

DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as Eligible Equity Shareholders (as defined below) of **Ashok Alco-Chem Limited** (“**Target Company**”). If you require any clarifications about the action to be taken, you may consult your stock broker or an investment consultant or the Manager to the Offer (as defined below) or the Registrar to the Offer (as defined below). In the event you have recently sold your Equity Shares of the Target Company, please hand over this Letter of Offer to the member of the stock exchange through whom the said sale was effected.

OPEN OFFER BY

Manan Chetan Shah (Acquirer),

Flat No. 4, 4th Floor Wyoming Co-Op Hsg. Soc. Ltd., 12A Little Gibbs Road, Malabar Hill Mumbai - 400006, Maharashtra, India

Mobile number: 98209 11616; **Email id :** mananshah@ashapura.com

To the Eligible Equity Shareholder(s) of

ASHOK ALCO-CHEM LIMITED (“Target Company”)

CIN: L24110MH1992PLC069615

Registered Office: 12/13, Jeevan Udyog Building; 278, Dr D N Road, Fort, Mumbai – 400 001

Telephone: +91 22 66106338;

Contact Person: Seema Gangawat, Company Secretary and Compliance Officer,

E-mail: secretarial@ashokalcochem.com; **Website:** www.ashokalcochem.com

to acquire up to **11,96,090 (Eleven Lakh Ninety Six Thousand and Ninety Only)** fully paid-up equity shares of face value of ₹ 10 each (Rupees Ten each) ("**Offer Shares**"), representing **26%** of the Fully Diluted Total Paid-Up Equity Share Capital of the Target Company, as of the tenth working day from the closure of the tendering period of the Open Offer ("**Voting Share Capital**"), from the Eligible Equity shareholders of the Target Company for cash at a price of ₹ **22.55 (Rupees Twenty Two and Paise Fifty Five only)** per equity share.

Please Note:

1. This Offer is being made by the Acquirer pursuant to Regulation 3(1), 4, 5(1) and 5(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("**SEBI (SAST) Regulations / Takeover Regulations**"). The thresholds specified under Regulation 5(2) are applicable.
2. **This Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.**
3. **This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.**
4. There has been no competing offer as on the date of this Letter of Offer.
5. To the best of the knowledge and belief of the Acquirer, there are no statutory approvals required for the purpose of this Offer. If any statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such statutory approvals.
6. In the event of a withdrawal of the Offer, the Acquirer (through the Manager to the Offer) shall, within 2 (Two) Working Days (as defined hereinafter) of such withdrawal, make a public announcement of such withdrawal, in the same newspapers in which the detailed public statement ("**DPS**") had appeared, stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
7. If there is any upward revision in the Offer Price or the number of Shares sought to be acquired under the Open Offer by the Acquirer, at any time prior to the commencement of the last working day before the commencement of the tendering period i.e., Thursday, October 15, 2020 the same would be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement appeared. Such revision in the Open Offer Price

would be payable by the Acquirer for all the shares validly tendered anytime during the Tendering Period of the Open Offer.

8. A copy of the Public Announcement, the Detailed Public Statement and the Letter of Offer are also available on SEBI's website: www.sebi.gov.in.
9. 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 OFFER | REGISTRAR TO THE OFFER |
|---|---|
|  |  |
| <p>Pioneer Investcorp Limited Address :1218, Maker Chambers V, Nariman Point, Mumbai – 400 021. Phone : +91-22-6618 6633 Fax : +91-22-2204 9195 Contact Person : Mr. Amit Chandra Email : amitc@pinc.co.in Website: www.pinc.co.in SEBI Registration Number: INM000002988 CIN: L65990MH1984PLC031909</p> | <p>Link Intime India Private Ltd SEBI Regn No: INR00000405 C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai- 400083 Tel: +91-22-41986200 Fax: +91-22-41986195 Contact Person: Mr. Sumeet Deshpande Email: ashokalcochem.offer@linkintime.co.in Website: www.linkintime.co.in</p> |

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THIS OFFER

| <i>Activity</i> | <i>Day and Date</i> |
|--|-----------------------------|
| Public Announcement (PA) | Tuesday August 25, 2020 |
| Publication of Detailed Public Statement (DPS) in the newspapers | Tuesday, September 01, 2020 |
| Filing of the draft letter of offer with SEBI | Tuesday, September 08, 2020 |
| Last date for a competitive bid | Tuesday, September 22, 2020 |
| Last date for SEBI observations on draft letter of offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer) | Tuesday, September 29, 2020 |
| Identified Date* | Thursday, October 01, 2020 |
| Letter of Offer to be dispatched to shareholders | Friday, October 09, 2020 |
| Last date for revising the Offer price/ number of shares | Thursday, October 15, 2020 |
| Last Date by which the committee of the independent directors of the Target Company shall give its recommendation | Wednesday, October 14, 2020 |
| Date of publication of Offer Opening Public Announcement | Thursday, October 15, 2020 |
| Date of commencement of Tendering Period (Offer Opening Date) | Friday, October 16, 2020 |
| Date of Expiry of Tendering Period (Offer Closing Date) | Thursday, October 29, 2020 |
| Last Date for completion of all requirements including payment of consideration | Thursday November 12, 2020 |

* The Identified Date is only for the purpose of determining the Equity Shareholders as on such date to whom the letter of offer ("Letter of Offer") would be mailed. It is clarified that all the equity shareholders of the Target Company (registered or unregistered) of the equity shares of the Target Company (except the Acquirer and promoter group shareholders of the Target Company) are eligible to participate in this Offer at any time prior to the closure of this Offer.

RISK FACTORS

Set forth are the risk factors relating to the Offer and the probable risks involved. These risk factors are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation or otherwise by the Eligible Equity Shareholders in this Offer, but are merely indicative. The Eligible Equity Shareholders are advised to consult their stock broker or legal, financial, tax or investment advisors/consultants, if any, for analyzing and understanding all the risks with respect to their participating in this Offer and related sale and transfer of Equity Shares. For capitalized terms used herein please refer to the Definitions set out on page 6 of this Letter of Offer.

A. RISK FACTORS RELATING TO THE UNDERLYING TRANSACTION

1. There are no risks associated with the underlying transaction as the transaction has been successfully completed vide Share Purchase Agreement dated August 25, 2020.

B. RISKS RELATING TO THE OFFER

1. This Open Offer is an offer to acquire not more than 26% of the Fully Diluted Voting Share Capital of the Target Company from the Eligible Equity Shareholders. In case Shares tendered in the Open Offer by the Eligible Equity Shareholders are more than the Offer Size, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the Eligible Equity Shareholders in the Open Offer will be accepted.
2. In the event that either: (a) any regulatory or statutory approvals applicable at a later date are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer from performing their obligations hereunder, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Shares are accepted under the Offer as well as the return of Shares not accepted under the Offer by the Acquirer may get delayed.
3. The Equity Shares tendered in the Offer will be held in the special account of the Clearing Corporation, on behalf of the Eligible Equity Shareholders until the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Shares during such period. During such period, there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares both during the period that the Offer is open and upon 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.
4. The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, or the Manager to the Offer) would be doing so at his/her/their own risk.
5. Shareholders should note that the Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.

6. This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this 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 is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.
7. The Eligible Equity 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 Letter of Offer.
8. This Offer is subject to completion risks as would be applicable to similar transactions.

C. Risks relating to Acquirer and the Target Company

1. The Acquirer makes no assurance with respect to – his investment or divestment decisions relating to his proposed shareholding in the Target Company. The Acquirer makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
2. The Acquirer cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after the Offer and the Acquirer expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

CURRENCY OF PRESENTATION

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

INDEX

| Sl.No | Subject | Page No |
|-------|---|---------|
| 1 | Disclaimer Clause | 9 |
| 2 | Details of the Offer | 10 |
| 3 | Background of the Acquirer | 13 |
| 4 | Background of the Target Company | 15 |
| 5 | Offer Price and Financial Arrangements | 21 |
| 6 | Terms and Conditions of the Offer | 25 |
| 7 | Procedure for acceptance and settlement | 28 |
| 8 | Documents for Inspection | 34 |
| 9 | Declaration by the Acquirer | 35 |

I. KEY DEFINITIONS

Unless the context otherwise indicates or implies, the words, expressions or terms used in this Letter of Offer shall have the meaning set out below, and references to any statute or regulations, rules or acts or policies shall include amendments thereto, from time to time. The words and expressions used in this Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the Securities Contract (Regulations) Rules, 1957 as amended (SCRR), the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”), the Depositories Act, 1996 the SEBI (SAST) Regulations, other apposite statute, or the rules and regulations made thereunder.

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| Acquirer | Manan Chetan Shah having his permanent address at Flat No. 4, 4th Floor Wyoming Co-Op Hsg. Soc. Ltd., 12A Little Gibbs Road, Malabar Hill Mumbai - 400006, Maharashtra, India |
| Acquisition Window | Acquisition Window bears the meaning ascribed to it at paragraph VIII on Page No. 28 of the Letter of Offer |
| Board of Directors | The Board of Directors of the Target company |
| Buying Broker | Infinity.com Financial Securities Limited, the broker appointed by the Acquirer for the Offer through whom the purchases and settlement of the Equity Shares tendered under the Offer shall be made. |
| BSE | BSE Limited |
| CDSL | Central Depository Services (India) Limited |
| Closure of the Tendering Period | The last day by which the Eligible Public Shareholders may tender their Equity Shares in acceptance of the Offer. |
| CIN | Corporate Identity Number |
| Clearing Corporation | Indian Clearing Corporation Limited |
| Companies Act | The Companies Act, 1956 / Companies Act, 2013 as amended or replaced from time to time. |
| Depositories | CDSL and NSDL |
| Designated Stock Exchange | BSE Limited |
| Detailed Public Statement/ DPS | Detailed Public Statement dated September 01, 2020 issued by the Manager to the Offer, on behalf of the Acquirer, in relation to the Offer and published in all editions of Financial Express and Jansatta (English and Hindi) and Mumbai editions of Mumbai Lakshadeep (Marathi) on September 01, 2020 in accordance with the Regulations 3(1), 4, 5(1) and 5(2) read with Regulations 13(4), 14(3) and 15(2) and other applicable regulations of the SEBI (SAST) Regulations. |
| DIN | Director Identification Number |
| DP | Depository Participant |
| DLOF | Draft Letter of Offer dated September 08, 2020 |
| Eligible Equity Shareholders | All the equity shareholders of the Target Company excluding the Acquirer, Sellers, Promoters and Promoter Group of the Target Company. |
| Equity Share(s)/ Share(s) | The fully paid up equity share(s) of the Target Company having a face value of ₹ 10 (Rupees ten) per equity share |
| Equity Share Capital / Voting Share Capital | The Issued, Subscribed and Paid Up Share Capital of the Target Company is ₹ 4,60,03,430 comprising of 46,00,343 Equity Shares of ₹ 10/- each. |
| Escrow Agreement | Escrow Agreement dated August 25, 2020 entered between the Acquirer, Escrow Agent and Manager to the Offer |

| | |
|-----------------------------------|--|
| Escrow Bank / Escrow Agent | Axis Bank Limited, a banking company duly incorporated under the Companies Act, 1956 and registered as a banking company within the meaning of the Banking Regulation Act, 1949 and having its registered office at Trishul, 3rd Floor Opp Samartheshwar Temple, Near Law Garden, Ahmedabad – 380006, Gujarat, India and acting for the purpose of this agreement through its branch situated at Jeevan Prakash Building, Sir P M Road, Fort, Mumbai – 400 001 |
| FEMA | The Foreign Exchange Management Act, 1999, as amended or modified from time to time |
| FII(s) | Foreign Institutional Investor(s), as defined under Section 115AD of the Income Tax Act, which includes sub-accounts of FIIs and if any Foreign Institutional Investor(s) have been reorganized as Foreign Portfolio Investors, such Foreign Portfolio Investors |
| FIPB/ FIFP | Erstwhile Foreign Investment Promotion Board / Foreign investment Facilitation Portal |
| ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| Identified Date | Thursday October 01, 2020 i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Eligible Equity Shareholders to whom the Letter of Offer shall 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, duly incorporating SEBI's comments on the Draft Letter of Offer |
| Manager to the Offer | Pioneer Investcorp Limited having its office at 1218 Maker Chambers V, Nariman Point, Mumbai – 400 021, Maharashtra, India |
| NECS | National Electronic Clearing System |
| NEFT | National Electronic Funds Transfer |
| NRI | Non-Resident Indian as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended |
| NSDL | National Securities Depository Limited |
| OCBs | Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000 |
| Offer/Open Offer | The Open Offer being made by the Acquirer for acquiring up to 11,96,090 (Eleven Lakhs NinetySix Thousand and Ninety Only) Equity Shares representing 26% of the Voting Share Capital / Fully Diluted Equity Capital, from the Eligible Equity Shareholders at the Offer Price payable in cash. |
| Offer Consideration | The maximum consideration payable under this Offer, assuming full acceptance, is ₹ 2,69,71,830 (Indian Rupees Two Crores Sixty Nine Lakhs Seventy One Thousand Eight Hundred and Thirty Only) |
| Offer Period | Period commencing from August 25, 2020 till the date on which the payment of consideration to the Eligible Equity Shareholders who have accepted the Offer is made, or the date on which Offer is withdrawn, as the case may be. |
| Offer Price | ₹ 22.55 (Rupees Twenty Two and Paise Fifty Five Only) per Equity Share |
| Offer Size | Up to 11,96,090 (Eleven Lakh Ninety Six Thousand and Ninety Only) Equity Shares aggregating to a sum of ₹ 2,69,71,830 (Indian Rupees Two Crores Sixty Nine Lakhs Seventy One Thousand Eight Hundred and Thirty |

| | |
|--------------------------------------|--|
| | Only) Equity Shares representing 26% of the Fully Diluted Equity Capital. |
| Public Announcement/PA | Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on August 25, 2020 and filed with BSE, SEBI and Target Company in accordance with SEBI (SAST) Regulations. |
| RBI | Reserve Bank of India |
| Registrar to the Offer | Link Intime India Private Limited |
| SCRR | Securities Contract (Regulations) Rules, 1957, as amended |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended or modified from time to time. |
| SEBI (LODR) Regulations/ LODR | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended |
| SEBI (SAST) Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended |
| Sellers | Not applicable. This is an indirect acquisition wherein the promoters of Aura Alkalies and Chemicals Private Limited,(Aura) Mr Sunil Shah and HK Dealers Private Limited are selling their stake in Aura to the Acquirer |
| Stock Exchange | BSE |
| Target Company | Ashok Alco-Chem Limited having its registered office at 12/13, Jeevan Udyog Building; 278, Dr D N Road, Fort, Mumbai, Maharashtra, India. |
| Tendering Period | Friday October 16, 2020 to Thursday October 28, 2020 |
| Underlying Agreement | Agreement dated August 25, 2020 amongst the Acquirer, Mr. Sunil Shah and HK Dealers Private Limited to acquire the shares of Aura Alkalies and Chemicals Private Limited |
| Working Day | Working days of SEBI |

DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS 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 (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE ELIGIBLE EQUITY SHAREHOLDERS OF ASHOK ALCO CHEM 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 TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS 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 THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, PIONEER INVESTCORP LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 08, 2020 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS 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.”

II. DETAILS OF THE OFFER

A) Background of this Offer

1. This mandatory offer (the “Offer” or “Open Offer”) is being made by the Acquirer in compliance with Regulations 3(1), (4), 5(1)/5(2) of and other applicable provisions of the SEBI (SAST) Regulations, to acquire 26% of the / Fully diluted Share Capital of the Target Company.
2. On August 25, 2020 the Acquirer announced that he had entered into a Share Purchase Agreement (“Underlying Agreement”) dated August 25, 2020 with Mr. Sunil Shah and HK Dealers Private Limited (represented by Mr. Harshadrai Shah and Mr. Tejas Shah) the sellers and the promoters of Aura Alkalies and Chemicals Private Limited, (hereinafter referred to as “Aura”) to acquire 100% of the shareholding of Aura. (“Underlying Transaction” / “Primary Acquisition”).
3. Aura, which is holding 25,18,632 Equity Shares of Rs.10/- each constituting 54.75% of voting share capital of the Target Company is the existing promoter of the Target Company along with Mr. Sunil Shah (holding 1000 shares constituting 0.02%) and HK Dealers Private Limited (holding 1000 shares constituting 0.02%). Upon completion of the Underlying Transaction, 100% of the equity of Aura will be acquired by Acquirer and this will result in the indirect acquisition by the Acquirer of 54.75% of the voting share capital and an indirect change of control of the Target Company.
4. The Underlying Transaction, / Primary Acquisition constitutes an indirect acquisition by Acquirer of the Target Company under Regulations 4 and 5(1) of the SEBI (SAST) Regulations and since the proportional net asset value, the proportionate sales turnover and the proportionate market capitalization of the Target Company is more than 80% of the consolidated net asset value, consolidated sales turnover and enterprise value respectively of Aura Alkalies and Chemicals Private Limited, which is given below, the acquisition will be treated as a direct acquisition under Regulation 5(2) of the SAST Regulations and accordingly the provisions of Regulation 3(1) shall also apply.

(as on March 31, 2019) (Rs. In lacs)

| Particulars | Ashok Alco-Chem Limited | Aura Alkalies and Chemicals Private Limited |
|-----------------------|-------------------------|---|
| Net Asset Value | 4532.43 | 2213.80 |
| Sales Turnover | 17155.90 | 17155.90 |
| Market Capitalisation | 2530.19 | NA |
| Enterprise Value | NA | 1901.94 |

5. In terms of Regulation 13(2)(f) of the SEBI (SAST) Regulations, in the case of an indirect acquisition which is a deemed direct acquisition, the Public Announcement shall be made on the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain and the Draft Letter of Offer shall be filed within 5 working days of the Detailed Public Statement.
6. The Acquirer hereby makes this Offer to all the Eligible Equity Shareholders of the Target Company (other than the Acquirer, Sellers, Promoters and Promoter Group of the Target Company) to acquire Offer Shares, representing in aggregate 26% of the Fully diluted Share Capital of the Target

Company at a price of ₹ 22.55 (Rupees Twenty Two and Paise Fifty Five Only) per fully paid up equity share (“**Offer Price**”) payable in cash subject to the terms and conditions mentioned in the PA, DPS and in the Letter of Offer that will be circulated to the shareholders in accordance with the SEBI (SAST) Regulations (“**Letter of Offer**”).

7. The object of the acquisition is to acquire control over Aura Alkalies and Chemicals Private Limited and indirectly over Ashok Alco-Chem Limited.
8. This Offer is made pursuant to an indirect acquisition, and not through any scheme of arrangement. This is not a conditional offer.
9. This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal.
10. The Offer Price is payable in cash, in accordance with Regulation 9 (1) of the SEBI (SAST) Regulations.
11. The Acquirer confirms that he is not 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.
12. The Committee of Independent Directors of the Board of the Target Company, will come out with their recommendations for the Offer and the same shall be published in the newspapers where the DPS was published latest by Wednesday October 14, 2020.
13. The Acquirer does not hold any shares in the Target Company and is not a director on the Board of the Target Company. He is not represented on the Board of Directors of the Target Company and none of the directors of the Target Company represent the Acquirer.

B) Details of the proposed Offer:

1. The Public Announcement announcing the Open offer, under Regulation 3(1)/ 4/ 5(1) read with Regulation 5(2)) was made on Tuesday, August 25, 2020 to BSE and a copy thereof was also filed with SEBI and sent to the Target Company at its registered office on August 25, 2020 vide email dated August 25, 2020.
2. The Acquirer has published the Detailed Public Statement on Tuesday, September 01, 2020 in the following newspapers:

| Sr. No. | Newspapers | Language | Editions |
|---------|-------------------|----------|--------------|
| 1 | Financial Express | English | All Editions |
| 2 | Jansatta | Hindi | All Editions |
| 3 | Mumbai Lakshadeep | Marathi | Mumbai |

Simultaneously, in accordance with the provisions of Regulation 14(4) of SEBI (SAST) Regulations, a copy of the DPS was sent through the Manager to the Offer to: (i) SEBI; (ii) BSE; and (iii) the registered office of the Target Company on September 01, 2020 by way of email dated September 01, 2020.

A copy of the DPS is also available on the SEBI's website: www.sebi.gov.in

3. Pursuant to the Open Offer, the Acquirer proposes to acquire up to **11,96,090 (Eleven Lakhs Ninety Six Thousand and Ninety Only)** Equity Shares representing 26% (Twenty Six percent) of the Emerging Voting Share Capital / Fully diluted Share Capital of the Target Company as of the tenth (10th) working day from the closure of the tendering period, at the Open Offer Price of ₹ 22.55 (Indian Rupees Twenty Two and Paise Fifty Five Only) per Equity Share, to be paid in cash, in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions set out in the Letter of Offer.
4. This Offer is a mandatory offer pursuant to an indirect acquisition of voting rights in and control by the Acquirer over the Target Company in compliance with Regulation 3(1), 4 and 5(1) of the SEBI (SAST) Regulations. The thresholds specified under Regulation 5(2) of the SEBI (SAST) Regulations are applicable and hence this Offer would be treated as a direct acquisition.
5. The Offer is being made to all the Eligible Equity Shareholders of the Target Company (other than the Acquirer, Sellers, Promoters and Promoter Group of the Target Company). All Shares validly tendered in the Open Offer will be acquired by the Acquirer in accordance with the terms and conditions set forth in this Letter of Offer. The Shares to be acquired under the Offer must be free from all lien, charges and encumbrances, and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
6. The Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
7. As on date of this DLoF, there are no partly paid up Equity Shares in the share capital of the Target Company. Further, there is no differential pricing for the Offer.
8. As on the date of this DLoF, there are no outstanding convertible securities, depository receipts, warrants or instruments issued by the Target Company which are convertible into Equity Shares.
9. This Offer is being made to the Eligible Public Shareholders in terms of Regulation 7(6) of the SEBI (SAST) Regulations.
10. The Manager to the Offer does not hold any Equity Share as on the date of this Draft Letter of Offer. The Manager to the Offer further declares and undertakes that it will not deal on its own account in the Equity Shares of the Target Company during the Offer Period.
11. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.
12. As on the date of this Draft Letter of Offer, the Acquirer does not hold any shares in the Target Company. The Acquirer, post the completion of the Primary Transaction will acquire control of the Target Company and hence there will be a **change in management control pursuant to this Open Offer. He will also be reclassified as a promoter of the Target Company post the completion of**

this Open Offer subject to the compliance of the conditions specified under Regulation 31A of the SEBI (LODR) Regulations, 2015.

13. The Acquirer confirms that he has not acquired any Shares of Target Company after the date of PA i.e. August 25, 2020 and up to the date of this Draft Letter of Offer.
14. In the event that the number of Equity Shares validly tendered by the Eligible Equity Shareholders under this Offer is more than the Offer Size, the Acquirer shall accept the Equity Shares received from the Eligible Equity Shareholders on a proportionate basis in consultation with the Manager to the Offer in a fair and equitable manner, as detailed in paragraph VIII of this Draft Letter of Offer.
15. In the event the shares accepted in the open offer were such that the shareholding of the acquirer pursuant to completion of the open offer results in their shareholding exceeding the maximum permissible non-public shareholding, the acquirer shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957 (SCRR) and SEBI (LODR) Regulations, 2015.
16. The Equity Shares of the Target Company are listed on the BSE. As per Regulation 38 of LODR, read with Rule 19(2) and Rule 19A of SCRR the Target Company is required to maintain at least 25% Eligible Equity shareholding (i.e., Shares of the Target Company held by the Eligible Equity as determined in accordance with the SCRR, on a continuous basis for listing). The acquisition of 26% Fully diluted Share Capital under this Offer will result in the public shareholding in the Target Company falling below the level required for continuous listing. Further the Acquirer undertakes that if his shareholding both direct and indirect exceeds the maximum permissible non-public shareholding, pursuant to this Open Offer, the Target Company shall not be making a voluntary delisting offer under the SEBI (Delisting of Equity Shares) Regulations, 2009, unless a period of 12 months has elapsed from the date of the completion of the Offer Period.

III. OBJECT OF THE ACQUISITION/ OFFER

1. The object of the acquisition is acquisition of control over Aura Alkalies and Chemicals Private Limited and indirectly the Target Company by virtue of acquiring the promoter entity.
2. At present, the Acquirer does not have any plans to make major changes to the existing line of business of the Target Company except in the ordinary course of business. The Acquirer will continue to support the existing business of the Target Company. However, in case the Acquirer intends to build new businesses it shall be subject to the prior approval of the Shareholders by way of a special resolution.
3. The Acquirer does not have any plans to restructure or alienate any material assets of the Target Company whether by way of sale, lease, encumbrance or otherwise within a period of two years from the completion of the Offer except in the ordinary course of business. The Target Company's future policy for disposal of its assets, if any, within two years from the completion of Offer will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders through Special Resolution passed by way of postal ballot in terms of Regulation 25(2) of SEBI (SAST) Regulations.

IV. BACKGROUND OF THE ACQUIRER – MANAN CHETAN SHAH

1. Manan Chetan Shah (hereinafter referred to as “Acquirer”), son of Mr. Chetan Shah, is an Indian National, aged about 27 years, having PAN Number BLNPS8994N, having his address at Flat No. 4, 4th Floor Wyoming Co-Op Hsg. Soc. Ltd., 12A Little Gibbs Road, Malabar Hill Mumbai - 400006, Maharashtra, India. His mobile Number is (+) 91 9820911616 and his email id is mananshah@ashapura.com
2. Mr. Manan Chetan Shah is a Bachelor of Financial Markets from Mumbai. Over the last Seven years, he has successfully promoted and managed projects in diverse fields of Oil Refining Clay, Industrial chemicals, Environmental technologies, Pharmaceutical Intermediates and Advanced Refractory Materials. Mr. Manan Shah has a strong track record of placing research & product development at the core of his business strategy.

Mr. Manan Chetan Shah represents the 3rd generation of the entrepreneurial Shah family which owns & manages the Ashapura Group, a mineral solutions conglomerate spread over 7 countries in Europe, Asia and the Middle East. The Ashapura Group is one of the world’s largest Bauxite exporters, 3rd largest Bentonite producer and the world’s 3rd largest Bleaching Clay producer.

Mr. Manan Chetan Shah is currently the President of Orient Abrasives Ltd. (an associate of the Ashapura Group) and has played a pivotal role in modernising the entire processing and information technology architecture of Ashapura Group. He is a promoter / director of companies belonging to the Ashapura Group.

3. Acquirer is a Promoter and / or Director of the following companies and his shareholding in the companies is as under:

| Sl.No | Name of the Company | Position Held | Number of shares held | Percentage |
|-------|---|---------------|-----------------------|------------|
| 1. | Legendary Traders Private Limited | Director | 5,000 | 2.50% |
| 2. | Ashapura Infin Private Limited | Director | 100 | 1% |
| 3. | Peninsula Property Developers Private Limited | Director | - | - |
| 4. | Manico Minerals International Private Limited | Director | - | - |
| 5. | Ashapura Resources Private Limited | Director | - | - |
| 6. | Atharva Multimodal India Private Limited | Director | - | - |
| 7. | Ashapura Minechem Limited | Promoter | 22,39,220 | 2.57% |
| 8. | Orient Abrasives Limited | Promoter | 68,21,507 | 5.70% |

4. The Acquirer has confirmed that he is not categorized as a “Willful Defaulter” in terms of Regulation (1)(ze) of the SEBI (SAST) Regulations, 2011. He has further confirmed that he and the

other companies of which is the promoter and director are not appearing in the willful defaulters list of the Reserve Bank of India.

5. The Acquirer is not debarred by SEBI from accessing the capital markets or from dealing in securities in terms of the provisions of Section 11B of the SEBI Act, 1992 or under any other Regulation of the SEBI Act, 1992.
6. The Acquirer has not directly or indirectly acquired any Equity Shares of the Target Company since the date of the PA and up to the date of this Draft Letter of Offer. The Acquirer does not hold any shares in the Target Company. Hence the provisions of Chapter V of the Takeover Regulations are not applicable to him.
7. He is a party to the “Underlying Agreement”, pursuant to which there has been a change in the indirect shareholding and control of the Target Company.
8. The Networth of Acquirer as on March 31, 2020 is ₹ 30,39,90, 873/- (Indian Rupees Thirty Crores Thirty Nine Lakhs Ninety Thousand Eight Hundred Seventy Three Only) and the same is certified by Mr. Hemanshu M. Vora, Chartered Accountant, Partner, Atul HMV & Associates LLP having its office at Chitalia House, 3rd Floor, 274/276, Dr. Cawaji Hormasji Lane, Near Marine Lines Station, Mumbai - 400 002 (Membership No. 100283; Firm Registration No.:124043W) vide his certificate dated July 24, 2020. The Acquirer has sufficient liquid funds as on date to fulfill his monetary obligations under this Open Offer.
9. The provisions of Chapter V of the SEBI (SAST) Regulations, 2011 are not applicable to the Acquirer as he does not hold any shares in the Target Company.
10. The Acquirer is not a fugitive economic offender.

V. BACKGROUND OF THE TARGET COMPANY

ASHOK ALCO-CHEM LIMITED (“Target Company”)

1. The Target Company was incorporated as “Ashok Alco-Chem Limited” on November 18, 1992 as a public company under the provisions of Companies Act, 1956 having registration number 11-069615 of 1992 with the RoC, Maharashtra at Mumbai. The Corporate Identification Number of our Company is L24110MH1992PLC069615. The registered office of the Target Company is situated at 12/13, Jeevan Udyog Building; 278, Dr. D N Road, Fort, Mumbai – 400 001, **Telephone:** +91 22 66106338; **E-mail:** secretarial@ashokalcochem.com **Website:** www.ashokalcochem.com. The promoters of the company are Aura Alkalies and Chemicals Private Limited, Mr Sunil Shah and HK Dealers Private Limited.
2. **The object clause as per the Memorandum of Association of the Target Company was altered vide special resolution of the shareholders at the AGM held on September 28, 2019 and the following Clause 1A has been added to the Objects Clause:**

To purchase, buy, sell, lease, acquire, hire, rent, hold or exploit mines, mining lease, mining license, mining rights, mining claims and metaliferrous lands and to explore, search, work, exercise, develop, treat, fine and turn to account ores, all sorts of major and minor minerals and

all kinds of minerals, mineral extract, processed minerals, mineral derivatives, subsoil minerals, by products and similar other products and to crush, quarry, smelt, calcine, refine, process, dress, preserve, amalgamate, manufacture, manage, manipulate and prepare for market ore, metal and mineral substances of all kinds and to carry on metallurgical operations in all its branches and to trade, import, export, buy, sell and deal in all kinds of minerals and ores.

3. The Target Company is engaged in the mineral industry for the past 10 years. After having divested its industrial solvents business on November 30, 2019 (i.e. the Chemicals Manufacturing Division), the Company is currently focusing on trading business and mineral based pharmaceutical business which is expected to offer relatively stable revenues and margins.
4. The Target Company has two wholly owned subsidiaries, Viz (i) Aeonx Digital Solutions Private Limited (earlier known as Ashwa Minerals Private Limited) and (ii) Aeon Procure Private Limited. Aeonx Digital Solutions Private Limited became a wholly owned subsidiary on March 31, 2016 after the acquisition of the entire shareholding from its shareholders Mr Sunil Shah and Mr. Raviraj Shah. Aeonx Digital Solutions Private Limited has altered its object clause on July 15, 2020 and added business of Information Technology related products and services in its Object Clause. Aeon Procure Private Limited became a wholly owned subsidiary of the Target Company on December 17, 2019 after acquisition of the entire shareholding of Aeon by the Target Company from its shareholders Mr. Manan Chetan Shah and Mr Chetan Shah. Aeon Procure Private Limited is principally engaged in the business of specialty mineral manufacturing and trading providing quality products to Pharmaceutical, Cosmetic & Feed industries.
5. The Authorized Share Capital of the Target Company is ₹ 7,00,00,000 comprising of 50,00,000 Equity Shares of face value ₹ 10/- each and 20,00,000 11% preference shares of ₹ 10/- each. The Issued, Paid Up and Subscribed Share Capital of the Target Company is ₹ 4,60,03,430 comprising of 4600343 Equity Shares of Rs.10/- each. There are no partly paid shares.
6. As on the date of this Letter of Offer, there are no outstanding convertible instruments to be converted into Equity Shares of the Target Company at a future date.
7. The shares of the Target Company are listed on the BSE Limited. (Scrip Code: 524594 and Symbol: ASHOKALC)
8. The equity shares of the Target Company are frequently traded on the BSE within the meaning of explanation provided in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations. (Source: www.bseindia.com)
9. The Target Company has paid listing fees to BSE for the financial year 2020-21.
10. The trading in the Equity Shares of the Target Company has not been suspended on the stock exchanges since May 31, 2012, the expiry of the offering period for the previous open offer.

11. The capital structure of the Target Company as of the date of this Letter of Offer is:

| <i>Issued and Paid-up Equity Share Capital</i> | <i>Number of Equity Shares (Face Value - ₹ 10/-)/Voting Rights</i> | <i>Percentage of Equity Shares/Voting Rights</i> |
|--|--|--|
| Total Issued Capital | 46,00,343 | 100% |
| Total fully paid-up equity shares | 46,00,343 | 100% |
| Total Voting Rights in Target Company | 46,00,343 | 100% |

12. As on the date of this Draft Letter of Offer, the composition of the Board of Directors of the Target Company is as follows:

| <i>Sr.</i> | <i>Name and Address</i> | <i>Designation</i> | <i>DIN</i> | <i>Date of Appointment</i> |
|------------|---|-------------------------|------------|----------------------------|
| 1 | Mr. Sunil Khimji Shah 18/1, New Banker'S Colony, Bhuj-Kutch, Bhuj, Gujarat - 370001 | Non- Executive Director | 03567415 | 08-02-2013 |
| 2 | Mr. Manoj Chimanbhai Ganatra Aum, Plot No. 64-C, Near Kalakshetra Off Satyanarayan Road Bhavnagar- 364001 | Independent Director | 00568914 | 08-04-2011 |
| 3 | Mr. Shekaar Raju Shetty L-4, Flat no. 6 Laxmi Ramana CHS Ltd., Bangur Nagar Goregaon (West), Mumbai 400104 | Independent Director | 07824778 | 17-05-2017 |
| 4 | Ms. Hina Shah 2001, Raheja Regency CHS., Road No. 29, Near Sion Telephone Exchange, Sion, Mumbai - 400022 | Independent Director | 8335130 | 12-02-2019 |

13. The Acquirer is not represented on the Board of Directors of the Target Company as on the date of this Draft Letter of Offer.
14. There has been no merger or spin off involving the Target Company or of the Target Company in the last 3 years.

15. The brief consolidated financial information of the Target Company for the financial years ended 31st March 2020, 31st March 2019, 31st March 2018 and 31st March 2017 is as under:

(Amount ₹ in lakhs)

| <i>Profit & Loss Statement</i> | <i>Audited Financials for the year ended March 31, 2020</i> | <i>Audited Financials for the year ended March 31, 2019⁽ⁱ⁾</i> | <i>Audited Financials for the year ended March 31, 2018⁽ⁱ⁾</i> | <i>Audited Financials for the year ended March 31, 2017⁽ⁱⁱ⁾</i> |
|---|---|---|---|--|
| Revenue from Operations | 11250.80 | 17155.90 | 16074.39 | 17212.08 |
| Other Income | 655.38 | 163.01 | 451.56 | 335.20 |
| Total Revenue | 11906.18 | 17318.91 | 16525.95 | 17547.28 |
| Expenditure | 12617.49 | 17328.32 | 15741.91 | 16726.08 |
| Profit Before Depreciation Interest and Tax | (711.31) | (9.41) | 784.04 | 821.20 |
| Depreciation | 64.78 | 118.40 | 113.93 | 105.23 |
| Interest | 90.53 | 147.83 | 205.46 | 182.40 |
| Profit / (Loss) Before Tax & Exceptional Items | (866.62) | (275.64) | 464.65 | 533.57 |
| Exceptional Items | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit / (Loss) Before Tax | (866.62) | (275.64) | 464.65 | 533.57 |
| Provision for Tax | 154.47 | -(13.27) | 175.07 | 190.81 |
| Profit After Tax | (712.15) | (288.91) | 289.58 | 342.76 |
| <i>Balance Sheet</i> | | | | |
| Paid up share capital | 460.03 | 460.03 | 460.03 | 460.03 |
| Equity Pending Allotment | 0 | 0 | 0 | 0 |
| Reserves and Surplus | 3266.82 | 4072.40 | 4413.13 | 4213.34 |
| Networth | 3726.85 | 4532.43 | 4,873.16 | 4673.37 |
| Secured loans | 275.00 | 840.49 | 1031.43 | 964.17 |
| Unsecured loans | 323.52 | 0 | 0 | 0 |
| Deferred Tax Liabilities (Net) | 7.85 | 0 | 69.36 | 149.51 |
| Long Term Provisions | 2.67 | 62.86 | 59.19 | 22.52 |
| Trade Payables | 915.59 | 2363.97 | 1810.38 | 2626.40 |
| Other Financial Liabilities | 62.66 | 190.75 | 138.69 | 0 |
| Other Current Liabilities | 1019.96 | 1214.02 | 1353.98 | 2675.63 |
| Provisions | 0.91 | 10.16 | 24.65 | 38.96 |
| Current Tax Liabilities (net) | 79.28 | 1644.31 | 1777.76 | 0 |

| | | | | |
|-----------------------------|---|---|---|---|
| Total | 6414.29 | 10858.99 | 11138.60 | 11442.95 |
| Net fixed assets | 1427.89 | 1561.79 | 1607.52 | 1559.66 |
| Investments | 0.00 | 0.00 | 0.00 | 0.00 |
| Long Term Loans & Advances | 0.00 | 0.00 | 0.00 | 136.20 |
| Other Non-Current Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred Tax Assets (Net) | 152.47 | 9.69 | 0.00 | 0.00 |
| Inventories | 54.79 | 1915.56 | 2400.63 | 2109.87 |
| Trade receivables | 1190.1 | 3071.20 | 2757.72 | 3521.58 |
| Other Current Assets | 1877.13 | 2053.53 | 1534.70 | 0.00 |
| Cash and Bank Balances | 692.41 | 284.69 | 859.56 | 305.83 |
| Loans | 853.14 | 310.00 | 284.42 | 3809.81 |
| Current Tax Assets | 155.78 | 1583.80 | 1642.87 | 0.00 |
| Other Financial Assets | 10.58 | 68.73 | 51.18 | 0.00 |
| Total | 6414.29 | 10858.99 | 11138.6 | 11442.95 |
| Other Financial Data | <i>Audited Financials for the year ended March 31, 2020</i> | <i>Audited Financials for the year ended March 31, 2019</i> | <i>Audited Financials for the year ended March 31, 2018</i> | <i>Audited Financials for the year ended March 31, 2017</i> |
| Dividend (%) | 5% | 10% | 10% | 10% |
| Earnings Per Share (Rs.) | (15.48) | (6.28) | 6.30 | 7.45 |
| Return on Net worth (%) | (19.54) | (6.37) | 5.94 | 7.21 |
| Book Value per share (Rs.) | 79.21 | 98.52 | 105.93 | 107.94 |

⁽ⁱ⁾ These Financial Statements have been prepared and presented in accordance with IND AS

⁽ⁱⁱ⁾ These Financial Statements have been prepared and presented in accordance with INDIAN GAAP.

16. Details of Contingent Liabilities as on March 31, 2020

The details of Contingent Liabilities as on March 31, 2020 are as follows:

| Particulars | Amount (Rs. in Lakhs) |
|---|------------------------|
| Demand U/s 143(3) of the Income Tax Act, 1961 | 675.89 |

17. Pre and Post Offer Shareholding Pattern of the Target Company as on date of this Letter of Offer is and shall be as follows:

| Shareholders' Category | Shareholding & voting rights prior to the agreement and Open Offer | | Equity Shares/voting rights agreed to be acquired which has triggered the Regulations | | Equity Shares/voting rights to be acquired in Open Offer (Assuming full acceptances) | | Shareholding / voting rights after the acquisition and Open Offer (Assuming full acceptances) | |
|---|--|---------------|---|----------|--|----------|---|---------------|
| | (A) | | (B) | | (C) | | (D) = (A) + (B) + (C) | |
| | No. | % | No. | % | No. | % | No. | % |
| (1) Promoter/ promoter group | | | | | | | | |
| a. Parties to agreement, if any* | | | - | - | - | - | | |
| Sunil Shah | 1000 | 0.02 | | | | | 1000 | 0.02 |
| H K Dealers P Ltd | 1000 | 0.02 | | | | | 1000 | 0.02 |
| b. Promoters other than (a) above Aura Alkalies and Chemicals P Ltd* | 2518632 | 54.75 | - | - | - | - | 2518632 | 54.75 |
| Total (1) | 2520632 | 54.79 | - | - | - | - | - | 54.79 |
| (2) Acquirer** | 0.00 | 0.00 | 0.00 | 0.00 | 1196090 | 26.00 | 1196090 | 26.00 |
| (3) Eligible Equity (other than Acquirer) | 2079711 | 45.21 | | | | | 883621 | 19.21 |
| Grand Total (1+2+3) | 4600343 | 100.00 | | | | | 4600343 | 100.00 |

*There are no parties to an agreement directly acquiring any Equity Shares of the Target Company and no sellers that are selling any Equity Shares of the Target Company as this is an Offer triggered by an indirect acquisition of the Target Company. However, Mr Sunil Shah and HK Dealers Private Ltd., are selling their 100% stake in Aura Alkalies and Chemicals Private Ltd to the Acquirer.

** The Acquirer does not hold any Equity Shares in the Target Company prior to the date of the Underlying Agreement.

Please note that as part of the Primary Transaction, the Acquirer will indirectly acquire 54.75% of the fully diluted voting share capital of the Target Company which he will hold through Aura Alkalies and Chemicals Private Limited.

VI. OFFER PRICE AND FINANCIAL ARRANGEMENTS

A. JUSTIFICATION OF OFFER PRICE

1. The equity shares of the Target Company are listed on BSE.
2. The annualized trading turnover in the equity shares of the Target Company on BSE based on trading volume during the twelve calendar months prior to the month of PA 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 | Annualized trading turnover (as % of shares listed) |
|----------------|--|-----------------------------------|---|
| BSE | 858971 | 4600343 | 18.67% |

(Source: www.bseindia.com)

3. Based on the information provided in point above, the equity shares of the Target Company are **frequently traded** on the both the Exchanges within the meaning of explanation provided in regulation 2(1)(j) of the SEBI (SAST) Regulations, 2011.
4. The Offer Price of ₹ 22.55/- (Rupees Twenty Two and Paise Fifty Five only) is justified in terms of regulation 8 of the SEBI (SAST) Regulations, 2011, the offer being treated as a direct acquisition as all the parameters in terms of Regulation 5(2) being met **being the highest of the following**:

| | | |
|----|---|----------------|
| a) | Highest negotiated price per share for acquisition under the SPA; | Not Applicable |
| b) | The volume-weighted average price paid or payable for acquisition(s), whether by the Acquirer or by any person(s) acting in concert, during the fifty-two weeks immediately preceding the date of public announcement; | Not Applicable |
| c) | The highest price paid or payable for any acquisition, whether by the Acquirers or by any person(s) acting in concert, during the Twenty-six weeks immediately preceding the date of the Public Announcement | Not Applicable |
| d) | 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 | Rs.22.55* |

*(Source: www.bseindia.com)

5. The price and volume data of the Equity Shares on BSE where the highest volumes have been recorded for a period of 60 trading days immediately preceding the date of the PA, as per Regulation 8(2) of the SEBI (SAST) Regulations, is set forth below:

| Sl.No | Date | VWAP |
|-------|-----------|---------|
| 1 | 24-Aug-20 | 34.0500 |
| 2 | 21-Aug-20 | 28.1846 |
| 3 | 20-Aug-20 | 24.2452 |
| 4 | 19-Aug-20 | 23.3526 |
| 5 | 18-Aug-20 | 24.0462 |
| 6 | 17-Aug-20 | 23.5073 |
| 7 | 14-Aug-20 | 23.8608 |
| 8 | 13-Aug-20 | 23.2888 |
| 9 | 12-Aug-20 | 22.5953 |
| 10 | 11-Aug-20 | 22.1846 |
| 11 | 10-Aug-20 | 22.4705 |
| 12 | 07-Aug-20 | 21.4270 |
| 13 | 06-Aug-20 | 20.0048 |
| 14 | 05-Aug-20 | 19.9091 |
| 15 | 04-Aug-20 | 20.1273 |
| 16 | 03-Aug-20 | 20.3538 |
| 17 | 31-Jul-20 | 19.9841 |
| 18 | 30-Jul-20 | 20.3618 |
| 19 | 29-Jul-20 | 20.0669 |
| 20 | 28-Jul-20 | 20.8783 |
| 21 | 27-Jul-20 | 19.8904 |
| 22 | 24-Jul-20 | 20.8483 |
| 23 | 23-Jul-20 | 21.2696 |
| 24 | 22-Jul-20 | 21.5342 |
| 25 | 21-Jul-20 | 21.7719 |
| 26 | 20-Jul-20 | 21.5180 |
| 27 | 17-Jul-20 | 22.0302 |
| 28 | 16-Jul-20 | 21.9043 |
| 29 | 15-Jul-20 | 22.0885 |
| 30 | 14-Jul-20 | 22.2038 |
| 31 | 13-Jul-20 | 22.7070 |
| 32 | 10-Jul-20 | 22.6354 |
| 33 | 09-Jul-20 | 21.9657 |
| 34 | 08-Jul-20 | 22.4572 |
| 35 | 07-Jul-20 | 21.7458 |
| 36 | 06-Jul-20 | 22.7862 |
| 37 | 03-Jul-20 | 22.3229 |
| 38 | 02-Jul-20 | 22.5002 |

| | | |
|---------------------|-----------|----------------|
| 39 | 01-Jul-20 | 22.92849 |
| 40 | 30-Jun-20 | 23.04565 |
| 41 | 29-Jun-20 | 23.6588 |
| 42 | 26-Jun-20 | 24.3875 |
| 43 | 25-Jun-20 | 22.39555 |
| 44 | 24-Jun-20 | 23.12392 |
| 45 | 23-Jun-20 | 23.00335 |
| 46 | 22-Jun-20 | 22.787 |
| 47 | 19-Jun-20 | 23.04807 |
| 48 | 18-Jun-20 | 23.13022 |
| 49 | 17-Jun-20 | 22.06422 |
| 50 | 16-Jun-20 | 22.08736 |
| 51 | 15-Jun-20 | 21.07939 |
| 52 | 12-Jun-20 | 21.56172 |
| 53 | 11-Jun-20 | 23.02456 |
| 54 | 10-Jun-20 | 22.60705 |
| 55 | 09-Jun-20 | 23.83791 |
| 56 | 08-Jun-20 | 23.91825 |
| 57 | 05-Jun-20 | 23.30029 |
| 58 | 04-Jun-20 | 23.18929 |
| 59 | 03-Jun-20 | 22.57863 |
| 60 | 02-Jun-20 | 22.15783 |
| Average VWAP | | 22.5332 |

6. The Volume Weighted Average Market Price based on the above is \square 22.53 **(Indian Rupees Twenty Two and Paise Fifty Three only)** per Equity Share.
7. In view of the above parameters considered and in the opinion of the Acquirer and Manager to the Offer, the Offer Price of \square 22.55/- per equity share is justified in terms of regulation 8 of the Takeover Regulations.
8. There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.
9. There has been no revision in the Offer Price or to the size of this Offer as on the date of this DLoF.
10. An upward revision in the Offer Price or to the size of this Offer, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last one working day before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the Takeover Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts, (ii) make a public announcement in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE and the Target Company at its registered office of such revision.

11. 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, then 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 the Takeover Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 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.

B. FINANCIAL ARRANGEMENTS

1. Assuming full acceptance, the total funds requirement to meet this Offer is ₹2,69,71,830/- (Indian Rupees Two Crores Sixty Nine Lakhs Seventy One Thousand Eight Hundred and Thirty Only).
2. The Networth of the Acquirer as on March 31, 2020 is ₹30,39,90,873/- (Indian Rupees Thirty Crores Thirty Nine Lakhs Ninety Thousand Eight Hundred Seventy Three Only) and the same is certified by Mr. Hemanshu M. Vora, Chartered Accountant, Partner, Atul HVM & Associates LLP having its office at Chitalia House, 3rd Floor, 274/276, Dr. Cawaji Hormasji Lane, Near Marine Lines Station, Mumbai - 400 002 (Membership No. 100283; Firm Registration No.:124043W) vide his certificate dated July 24, 2020.
3. In accordance with Regulation 17(1) of the Takeover Regulations, the Acquirer has opened an escrow cash account bearing Account No: 920020058039206 (“Escrow Cash Account”) with Axis Bank Limited a banking company duly incorporated under the Companies Act, 1956 and registered as a banking company within the meaning of the Banking Regulation Act, 1949 and having its registered office at Trishul’, 3rd floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006 India and acting for the purpose of this agreement through its branch situated at ground floor, Universal Insurance Building, Fort, Mumbai – 400 001 and have made a cash deposit of Rs. 67,50,000 (Rupees Sixty Seven Lakhs Fifty Thousand Only) in the Escrow Cash Account. The cash deposited in Escrow Cash Account represents more than 25% of the total consideration payable to the Equity Shareholders under this Offer. A Bank Statement confirming the credit balance Rs. 67,50,000 (Rupees Sixty Seven Lakhs Fifty Thousand Only) as on 27th August, 2020 was received by the Manager of the offer from the Axis Bank Ltd. The Acquirer has empowered the Manager to the Offer to operate and to realize the value of the Escrow Account in terms of the Takeover Regulations.
4. The Acquirer has confirmed that he has adequate financial resources to meet the obligations under the Open Offer and has made firm financial arrangements for financing the acquisition of the Offer Shares, in terms of Regulation 25(1) of the Takeover Regulations.
5. In case of any upward revision in the Offer Price or the size of this Offer, the value in cash of the Escrow Amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the Takeover Regulations.
6. Based on the above, Pioneer Investcorp Limited , Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to implement the Open Offer in full accordance with the Takeover Regulations.

VII. TERMS AND CONDITIONS OF THE OFFER

1. In terms of schedule of activities, the tendering period will commence on Friday October 16, 2020 and will close on Thursday, October 29, 2020 (both days inclusive).
2. The Eligible Equity Shareholders of the Target Company who tender their Equity Shares in this Offer shall ensure that the Equity Shares offered under this Offer are free from all liens, charges, equitable interests, and encumbrances and will be acquired by the Acquirer in accordance with the terms and conditions set forth in the DPS and this Letter of Offer, the relevant provisions of the SEBI (SAST) Regulations, and applicable law. The Acquirer shall acquire the Equity Shares in this Offer, together with all the rights attached thereto, including all rights to dividends, bonuses and rights offers declared thereof and the tendering Eligible Equity Shareholders shall have obtained consents for it to sell the Equity Shares tendered in the Offer.
3. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.
4. The Identified date for this Offer as per the schedule of activity is October 01, 2020
5. Target Company has signed agreements with Depositories for offering Shares in dematerialized form. The ISIN Number is **INE994D01010**.
6. The Marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1 (One) Equity Share. (Source: www.bseindia.com)
7. There has been no revision in the Offer Price or Offer Size as on the date of this Draft Letter of Offer.
8. In terms of Regulation 20(8) of the SEBI (SAST) Regulations, if there is a competing offer, the schedule of activities and the Tendering Period for all competing offers, shall be carried out with identical timelines and the last date for tendering shares in acceptance of every competing offer shall stand revised to the last date for tendering shares in acceptance of the competing offer made.
9. In terms of Regulation 20(9) of the SEBI (SAST) Regulations, upon the Eligible Equity announcement of a competing offer, an acquirer who had made a preceding competing offer shall be entitled to revise the terms of its Offer provided the revised terms are more favorable to the Eligible Equity Shareholder of the Target Company. However, the acquirer making the competing offers shall be entitled to make upward revisions of the offer price at any time up to 1 Working Day prior to the commencement of the Tendering Period.
10. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Eligible Equity Shareholder who have accepted this Offer by tendering their Equity Shares and requisite documents in terms of the PA, the DPS and this Letter of Offer are not entitled to withdraw such acceptance during the Tendering Period for this Offer.
11. Accidental omission to dispatch this Letter of Offer to any Eligible Equity Shareholder to whom this Offer has been made or non-receipt of this Letter of Offer by any such Eligible Equity Shareholder shall not invalidate this Offer in any way.

A) ELIGIBILITY FOR ACCEPTING THE OFFER

1. The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the present promoters) whose names appear in register of members of the Target Company as of the close of business on Thursday, October 01, 2020 , i.e., the Identified Date.
2. This Offer is also open to persons who own Equity Shares in the Target Company but are not registered Eligible Equity Shareholders as on the Identified date i.e. Thursday October 01, 2020.
3. Eligible Equity Shareholders holding the shares in dematerialized form are eligible to participate in this Open Offer at any time during the period from Offer Opening Date till the Offer Closing Date (“**Tendering Period**”) for this Open Offer.
4. As per the proviso to Regulation 40(1) of the LODR Regulations (as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018), effective from April 01, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, the Eligible Equity Shareholders who are holding Equity Shares in physical form and are desirous of tendering their Equity Shares in the Open Offer can do so only after the Equity Shares are dematerialized. Such Eligible Equity Shareholders are advised to approach any depository participant to have their Equity Shares dematerialized.
5. The Public Announcement, the Detailed Public Statement, the Draft Letter of Offer and the Letter of Offer will also be available on the website of SEBI (www.sebi.gov.in). In case of non-receipt of the Letter of Offer, all Eligible Equity Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer from SEBI’s website for applying in the Offer.
6. Unregistered Shareholders, those who hold shares 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.
7. The acceptance of this Offer by the Eligible Equity Shareholders of Target Company must be unconditional, absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
8. The acceptance of this Offer is entirely at the discretion of the Eligible Equity Shareholder(s)/Beneficial owner(s) of Target Company.
9. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

B) STATUTORY AND OTHER APPROVALS

1. As of the date of this Letter of Offer, to the best of the knowledge of the Acquirer, there are no statutory or other approvals required by the Acquirer to complete the acquisition of the Offer Shares. However, in case any statutory or other approvals are required by the Acquirer at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory approvals.
2. If any of the Eligible Equity shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIIs) require any approvals inter-alia from the Reserve Bank of India, or any regulatory body for the transfer of any Equity Shares to the Acquirer, they shall be required to submit such approval along with the other documents required to be tendered to accept this Offer. If such approval is not submitted, the Acquirer reserves the right to reject the Equity Shares tendered by such shareholders that are not resident in India. Subject to the receipt of statutory and other approvals, if any, the Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the tendering period to those Eligible Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
3. Subject to the receipt of statutory and other approvals, if any, the Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the tendering period to those Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
4. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delayed receipt of the requisite approval(s) was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue the application for such approval, grant extension of time for the purpose, subject to such terms and conditions as may be specified by SEBI including payment of interest to the shareholders, in terms of regulation 18(11) of the 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 for forfeiture.

VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. The Open Offer will be implemented by the Company through Stock Exchange Mechanism made available by BSE in the form of separate window (Acquisition Window) as provided under the SEBI (SAST) Regulations and SEBI Circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 and CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 issued by SEBI.
2. BSE shall be the designated stock exchange (“**Designated Stock Exchange**”) for the purpose of tendering Equity Shares in the Open Offer.
3. The Acquirer has appointed Infinity.com Financial Securities Limited as the registered broker (“**Buying Broker**”) for the Open Offer through whom the purchases and settlements of on account of the Equity Shares tendered under the Open Offer shall be made. The contact details of the Buying Broker are as mentioned below:

Name : Infinity.com Financial Securities Limited
Address : 1218, Maker Chambers V, Nariman Point, Mumbai – 400 021.
Contact Person: Mr. Dakshat Shah
Tel. : 022-66186633
E-mail ID : dakshats@pinc.co.in

4. The facility for acquisition of shares and placing sell orders through the Stock Exchange mechanism pursuant to Offer shall be available on the BSE in the form of a separate acquisition window (“**Acquisition Window**”).
5. All the Eligible Equity Shareholders who desire to tender their Equity Shares under the Open Offer would have to approach their respective stock broker (“**Selling Broker**”) during the normal trading hours of the secondary market during Tendering Period.
6. The Acquisition Window provided by BSE shall facilitate placing of sell orders. The Selling Brokers can enter orders for demat equity shares only.
7. The cumulative quantity tendered shall be displayed on the website of the BSE throughout the trading session at specific intervals by the stock exchange during Tendering Period.
8. Shareholders can tender their shares only through a broker with whom the shareholder is registered as client (KYC Compliant).

A. PROCEDURE TO BE FOLLOWED BY SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN PHYSICAL FORM:

As per the proviso to Regulation 40(1) of the SEBI (LODR) Regulations (as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018), effective from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Therefore, the Eligible Equity Shareholders holding Equity Shares in physical form shall not be eligible to tender such Equity Shares in the Open Offer.

ACCORDINGLY, THE ELIGIBLE EQUITY SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN PHYSICAL FORM AND ARE DESIROUS OF TENDERING THEIR EQUITY SHARES IN THE OPEN OFFER CAN DO SO ONLY AFTER THE EQUITY SHARES ARE DEMATERIALIZED. SUCH ELIGIBLE EQUITY SHAREHOLDERS ARE ADVISED TO APPROACH ANY DEPOSITORY PARTICIPANT TO HAVE THEIR EQUITY SHARES DEMATERIALIZED.

B. SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN DEMATERIALIZED FORM:

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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 Shares tendered etc.
- f. 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.

THE ELIGIBLE EQUITY SHAREHOLDERS HOLDING SHARES IN DEMAT MODE (INCLUDING THOSE PHYSICAL SHAREHOLDERS WHO DEMAT THEIR PHYSICAL SHARES FOR THE PURPOSE OF TENDERING IT IN THE OPEN OFFER) ARE NOT REQUIRED TO FILL ANY FORM OF ACCEPTANCE.

C. ACCEPTANCE OF SHARES

- a. Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.
- b. In the event that the number of Equity Shares validly tendered by the Eligible Equity Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Eligible Equity 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 Eligible Equity Shareholder shall not be less than the minimum marketable lot, or the

entire shareholding if it is less than the marketable lot. The minimum marketable lot of the Target Company is 1 Equity Share.

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

- a. 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.
- b. 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 this Letter of Offer or in the relevant Acceptance Form.
- c. The Letter of Offer will be dispatched to all the eligible equity shareholders 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 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.
- d. The Letter of Offer would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the said website.

E. SETTLEMENT PROCESS

- a. On closure of the Offer, reconciliation for acceptances shall be conducted by the Registrar to the Offer in consultation with the Manager to the Offer and the final list of accepted Equity Shares shall be provided to the Designated Stock Exchange to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.
- b. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
- c. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation.
- d. The direct credit of shares shall be given to the demat accounts of the Acquirer indicated by the Acquirer's Buying Broker. For the same, the existing facility of client direct payout in the capital market segment shall be available.
- e. Once the basis of acceptance is finalized, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the Buying Broker's pool account.
- f. In case of partial or non-acceptance of orders or excess pay-in, 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.

- g. 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.

F SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

- a. On the Offer Closing Date, reconciliation for acceptances shall be conducted by the Registrar to the Offer in consultation with the Manager to the Offer and the final list shall be provided to the BSE to facilitate settlement on the basis of the shares transferred to the Clearing Corporation.
- b. The settlement of fund obligation for demat shares shall be effected by the 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.
- c. The Acquirer will pay the consideration to the Buying Broker on or before the pay-in date for settlement, who in turn will make the funds pay-in in the settlement account of Clearing Corporation, as per the settlement schedule announced by Clearing Corporation.
- d. The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Eligible Equity Shareholder will receive funds payout in their settlement bank account.
- e. The funds received from Buyer Broker by the Clearing Corporation will be released directly, to the Eligible Equity Shareholder as per secondary market pay-out mechanism.

IX. 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 Eligible Equity Shareholders:

- a. The Finance Act, 2019, 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.
- b. 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 Eligible Equity Shareholders (except certain specific categories).
- c. Any applicable surcharge and education cess would be in addition to above applicable rates.
- d. In case of resident Eligible Equity Shareholders, in absence of any specific provision under the IT Act, the Acquirer shall not deduct tax on the consideration payable to resident Eligible Equity Shareholders pursuant to the Offer. However, in case of non-resident Eligible Equity 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 Eligible Equity Shareholders. It is therefore recommended that the non-resident Eligible Equity Shareholder may consult their custodians/authorized dealers/ tax advisors appropriately.

- e. 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 Eligible Equity Shareholders subject to compliance with prevailing tax laws. The final tax liability of the Eligible Equity Shareholder shall remain of such Eligible Equity Shareholder and the said Eligible Equity 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 ELIGIBLE EQUITY 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 THE MANAGER TO THE OFFER DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY ELIGIBLE EQUITY SHAREHOLDER AS A REASON OF THIS OFFER.

X. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Eligible Equity Shareholders at the office of the Manager to the Offer situated at 1218, Maker Chambers V, Nariman Point Mumbai – 400 021 on all working days (i.e., Monday through Friday except Saturdays, Sundays and bank holidays in Mumbai) between 10:30 a.m. to 1:00 p.m. from the date of opening of the Offer until the closure of this Offer:

- a. Certification of Incorporation and Memorandum and Articles of Association of the Target Company.
- b. Networth Certificate dated July 24, 2020 issued by Mr. Hemanshu M. Vora, Chartered Accountant, Partner, Atul HVM & Associates LLP having its office at Chitalia House, 3rd Floor, 274/276, Dr. Cawaji Hormasji Lane, Near Marine Lines Station, Mumbai - 400 002 (Membership No. 100283; Firm Registration No.:124043W) certifying the networth of Acquirer;
- c. Annual reports of the Target Company for the financial years ending March 31, 2017, March 31, 2018 and March 31, 2019;
- d. Audited Financial Results of the Target Company for the year ended March 31, 2020;
- e. Annual reports of Aura Alkalies and Chemicals Private Limited for the financial years ending March 31, 2017, March 31, 2018 and March 31, 2019;
- f. Memorandum of Understanding between Manager to the Offer i.e. Pioneer Investcorp Limited and the Acquirer.
- g. A Bank Statement from Axis Bank Limited a banking company duly incorporated under the Companies Act, 1956 and registered as a banking company within the meaning of the Banking Regulation Act, 1949 and having its registered office at Trishul', 3rd floor, Opp. Samaratheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006 India and acting for the purpose of this agreement through its branch situated at ground floor, Universal Insurance Building, Fort, Mumbai – 400 001 and have made a cash deposit of Rs. 67,50,000 (Rupees Sixty Seven Lakhs Fifty Thousand Only) in the Escrow Cash Account. The cash deposited in Escrow Cash Account represents more than 25% of the total consideration payable to the Equity Shareholders under this Offer. A Bank Statement confirming the credit balance Rs.67,50,000 (Rupees Sixty Seven Lakhs Fifty Thousand Only).
- h. Due Diligence Certificate dated September 08, 2020 submitted to SEBI by Pioneer Investcorp Limited, Manager to the Offer.
- i. Undertaking from the Acquirers for unconditional payment of the consideration within 10 working days from the last date of the tendering period to all the Shareholders of the Target Company whose applications are accepted in the Open Offer.
- j. Undertaking from the Acquirers with regard to Responsibility under Regulation 2(o) and Regulation 7(4) of the Regulations.
- k. A copy of the Share Purchase Agreement dated August 25, 2020 entered into between the Acquirer and shareholders of Aura Alkalies and Chemicals Private Limited.

- l. Copy of Escrow Agreement between the Acquirer, Manager to the Offer and Escrow Bank;
- m. Copy of Public Announcement dated August 25, 2020 and published copy of the Detailed Public Statement dated September 01, 2020;
- n. A copy of the Recommendations to be published on October 14, 2020 made by the Board of Independent Directors of the Target Company as required in terms of Regulation 26(7) of the Regulations;
- o. Copy of the Observation Letter no. _____ dated 2020 issued by SEBI.

XI. DECLARATION BY THE ACQUIRER

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

Acquirer

Sd/-
MANAN CHETAN SHAH

Place: Mumbai
Date: September 08, 2020