purchase Agreement (“SPA”), the Acquirer does not have any other relationship/interest in the Target Company.
- 3.1.12 There are no persons acting in concert in relation to the offer within the meaning of 2(1)(q)(1) of the Regulations.
- 3.1.13 The Acquirer undertakes that he will not sell the equity shares of the Target Company, held and acquired by him, if any, during the Offer period in terms of regulation 25(4) of the SEBI (SAST) Regulations.

4. BACKGROUND OF LYKIS LIMITED (“LYKIS” or “TARGET COMPANY”)

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

- 4.1 The Target Company was originally established as a Partnership firm in the style of M/s. Sutodiya & Co. in the year 1965 in Kolkata. It was converted into a Private Limited on October 15, 1984 under Part IX of the Companies Act, 1956 in the name of “Sutodiya & Company Pvt Ltd”. The name of the Company changed to “Greenline Tea & Exports Private Limited” and a fresh certificate was obtained on October 25, 1994. It was converted into a public limited company and the name was changed to “Greenline Tea & Exports Limited” and a fresh certificate of incorporation consequent to change in name was obtained on October 27, 1994 from the Registrar of Companies under the Companies Act, 1956. Further the name of the Company was changed to “Lykis Limited” and a fresh certificate of incorporation consequent to change in name was obtained on May 17, 2012 from the Registrar of Companies under the Companies Act, 1956. The registered office of the Target Company is situated at 57B, C.R. Avenue, 1st Floor, Kolkata-700 012, West Bengal. The CIN of the Target Company is L74999WB1984PLC038064.
- 4.2 The Authorised Share Capital of LYKIS is Rs. 20,00,00,000 (Rupees Twenty Crores Only) comprising of 2,00,00,000 equity shares of Rs. 10/- each. The Issued, Subscribed & Paid-up Capital of the LYKIS is Rs. 19,37,51,550 (Rupees Nineteen Crore Thirty Seven Lakhs Fifty One Thousand Five Hundred and Fifty Only) comprising of 1,93,75,155 equity shares of Rs. 10/- each.
- 4.3 As on date of the Draft Letter of Offer, the capital structure of the Target Company is as follows:

Paid up Equity Shares of Target Company	No. of Shares / Voting Rights
Authorized Equity Shares	2,00,00,000 Equity Shares of Rs.10.00 each
Fully Paid-up Equity Shares	1,93,75,155
Partly Paid-up Equity Shares	Nil
Total Paid-up Equity Shares	1,93,75,155 Equity Shares of Rs.10.00 each
Total voting rights in the Target Company	1,93,75,155 Equity Shares of Rs.10.00 each

- 4.4 As on date the Target Company does not have any partly paid equity shares. There are no outstanding warrants or options or similar instruments, convertible into equity shares at a later stage. No shares are subject to any lock in obligations.
- 4.5 The Equity Shares of the Target Company are listed on BSE Ltd (“BSE”), and The Calcutta Stock Exchange Ltd (“CSE”).
- 4.6 The entire equity shares capital of the Target Company is presently listed at BSE Limited. Based on the information available on the BSE website, the equity shares of the Target Company are not frequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations. The Target Company has already established connectivity with Central depositories Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

4.7 There has been no merger / demerger or spin off during the last 3 years.

4.8 The present Board of Directors of LYKIS are as follows:

Sr. No.	Name	DIN	Designation
1.	Mr. Vijay Kishanlal Kedia	00230480	Non-Executive Non Independent Director
2	Ms. Jyoti Deviprasad Budhia	00332044	Independent Director
3	Mr. Prince Tulsian	02691348	Managing Director
4	Mr. Mayank Jhunjhunwala	02695948	Independent Director
5	Mr. Nadir Umedali Dhrolia	03303675	Non-Executive Non Independent Director
6	Mr. Rajendra Singh Singhvi	08322932	Independent Director

4.9 Financial Information:

The financial details of LYKIS as per the audited accounts for the last three financial years ended March 31, 2019; March 31, 2018 and March 31, 2017 and limited reviewed for nine months ended December 31, 2019

Profit & Loss Statement:

(Rs. In Lakhs)

Particulars	For the Period ended December 31, 2019	As on Year ended March 31, 2019	As on Year ended March 31, 2018	As on Year ended March 31, 2017
	(Unaudited)	(Audited)	(Audited)	(Audited)
Income from Operations	7597.13	14,732.09	14,825.45	10,726.53
Other Income	138.00	105.95	271.55	292.80
Total Income	7,735.13	14,838.04	15,097.00	11,019.33
Total Expenditure	7,578.53	14,719.75	14,928.73	11,015.31
Profit/ (Loss) before Interest, Depreciation and Tax	156.6	118.29	168.27	4.02
Depreciation & Amortization Expenses	48.35	68.59	47.90	42.00
Interest	166.80	216.66	491.88	293.01
Profit/ (Loss) before Tax	(58.55)	(166.96)	(371.51)	(330.99)
Add: Exceptional Items	-	-	-	-
Less: Current Tax	6.94	49.67	11.13	20.62
Deferred Tax	-	25.46	(24.03)	(7.98)
Taxes for earlier period	5.35	-	-	-
Profit/ (Loss) After tax	(70.84)	(242.09)	(358.61)	(343.63)

Balance Sheet

(Rs. In Lakhs)

Particulars	For the Period ended December 31, 2019	As on Year ended March 31, 2019	As on Year ended March 31, 2018	As on Year ended March 31, 2017
	(Unaudited)	(Audited)	(Audited)	(Audited)
(A) Sources of funds				
Paid up share capital	1992.70	1,992.70	1,992.70	1,992.70
Reserves & Surplus (excluding revaluation reserves)	-168.38	-159.37	-329.97	278.91
Less: Miscellaneous Expenditure not written off	-	-	-	-
Net Worth	1,824.32	1,833.33	1,662.73	2,271.61
Non-Current Liabilities	1.95	36.95	3.87	4.83

Deferred Tax Liabilities	-	11.89	7.00	10.46
Total (A)	1,826.27	1,882.17	1,673.60	2,286.90
(B) Uses of funds				
Net Fixed Assets	1,552.52	1,299.35	1,351.44	1,295.81
Capital WIP	-	131.87	78.83	26.99
Intangible Assets	-	0.79	1.32	1.85
Non-Current Financial Assets & Investments	66.83	10.97	16.56	57.19
Income Tax Assets (Net)	-	208.61	183.63	-
Deferred Tax Assets(Net)	-	-	20.57	-
Net Current Assets	206.92	230.58	21.25	905.06
Total (B)	1,826.27	1,882.17	1,673.60	2,286.90

Other Financial Data

For the Year Ended	For the Period ended December 31, 2019	As on Year ended March 31, 2019	As on Year ended March 31, 2018	As on Year ended March 31, 2017
	(Unaudited)	(Audited)	(Audited)	(Audited)
Dividend (%)	-	-	-	-
Earnings Per Share (Rs)	(0.37)	(0.12)	(1.85)	(1.77)
Return on Net worth (%)	Negative	Negative	Negative	Negative
Book Value Per Share (Rs.)	9.42	9.47	8.59	11.73

Note:

- EPS = Profit after tax / number of outstanding equity shares at the close of the year/ period.
- Return on Net Worth = Profit after Tax / Net Worth
- Book Value per Share = Net Worth / No. of equity shares
- Source: Audited Annual Reports/ Audited Financial Statements

4.10 Pre and Post-Offer Shareholding Pattern of LYKIS (based on Issued, Subscribed & Paid-up Equity and Voting Share Capital) is as under:

Shareholders' Category	Shareholding/voting rights prior to the SPA/ acquisition and Offer		Shares/voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding /voting rights after Acquisition and Offer (A+B+C)	
	(A)		(B)		(C)		(D)	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1. Promoter								
(a) Party to Agreement:								
Mr. Vijay Kishanlal Kedia	41,84,383	21.60	(23,76,472)	(12.27)	-	-	-	-
Kedia Securities Private Limited	1,26,601	0.65	-	-	-	-	-	-
Total	43,10,984	22.25 %	(23,76,472)	(12.27%)	-	-	-	-
(b) Promoters other than (a) above @								
NIL	-	-	-	-	-	-	-	-

Total	-	-	-	-	-	-	-	-
Total 1 (a+b)	43,10,984	22.25%	-	-	-	-	-	-
2. Acquirer:								
Mr. Nadir Umedali Dhrolia	46,59,370	24.05%	23,76,472	12.27%	67,81,305	35.00%	1,38,17,147	71.31%
Total 2	46,59,370	24.05%	23,76,472	12.27%	67,81,305	35.00%	1,38,17,147	71.31%
3. Parties to Agreement other than 1(a) & 2	-	-	-	-	-	-	-	-
4. Public (other than Parties to Agreement and Acquirer) #								
a. FIs/MFs/FIIs/ Banks/SFIs (Indicate names)	-	-	-	-				
b. Others			-	-				
c. other than parties to SPA) from Promoter and Promoter Group	-	-	-	-	(67,81,305)	(35.00%)	55,58,008	28.69%
Total No. of Shareholders in Public Category, i.e 3,029	1,04,04,801	53.70%	-	-				
Total (4) (a+b+c)	1,27,11,337	77.75%	-	-				
GRAND TOTAL (1+2+3+4)	1,93,75,155	100.00%					1,93,75,155	100.00%

Notes:

- No Equity Shares are subject to lock in.
- The Acquirer has not acquired any shares from the date of PA till the date of this Draft Letter of Offer.
- After completion of open offer, existing promoters will be reclassified as Public category shareholder subject to the compliances of the provisions of Regulation 31A of SEBI (LODR) Regulations, 2015.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS:

5.1 Justification of Offer Price:

5.1.1 The Equity Shares of the Target Company are listed at the BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE). The shares are placed under Group 'X', having a scrip code of "530689" & Scrip Id: LYKIS on the BSE.

5.1.2 The total trading turnover in the Equity Shares of the Target Company on the BSE i.e the nation-wide trading terminal based on trading volume during the twelve calendar months prior to the month of PA (June 01, 2019 to May 31, 2020) is as given below:

Stock Exchange	Total No. of Equity Shares traded during the Twelve calendar months prior to the month of PA	Total No. of listed equity shares of the Target Company	Total Trading Turnover (as % of total equity shares Listed)
BSE	9,31,867	1,93,75,155	4.81%

5.1.3 Based on the above information available on the website of BSE, equity Shares of LYKIS are not frequently traded shares within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations.

- 5.1.4 The Offer Price has been determined taking into account the parameters as set out under regulation 8 (2) of the SEBI (SAST) Regulations, as under:

Sr. No.	Particulars	Price (In Rs per share)
1.	Negotiated Price under the SPA	Rs. 20/-
2.	The Volume Weighted Average Price paid or payable for acquisitions by the Acquirer during 52 weeks immediately preceding the date of PA	19.95
3.	Highest price paid or payable for acquisitions by the Acquirer during 26 weeks immediately preceding the date of PA	19.95
4.	The Volume Weighted Average Market Price of shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period	Not Applicable
5.	Other Financial Parameters as at 31 st December 2019:	
	(a) NAV per Equity share	9.42
	(b) Price Earning Capacity Value per Equity Share	
	(c) Market Based Value	18.38

CA Payal Gada, Chartered Accountant, Proprietor, Payal Gada & Co, Chartered Accountants, (Membership No. 110424, Firm Reg. No. 148529W) having its office at S15, 2nd Floor, Sej Plaza, Marve Road, Malad (West), Mumbai, India Tel: (022) 280112075, Mob: 9820562075; E-mail: payal@payalgadaco.in, vide certificate dated June 22, 2020, calculated the fair value of the equity shares of Target Company as Rs.13.90 per share.

In view of the parameters considered and presented in the table above, in the opinion of the Acquirer and Manger to the Offer, the Offer Price of Rs.20/- per equity share being the highest of the prices mentioned above is justified in terms of Regulation 8 (2) of the SEBI (SAST) Regulations.

- 5.1.5 As on date there is no revision in Open Offer price or Open Offer size. In case of any revision in the Open Offer price or Offer Size, the Acquirer shall comply with Regulation 18 of SEBI (SAST) Regulations and all other applicable provisions of SEBI (SAST) Regulations.
- 5.1.6 If there is any revision in the offer price on account of future purchases / competing offers, it will be done only up to the period prior to one(1) working days before the date of commencement of the tendering period and would be notified to shareholders.
- 5.1.7 If the Acquirer, acquires or agrees to acquire any Equity Shares or Voting Rights in the Target Company during the offer period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price shall stand revised to the highest price paid or payable for any such acquisition in terms of Regulation 8(8) of Regulations. Provided that no such acquisition shall be made after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period. Further, in accordance with Regulations 18(4) and 18(5) of the Regulations, in case of an upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, the Acquirer shall (i) make public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously notify to SEBI, BSE, and the Target Company at its registered office. Such revision would be done in compliance with other formalities prescribed under the Regulations.
- 5.1.8 If the Acquirer, acquires Equity Shares of the Target Company during the period of twenty-six weeks after the tendering period at a price higher than the Offer Price, the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in the Offer within 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 Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of shares of the Target Company in any form.

5.2 Financial Arrangements:

- 5.2.1 In terms of Regulation 25(1), the Acquirer has adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of their own sources/ Networth and no borrowings from any Bank and/ or Financial Institutions are envisaged. Mr. Anurag Khandelia, partner of K T P S & Co & Company, Chartered Accountants, (Membership No. 172909, Firm Reg. No. 134942W), having its office at 110, 1st Floor, Dattani Trade Centre, Chandavarkar Road, Near BMC Building, Borivali (west), Mumbai-400 092, Maharashtra, Tel. No. 07976039549; Email: anurag@ktps.co.in vide certificate dated June 22, 2020 stated that sufficient resources are available with Acquirer for fulfilling the obligations under this Offer in full.

- 5.2.2 The maximum consideration payable by the Acquirer to acquire 67,81,305 fully paid-up equity shares at the Offer Price of Rs.20/- (Rupees Twenty Only) per equity share, assuming full acceptance of the Offer would be Rs.13,56,26,100/- (Rupees Thirteen Crore Fifty Six Lakh Twenty Six Thousand and One Hundred only). In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer has opened an Escrow Account under the name and style of “LYKIS-Open Offer Escrow Account” with Kotak Mahindra Bank Limited (“Escrow Banker”) and have deposited 100% of the total consideration payable in the Open Offer, assuming full acceptance.
- 5.2.3 The Manager to the Offer is authorized to operate the above mentioned Escrow account to the exclusion of all others and been duly empowered to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.
- 5.2.4 Based on the aforesaid financial arrangements and on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager to the Offer is satisfied about the ability of the Acquirer to fulfill its obligation in respect of this Offer in accordance with the SEBI (SAST) Regulations.
- 5.2.5 In case of upward revision of the Offer Price and/or the Offer Size, the Acquirer would deposit additional appropriate amount into an Escrow Account to ensure compliance with Regulation 18(5) of the Regulations, prior to effecting such revision.

6. TERMS AND CONDITIONS OF THE OFFER:

- 6.1 The Letter of Offer will be mailed to all those shareholders of LYKIS (except the Acquirer and the parties to the SPA) whose name appear on the Register of Members and to the beneficial owners of the shares of the LYKIS whose names appear on the beneficial records of the Depository Participant, at the close of business hours on July 31, 2020 (**"Identified Date"**).
- 6.2 All owners of the shares, Registered or Unregistered (except the Acquirer and the parties to the SPA) who own the shares any time prior to the Closing of the Offer are eligible to participate in the Offer as per the procedure set out in Para 7 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. No indemnity is required from the unregistered owners.
- 6.3 Accidental omission to dispatch the LoO or the non-receipt or delayed receipt of the LoO will not invalidate the Offer in anyway.
- 6.4 Subject to the conditions governing this Offer, as mentioned in the LoO, the acceptance of this Offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.
- 6.5 In terms of the Regulation 18(9) of the SEBI (SAST) Regulations, 2011, Public Shareholders who tender their Equity Shares in the Offer shall not be entitled to withdraw such acceptance.

Locked-in Shares:

There are no locked-in shares in LYKIS.

6.6 Eligibility for accepting the Offer:

- 6.6.1 The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the present promoter group shareholders and Acquirer) whose names appear in register of Target Company as on July 31, 2020, the Identified Date.
- 6.6.2 This Offer is also open to persons who own Equity Shares in Target Company but are not registered Shareholders as on the Identified date.
- 6.6.3 All Equity Shareholders/Beneficial Owners (except the present promoter group Shareholders, and the Acquirer) who own Equity Shares of Target Company any time before the closure of the Offer are eligible to participate in the Offer.
- 6.6.4 The Acquirer has appointed R&D Infotech Private Limited, as the Registrar to the Offer, having office at 7A, Beltala Road, 1st Floor, Kolkata, West Bengal, 700026, Tel No.: 033-24192642; Fax No.: 033-24761657, E-mail-Id: rdinfotech@vsnl.net, Website: www.rdinfotech.org. The Contact Person: Mr. Ratan Kumar Mishra from 10:00 a.m. to 5:00 p.m. on working days (except Saturdays, Sundays and all public holidays), during the period the Offer is open.

- 6.6.5 The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance will also be available on the website of SEBI at: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the website of SEBI for applying in the Offer.
- 6.6.6 Unregistered Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Shareholders.
- 6.6.7 The acceptance of this Offer by the Equity Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
- 6.6.8 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s)/beneficial owner(s) of Target Company.
- 6.6.9 The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms and Share Transfer Deed etc. during transit and the Equity Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
- 6.6.10 The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.
- 6.6.11 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

6.7 Statutory Approvals and conditions of the Offer:

- 6.7.1 As of the date of this DLOF, to the best of the knowledge of the Acquirer, there are no statutory approvals required by the Acquirer to complete this Offer. However, if any other statutory approvals are required prior to completion of this offer, this offer would be subject to the receipt of such other statutory approvals that may become applicable at a later date.
- 6.7.2 If the holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required & received any approvals (including from the RBI, the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.
- 6.7.3 The Acquirer in terms of Regulation 23 of SEBI (SAST) Regulations will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which the DPS had appeared.
- 6.7.4 In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of Regulation 18(11) of SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable to forfeiture.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER:

- 7.1 The Open Offer will be implemented by the Acquirer through Stock Exchange Mechanism as provided under the SEBI (SAST) Regulations and the SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 issued by SEBI and on such terms and conditions as may be permitted by law from time to time.
- 7.2 BSE Limited shall be the designated stock exchange for the purpose of tendering Equity Shares in the Open Offer.
- 7.3 The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE, which shall be the Designated Stock Exchange, in the form of a separate window (“**Acquisition Window**”).

- 7.4 For implementation of the Open Offer, the Acquirer has appointed Shreni Shares Private Limited (the “**Buying Broker**”) through whom the purchases and settlements on account of the Open Offer would be made by the Acquirer. The contact details of the Buying Broker is as follows:

Name	Shreni Shares Private Limited
Address	A-102, Sea Lord CHS, Above Axis Bank, Ram Nagar, Borivali (West), Mumbai-400 092, Maharashtra, India.
Contact No.	022 28088456
Email Id	shrenishares@gmail.com
Contact Person	Mr. Parth Shah

- 7.5 All Shareholders who desire to tender their Shares under the Open Offer would have to approach their respective stock brokers (“Selling Broker”), during the normal trading hours of the secondary market during the Tendering Period.
- 7.6 The Acquisition Window provided by BSE shall facilitate placing of sell orders. The Selling Brokers can enter orders for dematerialized equity shares only.
- 7.7 The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
- 7.8 Shareholders can tender their shares only through a broker with whom the shareholder is registered as client (KYC Compliant).

7.8.1 PLEASE NOTE THAT NO SHARES WILL BE ACCEPTED IN PHYSICAL MODE PURSUANT TO PR NO.: 51/2018 DATED DECEMBER 03, 2018 ISSUED BY SEBI WHEREIN REQUESTS FOR EFFECTING TRANSFER OF SECURITIES SHALL NOT BE PROCESSED AFTER MARCH 31, 2019 UNLESS THE SECURITIES ARE HELD IN THE DEMATERIALIZED FORM WITH A DEPOSITORY.

7.8.2 Procedure For tendering the Equity Shares

1. The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their Selling Broker, indicating details of Shares they wish to tender in Open Offer.
2. The Selling Broker shall provide early pay-in of demat shares (except for Custodian Participant orders) to the Clearing Corporation before placing the bids / orders and the same shall be validated at the time of order entry.
3. For Custodian Participant, orders 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 close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
4. 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.
5. Upon placing the bid, the Seller member(s) shall provide Transaction Registration slip (“TRS”) generated by the Exchange Bidding System to the shareholder. TRS will contain details of order submitted like Bid ID No. DP ID, Client ID, No of Equity Shares tendered etc.
6. 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 prorated Open Offer.

8. 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, 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.

9. PROCEDURE FOR TENDERING THE SHARES IN CASE OF NON RECEIPT OF THE LETTER OF OFFER

Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.

A Shareholder may participate in the Offer by approaching their broker / Selling Broker and tender Shares in the Open Offer as per the procedure mentioned in the Letter of Offer.

The Letter of Offer along with acceptance form will be dispatched to all the eligible shareholders of the Target Company, as appearing in the list of members of the Target Company. In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the website of SEBI (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 would also be available at website of SEBI, www.sebi.gov.in and shareholders can also apply by downloading such forms from the said website.

Alternatively, in case of non-receipt of the Letter of Offer, the Eligible Public Shareholders holding the Equity Shares may participate in the Offer by providing their application in plain paper in writing signed by all shareholder(s), stating name, address, number of Equity Shares held, client ID number, DP name, DP ID number, number of Equity Shares tendered and other relevant documents as mentioned in paragraph 8. Such Eligible Public Shareholders have to ensure that their order is entered in the electronic platform of BSE which will be made available by BSE before the closure of the Tendering Period.

10. SETTLEMENT PROCESS

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 shall be provided to the Stock Exchanges to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.

The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation.

The direct credit of shares shall be given to the demat accounts of the Acquirer indicated by the Acquirer 'Buying Broker. The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's bank account as per the prescribed schedule.

For the same, the existing facility of client direct payout in the capital market segment shall be available.

Buying Broker would also issue a contract note to the Acquirer for the Equity Shares accepted under the Offer.

Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the Buying Broker's pool account.

In case of partial or non-acceptance of orders or excess pay-in, Demat Shares shall be released to the securities pool account of the Selling Broker(s) / Custodian, post which, the Seller Broker(s) would then issue contract note for the shares accepted and return the balance shares to the Shareholders.

11. SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

For Equity Shareholders holding Equity Shares in demat:

The settlements of fund obligation for demat shares shall be effected by clearing corporation. For the equity shares accepted under the open offer, the payment will be made by the Clearing Corporation to the shareholders directly to their bank account.

The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Public Shareholder will receive funds payout in their settlement bank account.

The funds received from Buyer Broker by the Clearing Corporation will be released directly, to Public Shareholder.

Shareholders who intend to participate in the Offer should consult their respective Seller Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Broker upon the Selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling Shareholders from their respective Seller Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirer accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.

In case of delay in receipt of any statutory approval(s), the SEBI may, if satisfied that such delay in receipt of the statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, and subject to such terms and conditions as specified by the SEBI (including payment of interest in accordance with Regulation 18(11) of the SEBI SAST Regulations) grant an extension of time to the Acquirer pending receipt of such statutory approval(s) to make the payment of the consideration to the Eligible Public Shareholders whose Equity Shares have been accepted in the Offer.

12. NOTE ON TAXATION

The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the Act. A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) 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". Accordingly, since the Target Company is incorporated in India, the Target Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the Income Tax Act, 1961 ("IT Act").

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

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 relevant 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 STT upon both acquisition 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 calculated on gains exceeding INR 100,000 (Indian 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 (lower of consideration on transfer) 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 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 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. However, 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.

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

13. DOCUMENTS FOR INSPECTION:

Copies of the following documents will be available for inspection at the Registered office of the Manager to the Offer, CapitalSquare Advisors Private Limited 208, 2nd Floor, AARPEE Center, MIDC Road No 11, CTS 70, Andheri (E), Mumbai 400093, Maharashtra, India on any working day between 10.00 a.m. and 5.00 p.m. during the period the Offer is open i.e., from August 12, 2020 to August 26, 2020.

- i) Memorandum and Articles of Association and Certificate of Incorporation of **Lykis Limited**.**
- ii) Memorandum of Understanding between Manager to Offer i.e. CapitalSquare Advisors Private Limited and the Acquirer.**
- iii) Certificate dated June 22, 2020 from CA Anurag Khandelia, Chartered Accountant, (Membership No. 172909 Firm Reg. No. 134942W, having its office at 110, 1st Floor, Dattani Trade Centre, Chandavarkar Road, Near BMC Building, Borivali (west), Mumbai-400 092, Tel. No. 07976039549; Email: anurag@ktps.co.in, certifying that the Acquirer has sufficient resources available for the implementation of the Offer in full out of its own sources / financial commitment under this “Offer” in full.**
- iv) Certificate dated June 22, 2020 from CA Payal Gada, Chartered Accountant, Proprietor, (Membership No. 110424, Firm Reg. No. 148529W) having its office at S15, 2nd Floor, Sej Plaza, Marve Road, Malad (West), Mumbai, India Tel: (022) 280112075, Mob: 9820562075; E-mail: payal@payalgadaco.in, relating to the fair value of the equity shares of the Target Company.**
- v) Annual Reports for the last three financial years ended, March 31, 2019, March 31, 2018 and March 31, 2017 and limited reviewed nine months ended December 31, 2019 of Lykis Limited**
- vi) Bank Statement received from, Kotak Mahindra Bank Limited for required amount kept in the escrow account and marked lien in favour of Manager to Offer.**
- vii) The copy of Share Purchase Agreement dated June 22, 2020 between the Seller and the Acquirer, which triggered the Open Offer.**
- viii) Copy of the Public Announcement dated June 22, 2020 and published copy of the Detailed Public Statement dated June 26, 2020.**
- ix) Copy of the recommendations dated [●] made by the Committee of Independent Directors of the Target Company.**
- x) Copy of SEBI Observation letter no. [●] dated [●].**
- xi) Escrow Agreement between Acquirer, Kotak Mahindra Bank Limited and Manager to the Offer**

14. DECLARATION BY THE ACQUIRER:

For the purpose of disclosures in this Draft Letter of Offer relating to the Target Company the Acquirer has relied on the information provided by the Target Company and have not independently verified the accuracy of details of the Target Company. Subject to the aforesaid, the Acquirer accepts full responsibility for the information contained in this Draft Letter of Offer and also accepts responsibility for the obligations of the Acquirer as laid down in the Takeover Regulations. The Acquirer shall be responsible for ensuring compliance with the Takeover Regulations.

Place: Mumbai

Date: 30/06/2020

On behalf of Acquirer

Sd/-

Mr. Nadir Umedali Dhrolia