

DRAFT LETTER OF OFFER ("DLOF")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer is being sent to you as Public Shareholder(s) (*as defined herein below*) of Hi-Klass Trading and Investment Limited. 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 herein below*) or the Registrar to the Offer as defined herein below. In the event you have sold your Equity Shares in the Target Company, please hand over the Letter of Offer to the members of the stock exchange through whom the said sale was effected.

OPEN OFFER BY

Sanjay Kumar Jain ("Acquirer 1") and Suman Jain ("Acquirer 2")

both residing at 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata -700020, West Bengal, India;

Tel. No.: +91 9831021394 / 9831210831; **Fax:** NA; **Email Id:** skjain010@yahoo.com / sumanjain010@yahoo.com;
respectively, (Acquirer 1 and Acquirer 2 hereinafter collectively referred to as "Acquirers")

To the Public Shareholder(s) of

HI-KLASS TRADING AND INVESTMENT LIMITED ("Target Company")

Registered Office: Office No. 15, 2nd Floor, Plot No. 24, Rehman Building, Veer Nariman Road, Hutatma Chowk, Fort, Mumbai - 400001, Maharashtra, India

Tel: +91 22 22874084/22874085; **Email:** info@hiklass.co.in; **Fax:** NA; **Website:** www.hiklass.co.in;

Corporate Identification Number: U51900MH1992PLC066262

To acquire upto **8,07,612** (Eight Lacs Seven Thousand Six Hundred and Twelve) ("Offer Shares") fully paid up Equity Shares of face value of Rs. 10 each, representing **26%** of the total voting share capital of the Target Company on a fully diluted basis, as of the tenth working day from the closure of the Tendering Period (*as defined herein below*) of the Open Offer from the Public Shareholders of the Target Company for cash at Offer Price (*as defined herein below*).

Please Note:

1. This Offer is being made by the Acquirers pursuant to regulations 3(1) & 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("**Takeover Regulations**").
2. This Open Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of Takeover Regulations.
3. This Open Offer is not a competing offer in terms of regulation 20 of the Takeover Regulations.
4. **There has been no competing offer as on the date of this Draft Letter of Offer.**
5. As on the date of this DLOF, to the best of the knowledge of the Acquirers, there are no regulatory or statutory approvals required other than the prior approval from the Reserve Bank of India ("RBI") in accordance with Notification No. DBNR(PD)CC.No.065.03.10.001/2015-16 issued by RBI dated July 09, 2015 ("RBI Circular") as amended from time to time, for change in management and transfer of management control of Non- Banking Finance Company. Target Company being a NBFC registered with RBI, the aforesaid RBI Circular is applicable and binding. **The Target Company / Acquirers are in process of making application with Reserve Bank of India ("RBI"), Mumbai branch for change in management and transfer of management control of the Target Company. The approval is currently awaited.**
6. If there is any upward revision in the Offer Price or the number of Offer Shares sought to be acquired under the Open Offer by the Acquirers, at any time prior to the commencement of the last one working day before the commencement of the tendering period i.e. upto Wednesday, November 27, 2019, the same would be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement ("**DPS**") appeared. Such revision in the Open Offer Price would be payable by the Acquirers for all the shares validly tendered anytime during the Tendering Period of the Open Offer.
7. In the event of withdrawal of offer, a public announcement will be made within two (2) Working Days of such withdrawal, in the same newspapers in which the Detailed Public Statement (as defined below) has been published and such public announcement will also be sent to the Stock Exchange, SEBI and the Target Company at its registered office.
8. A copy of the Public Announcement, the DPS and Letter of Offer are also available on SEBI's website: www.sebi.gov.in.



SAFFRON CAPITAL ADVISORS PRIVATE LIMITED
605, Sixth Floor, Centre Point, J.B. Nagar, Andheri (East),
Mumbai - 400 059, India
Tel. No.: +91 22 4082 0914/915
Fax No.: +91 22 4082 0999
Email id: openoffers@saffronadvisor.com
Website: www.saffronadvisor.com
Investor grievance: investorgrievance@saffronadvisor.com
SEBI Registration Number: INM000011211
Validity: Permanent
Contact Person: Amit Wagle/ Gaurav Khandelwal



PURVA SHAREREGISTRY (INDIA) PRIVATE LIMITED
Unit no. 9, Shiv Shakti Ind. Estate, J.R. Boricha Marg,
Opp. Kasturba Hospital Lane, Lower Parel (E),
Mumbai - 400 011, India;
Tel. No.: +91 22-2301 2518 / 2301 6761;
Fax No.: NA
E-mail: support@purvashare.com
Website: www.purvashare.com
SEBI Registration Number: INR000001112
Validity: Permanent
Contact Person: Deepali Dhuri

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

| Activity | Day and Date |
|--|------------------------------|
| Public Announcement (PA) | Thursday, October 03, 2019 |
| Publication of DPS in the newspapers | Friday, October 11, 2019 |
| Filing of the draft letter of offer with SEBI | Friday, October 18, 2019 |
| Last date for a competitive bid | Monday, November 04, 2019 |
| 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) | Monday, November 11, 2019 |
| Identified Date* | Thursday, November 14, 2019 |
| Letter of Offer to be dispatched to Public Shareholders | Thursday, November 21, 2019 |
| Last date for revising the Offer price/ number of shares | Wednesday, November 27, 2019 |
| Last Date by which the committee of the independent directors of the Target Company shall give its recommendation | Tuesday, November 26, 2019 |
| Date of publication of Offer Opening Public Announcement | Wednesday, November 27, 2019 |
| Date of commencement of Tendering Period (Offer Opening Date) | Thursday, November 28, 2019 |
| Date of Expiry of Tendering Period (Offer Closing Date) | Wednesday, December 11, 2019 |
| Last Date for completion of all requirements including payment of consideration | Thursday, December 26, 2019 |

** Identified Date is only for the purpose of determining the names of the Public Shareholders of the Target Company as on such date to whom the Letter of Offer would be sent. It is clarified that all the Public Shareholders holding Equity Shares of the Target Company (registered or unregistered) are eligible to participate in this Offer any time before the closure of this Offer.*

The above timelines are tentative (prepared on the basis of timelines provided under the Takeover Regulations) and are subject to change for any reason, including, but not limited, delays in receipt of approvals (including from RBI) or comments from regulatory authorities.

RISK FACTORS

I. RISK FACTORS RELATING TO THE TRANSACTION

- As on the date of this DLOF, to the best of the knowledge of the Acquirers, there are no regulatory or statutory approvals required other than the prior approval from the Reserve Bank of India (“RBI”) in accordance with Notification No. DBNR(PD)CC.No.065.03.10.001/2015-16 issued by RBI dated July 09, 2015 (“RBI Circular”) as amended from time to time, for change in management and transfer of management control of Non- Banking Finance Company. Target Company being a NBFC registered with RBI, the aforesaid RBI Circular is applicable and binding. The Target Company / Acquirers are in process of making application with RBI, Mumbai branch for the transfer of management and control of the Target Company. The approval is currently awaited.
- To the best of the knowledge of the Acquirers, there are no other statutory approvals required by the Acquirers to complete this Offer. However, in case of any other statutory approvals are required by the Acquirers at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirers shall make the necessary applications for such statutory approvals. In case of delay in receipt of any such statutory or regulatory approvals, as per Regulation 18(11) of the Takeover Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirers to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Open Offer, subject to the Acquirers agreeing to pay interest to the Public Shareholders for delay beyond 10th Working Day from the date of Closure of Tendering Period, at such rate as may be specified by SEBI. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 17(9) of the Takeover Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture. Where the statutory or regulatory approvals extend to some but not all the Public Shareholders, the Acquirers shall have the option to make payment of the consideration to such Public Shareholders in respect of whom no statutory or regulatory approvals are required in order to complete this Offer in respect of such Public Shareholders.
- In case the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirers hereby undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the Takeover Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement.
- In terms of and in accordance with Regulation 23(1) of the Takeover Regulations, if the conditions precedent and other conditions as stated in paragraph VII (B) are not satisfactorily complied with for reasons beyond the control of the Acquirers, the Open Offer would stand withdrawn. The Acquirers reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the Takeover Regulations in the event the requisite statutory approvals that may be necessary at a later date are refused.
- If at a later date, any other statutory or regulatory or other approvals / no objections are required, the Open Offer would become subject to receipt of such other statutory or regulatory or other approvals / no objections.

II. RISK RELATING TO THE OFFER

- This Open Offer is an offer to acquire not more than 26% of the Total Voting Share Capital of the Target Company from the Public Shareholders. In the case of Equity Shares tendered in the Open Offer by the Public Shareholders are more than the Offer Size, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Public Shareholders in the Open Offer will be accepted.
- In the event that either: (a) regulatory or statutory approvals are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirers from performing his obligations hereunder, or (c) SEBI instructing the Acquirers 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 whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirers may get delayed. In case the delay is due to non-receipt of statutory approval(s), then in accordance with Regulation 18(11) of the Takeover Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of

the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers agreeing to pay interest to the validly tendering Shareholders.

- The Equity Shares tendered in the Offer will be held in the special account of the Clearing Corporation till the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Equity Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares. The Acquirers makes no assurance with respect to the market price of the Equity 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.
- The Acquirers and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Draft Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirers, or the Manager to the Offer) would be doing so at his/her/their own risk.
- Public 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.
- This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft 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 Acquirers 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.
- The Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.
- This Offer is subject to completion risks as would be applicable to similar transactions.

III. RISK RELATING TO ACQUIRERS AND THE TARGET COMPANY

- Acquirers makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirers cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and the Acquirers 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.

The risk factors set forth above are limited to the Offer and not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirers, but are only indicative and are not exhaustive. The risk factors do not relate to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by a Public Shareholder. The Public Shareholders are advised to consult their stockbroker, or tax advisor or investment consultant, if any, for further risks with respect to their participation in the Offer.

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I. KEY DEFINITIONS

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|---|---|
| Acquirers | Collectively, Acquirer 1 and Acquirer 2. |
| Acquirer 1 | Sanjay Kumar Jain residing at 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata -700020, West Bengal, India |
| Acquirer 2 | Suman Jain residing at 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata -700020, West Bengal, India |
| ASE | Ahmedabad Stock Exchange Limited |
| Board of Directors | Board of directors of the Target company |
| Book Value per equity Share | Book value per equity share of the Target Company is calculated by dividing the networth by number of equity shares issued and outstanding |
| BSE | BSE Limited |
| Buying Broker | Stock broker appointed by Acquirers for the purpose of this Open Offer i.e. Choice Equity Broking Private Limited having its registered office at Shree Shakambhari Corporate Park, Plot No. 156-158, J B Nagar, Andheri (East), Mumbai-400099, Maharashtra, India |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identification Number |
| Companies Act | The Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) as amended, substituted or replaced from time to time. |
| Depositories | CDSL and NSDL |
| Detailed Public Statement/ DPS | Detailed Public Statement dated Thursday, October 10, 2019, issued by the Manager to the Offer, on behalf of the Acquirers, in relation to the Offer and published in all editions of Financial Express (English), Jansatta (Hindi), and Mumbai Lakshdeep (Marathi) on Friday, October 11, 2019 in accordance with the Regulations 3(1) and 4 read with Regulations 13(4), 14 and 15(2) and other applicable regulations of the Takeover Regulations. |
| DIN | Director Identification Number |
| Draft Letter of Offer | This Draft Letter of Offer filed with SEBI in accordance with Regulation 16(1) of the SEBI (SAST) Regulations. |
| DP | Depository participant |
| DTAA | Double Taxation Avoidance Agreement |
| Eligible Persons to participate in the Offer / Public Shareholders | All Equity Shareholder's (registered or unregistered) of the Target Company excluding (i) the Acquirers; (ii) parties to the SPAs (<i>defined hereinafter</i>); and (iii) the persons deemed to be acting in concert with the persons set out in (i) and (ii) are eligible to participate in the Offer any time before the closure of the Offer |
| EPS | Earnings Per Share calculated as Profit after Tax divided by Number of equity shares issued |
| Equity Share(s)/ Share(s) | The fully paid up equity share(s) of the Target Company having a face value of Rs. 10 (Rupees Ten) per equity share |
| Equity Share Capital / Voting Share Capital | The Paid up Share Capital of the Target Company is Rs. 3,10,62,000 comprising of 31,06,200 Equity Shares of Rs. 10 each. |
| Escrow Agreement | Escrow Agreement entered between the Acquirers, Escrow Agent and Manager to the Offer |
| Escrow Cash Account | Escrow account in the name and style of "HI – KLASS OPEN OFFER – ESCROW ACCOUNT" bearing Account number 000405121856 opened with Escrow Bank |
| Escrow Bank / Escrow Agent | ICICI Bank Limited, a banking company incorporated under Companies Act, 1956 and licensed under the Banking Regulation Act, 1949 |
| 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 | Foreign Investment Promotion Board |
| Fiscal | The financial year from April 1 to March 31. |
| FY | Financial Year |

| | |
|---|--|
| Issued and Subscribed Share Capital | The Issued and Subscribed Share Capital of the Target Company is Rs. 6,13,21,000 comprising of 61,32,100 Equity Shares of face value of Rs 10 each |
| Identified Date | Thursday, November 14, 2019, i.e., the date falling on the 10 th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent |
| KYC | Know Your Client |
| Letter of Offer/ LOF | The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer |
| LODR Regulations/SEBI LODR Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| Manager to the Offer | Saffron Capital Advisors Private Limited |
| MOU | Memorandum of Understanding |
| NBFC | Non-Banking Financial Company |
| 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 |
| OCB | Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000 |
| Offer/Open Offer | The Offer being made by the Acquirers for acquiring upto 8,07,612 (Eight Lacs Seven Thousand Six Hundred and Twelve) Equity Shares representing 26% of the Voting Share Capital, from the Public Shareholders at the Offer Price payable in cash |
| Offer Consideration | The maximum consideration payable under this Offer, assuming full acceptance, is Rs. 1,30,02,553.20 (Rupees One Crore Thirty Lac Two Thousand Five Hundred Fifty Three and Twenty Paise only) |
| Offer Period | Period commencing from Thursday, October 03, 2019 till the date on which the payment of consideration to the Public Shareholders who have accepted the Offer is made, or the date on which Offer is withdrawn, as the case may be. |
| Offer Price | Rs. 16.10/- (Rupees Sixteen and Ten Paise Only) per Equity Share |
| Offer Size/Offer Shares | Up to 8,07,612 (Eight Lacs Seven Thousand Six Hundred and Twelve Only) Equity Shares representing 26% of the Voting Share Capital |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Public Announcement/PA | Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirers on October 03, 2019 in accordance with Takeover Regulations |
| PSE | Pune Stock Exchange Limited |
| RBI | Reserve Bank of India |
| Registrar to the Offer | Purva Share Registry (India) Private Limited |
| Sale Shares | 8,17,500 fully paid up Equity Shares, representing 26.32% of the Voting Share Capital, proposed to be acquired by the Acquirers from the Sellers (<i>as defined herein below</i>) pursuant to the SPA (<i>as defined herein below</i>) |
| SCRR | Securities Contract (Regulations) Rules, 1957, as amended |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | SEBI Act, 1992, as amended |
| SEBI (SAST) Regulations, 1997 / Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and subsequent amendments thereof |
| SEBI (SAST) Regulations, 2011 / Regulations / Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 2011 and subsequent amendments thereof. |
| Sellers | Collectively, Sellers 1 to Sellers 4 |
| Seller 1 | Mr. Pravin Kesharchand Chopda holding 5,51,100 Equity Shares |
| Seller 2 | M/s. Suresh Tarachand Jain HUF holding 2,21,300 Equity Shares |

| | |
|--|---|
| <i>Seller 3</i> | Mr. Vimal Shantilal Patangia holding 20,000 Equity Shares |
| <i>Seller 4</i> | Mr. Suresh Tarachand Jain holding 25,100 Equity Shares |
| <i>Selling Member / Broker</i> | Respective stock brokers of all Shareholders who desire to tender their Equity Shares under the Open Offer |
| <i>SPA / Share Purchase Agreement</i> | Share purchase agreement dated October 03, 2019 entered into between the Acquirers and the Sellers (“SPA”) |
| <i>Stock Exchange</i> | BSE Limited |
| <i>Target Company</i> | Hi-Klass Trading and Investment Limited having its registered office at Office No. 15, 2nd Floor, Plot No. 24, Rehman Building, Veer Nariman Road, Hutatma Chowk, Fort, Mumbai - 400001, Maharashtra, India |
| <i>Tendering Period</i> | Thursday, November 28, 2019 to Wednesday, December 11, 2019 |
| <i>TRS</i> | Transaction Registration Slip |
| <i>Working Day</i> | A working day of SEBI, as defined in regulation 2(1)(zf) of the Takeover Regulations |

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the Takeover Regulations, unless specified otherwise.

II. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS 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 THE SHAREHOLDERS OF HI-KLASS TRADING AND INVESTMENT LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 17, 2019 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

III. DETAILS OF THE OFFER

A) Background of the Offer

1. This mandatory Offer is being made by the Acquirers in compliance with Regulations 3(1) and 4 of and other applicable provisions of the Takeover Regulations, to acquire up to **8,07,612** (Eight Lacs Seven Thousand Six Hundred and Twelve) Equity Shares of face value ₹ 10/- (Rupees Ten only) each, representing **26%** of the Voting Share Capital of the Target Company from the Public Shareholders.
2. Acquirers have entered into an SPA with the Sellers pursuant to which the Sellers have agreed to sell the Sale Shares representing **26.32%** of the Voting Share Capital of the Target Company, for an aggregate consideration of Rs. **49,05,000** (Forty Nine Lacs Five Thousand only), computed at Rs. 6/- (Rupees Six only) per Sale Share. The consideration for the Sale Shares shall be paid in cash by the Acquirers. The acquisition will also result in the change in control and management of the Target Company.
3. ***The important clauses including some of the conditions precedent to consummating the underlying Transaction, as mentioned in the SPA are as follows:***
 - a) The Acquirers intend to buy from the Sellers and the Sellers intend to sell to the Acquirers **8,17,500** (Eight Lacs Seventeen Thousand Five Hundred Only) fully paid-up Equity Shares constituting 26.32% of the total Voting Share Capital of the Target Company for an aggregate sale consideration of Rs. 49,05,000 (Rupees Forty Nine Lacs Five Thousand only) (“**SPA Consideration**”) through an off market transaction;
 - b) The Acquirers shall pay the SPA Consideration to the Sellers by Demand draft or in such other manner as may be specified by the Sellers;
 - c) The Sellers confirm that the Sale Shares are fully paid up and the said shares are free from all lien, charges, encumbrances and the Sellers shall hand over the said confirmation letter to the Acquirers along with the letter received from the Target Company;
 - d) The Acquirers are fully aware that the Sale Shares are under lock-in and lock-in on these shares shall continue till the completion of the lock in period.
 - e) From the date of entering into the SPA till the date of the Closure, the Sellers shall not, except with the prior consent of the Acquirers, sell, transfer, gift, exchange or dispose of or any way deal in the equity shares of the Target Company or create any right, interest or encumbrance over the Sale Shares;
 - f) On closing (as defined in SPA), the Parties shall take all steps necessary for fulfilling their respective obligations under the SPA and for Closing of the transaction envisaged in the SPA.
4. The Offer Price is payable in cash, in accordance with Regulation 9 (1) of the Takeover Regulations.
5. This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is not a conditional offer.
6. This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal
7. The Sellers shall cease to be the Promoters of Target Company and relinquish the management control of the Target Company in favor of the Acquirers. The Acquirers will acquire control of the Target Company, and be classified as promoters subject to the approval of the shareholders of the Company in accordance with Regulation 31A of the SEBI LODR Regulations.
8. 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 Detailed Public Statement appeared latest by Wednesday, November 27, 2019.
9. The acquisition of 26% of the Voting Share Capital (assuming full acceptances) under the Offer will not result in the public shareholding in the Target Company falling below the level required for continuous listing. To the extent the Acquirers post-Offer holding in the Company exceeds the maximum permissible non-public shareholding under Securities Contract (Regulation) Rules, 1957, as amended (the “SCRR”), the Acquirers undertake to reduce their shareholding to the level stipulated in the SCRR within the time and in the manner specified in the SCRR and the SEBI LODR Regulations.

B) Details of the proposed Offer:

1. The Public Announcement announcing the Open offer, under Regulation 3(1) and Regulation 4 was made on Thursday, October 03, 2019 to BSE and a copy thereof was also filed with SEBI and sent to the Target Company at its registered office.

2. The Acquirers have published the DPS on Friday, October 11, 2019, which appeared in the following newspapers:

| <u>Sl. no.</u> | <u>Newspapers</u> | <u>Language</u> | <u>Editions</u> |
|----------------|-------------------|-----------------|-----------------|
| 1 | Financial Express | English | All Editions |
| 2 | Jansatta | Hindi | All Editions |
| 3 | Mumbai Lakshdeep | Marathi | Mumbai |

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

3. The Offer is being made to all the Public Shareholders of the Target Company. All Equity Shares validly tendered in the Open Offer will be acquired by the Acquirers in accordance with the terms and conditions set forth in this Draft Letter of Offer. The Equity Shares to be acquired under the Offer must be free from all liens, charges and encumbrances, and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
4. The Offer is not a competing offer in terms of Regulation 20 of the Takeover Regulations.
5. The Manager to the Offer does not hold any Equity Shares 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.
6. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the Takeover Regulations.
7. The Acquirers vide letter dated October 10, 2019, have confirmed that they have not acquired any Equity Shares of the Target Company after the date of PA i.e. October 03, 2019, and up to the date of this Draft Letter of Offer.
8. In the event that the Equity Shares tendered in the Open Offer by the Public Shareholders are more than the Offer Size, the acquisition of Equity Shares from the Public Shareholders will be on a proportionate basis, as detailed in paragraph VIII of this Draft Letter of Offer.

IV. OBJECT OF THE ACQUISITION/ OFFER

1. At present, the Acquirers do 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 Acquirers may continue to support the existing business of the Target Company. However, in case the Acquirers intend to build new businesses it shall be subject to the prior approval of the Shareholders
2. The Acquirers does not have any plans to alienate any significant assets of the Target Company whether by way of sale, lease, encumbrance or otherwise for a period of two years 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 Takeover Regulations.
3. The object of the acquisition is to acquire substantial shares/voting rights accompanied with change in management and control of the Target Company. As the Acquirers are having experience and knowledge of the Finance industry and stock market, they will use their expertise in the running of the NBFC business.

V. BACKGROUND OF THE ACQUIRERS

A. Mr. Sanjay Kumar Jain (“Acquirer 1”)

- (a) Sanjay Kumar Jain aged 53 years, S/o Late Ratan Lal Jain, is residing at 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata - 700020, West Bengal, India; Tel: +91 9831021394; Email: skjain010@yahoo.com.
- (b) Acquirer 1 has completed his Master of Business Administration (MBA) from Karapagam Academy of Higher Education (KARPAGAM) in the year 2012. He is an 'Authorized Person' as defined under SEBI Circular MIRSD/Dr-1/Cir-16/09 dated November 06, 2009 and operates through his proprietorship M/s Suman Securities which is currently affiliated with ISS Enterprise Limited. The Authorized Person registration number is AP0109180196982.
- (c) Acquirer 1 doesn't belong to any group.
- (d) Acquirer 1 is holding a Permanent Account Number- AEFPJ2439F.
- (e) The details of the ventures promoted/controlled/managed by the Acquirer 1 is given hereunder:

| Sr. No. | Name of the Entities | Nature of Interest | Percentage stake/holding |
|---------|----------------------|--------------------|--------------------------|
| 1. | Hindusthan Club Ltd. | Director | Nil |
| 2. | ASZ Infratech LLP | Designated Partner | 5% |

(Source: www.mca.com)

- (f) Except as mentioned under point e above, Acquirer 1 confirms that he does not hold directorships in any company, including a listed company.
- (g) Acquirer 1 hereby undertakes and confirms that the companies mentioned under point # e above are not participating or interested or acting in concert in this Open Offer.
- (h) Acquirer 1 hereby undertakes and confirms that the companies mentioned in point# e above are not appearing in the willful defaulters list of Reserve Bank of India and are not debarred by SEBI from accessing capital markets as on date.
- (i) The Networth of Acquirer 1 as on September 16, 2019 is Rs. 156.14 Lacs (Rupees One Crore Fifty Six Lac and Fourteen Thousand only) and the same is certified by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Membership No. 053693; FRN No. 325867E having office at 2B, Grant Lane, 2nd Floor, Kolkata – 700 012; Email id: caarunkolkata@gmail.com, vide certificate dated September 20, 2019.
- (j) Acquirer 1 confirms that he has not been prohibited by SEBI from dealing in securities, in terms of the provisions of Section 11B of the SEBI Act, 1992, as amended (the “SEBI Act”) or under any other Regulation made under the SEBI Act.
- (k) Acquirer 1 undertakes not to sell the equity shares of the Target Company held by him during the “Offer Period” in terms of Regulation 25(4) of the Takeover Regulations.
- (l) There are no Persons Acting in Concert (“PAC”) along with Acquirer 1 in relation to the Offer within the meaning of Regulation 2(1)(q)(1) of the Takeover Regulations other than Acquirer 2.
- (m) Acquirer 1 confirms that currently there are no pending litigations pertaining to securities market where he is made party to.
- (n) Acquirer 1 confirms that he is not related to the Promoters, Directors or key employees of the Target Company in any manner.
- (o) Acquirer 1 has confirmed that he is not categorized as a “willful defaulter” in terms of regulation 2(1)(ze) of the Takeover Regulations.
- (p) Acquirer 1 holds 35,000 equity shares, representing 1.13% of the Voting Share Capital of the Target Company as on the date of this Draft Letter of Offer.
- (q) He along with Acquirer 2 has signed a Share Purchase Agreement dated October 03, 2019 with the Sellers to acquire **8,17,500** equity shares constituting **26.32%** of the Voting Share Capital of the Target Company.
- (r) Acquirer 1 has not entered into any non-compete arrangement and/or agreement with the Sellers.

- (s) Acquirer 1 confirms that he has not been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- (t) Mr. Sanjay Kumar Jain is party to the case related with Income Tax matter under section 276 C(1), 277 and 278 of the Income Tax Act, 1961 and under section 120B and 34 of the Indian Penal Code, 1860. Presently the case is under process and next hearing date is December 18, 2019.

B. Mrs. Suman Jain (“Acquirer 2”)

- (a) Suman Jain aged 52 years, W/o Mr. Sanjay Kumar Jain, is residing at 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata - 700020, West Bengal, India; Tel: +91 9831210831; Email: sumanjain010@yahoo.com.
- (b) Acquirer 2 has completed her Higher Secondary from West Bengal Council of Higher Secondary Education in the year 1987. She is an 'Authorized Person' as defined under SEBI Circular MIRSD/Dr-1/Cir-16/09 dated November 06, 2009 and works with Ashika Stock Broking Limited. The Authorized Person registration number is AP0109120169858.
- (c) Acquirer 2 doesn't belong to any group.
- (d) Acquirer 2 is holding a Permanent Account Number- ACQPJ1880K.
- (e) The details of the ventures promoted/controlled/managed by the Acquirer 2 is given hereunder:

| <i>Sr. No.</i> | <i>Name of the Entities</i> | <i>Nature of Interest</i> | <i>Percentage stake/holding</i> |
|----------------|-----------------------------|---------------------------|---------------------------------|
| 1. | Jain Vincom Private Limited | Director | Nil |

(Source: www.mca.com).

- (f) Except as mentioned under point #e above, Acquirer 2 confirms that she does not hold directorships in any company, including a listed company.
- (g) Acquirer 2 hereby undertakes and confirms that the companies mentioned under point # e above are not participating or interested or acting in concert in this Open Offer.
- (h) Acquirer 2 hereby undertakes and confirms that the companies mentioned in point# e above are not appearing in the willful defaulters list of Reserve Bank of India and are not debarred by SEBI from accessing capital markets as on date.
- (i) The Networth of Acquirer 2 as on September 13, 2019 is Rs. 146.13 Lacs (Rupees One Crore Forty Six Lac and Thirteen Thousand only) and the same is certified by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Membership No. 053693; FRN No. 325867E having office at 2B, Grant Lane, 2nd Floor, Kolkata – 700 012; Email id: caarunkolkata@gmail.com, vide certificate dated September 20, 2019.
- (j) Acquirer 2 confirms that she has not been prohibited by SEBI from dealing in securities, in terms of the provisions of Section 11B of the SEBI Act, 1992, as amended (the “SEBI Act”) or under any other Regulation made under the SEBI Act.
- (k) Acquirer 2 undertakes not to sell the equity shares of the Target Company held by her during the “Offer Period” in terms of Regulation 25(4) of the Takeover Regulations.
- (l) There are no Persons Acting in Concert (“PAC”) along with Acquirer 2 in relation to the Offer within the meaning of Regulation 2(1)(q)(1) of the Takeover Regulations except Acquirer 1.
- (m) Acquirer 2 confirms that currently there are no pending litigations pertaining to securities market where she is made party to.
- (n) Acquirer 2 confirms that she is not related to the Promoters, Directors or key employees of the Target Company in any manner.
- (o) Acquirer 2 has confirmed that she is not categorized as a “willful defaulter” in terms of regulation 2(1)(ze) of the Takeover Regulations.
- (p) Acquirer 2 holds 35,000 equity shares, representing 1.13% of the Voting Share Capital of the Target Company as on the date of this Draft Letter of Offer.
- (q) She along with Acquirer 1 has signed a Share Purchase Agreement dated October 03, 2019 with the Sellers to acquire 8,17,500 equity shares constituting 26.32% of the Voting Share Capital of the Target Company.

- (r) Acquirer 2 has not entered into any non-compete arrangement and/or agreement with the Sellers.
- (s) Acquirer 2 confirms that she has not been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

C. Other Information:

- i. Ms. Shiksha Jain and Ms. Sejal Jain daughters of the Acquirers hold 30,000 Equity Shares, representing 0.97% of the Total Voting Share Capital and 20,000 Equity Shares, representing 0.64% of the Total Voting Share Capital of the Target Company respectively. By virtue of the definition of PAC as per Regulation 2(1)(q) of the Takeover Regulations, both Ms. Shiksha Jain and Ms. Sejal Jain are deemed PACs of the Acquirers. Ms. Shiksha Jain and Ms. Sejal Jain vide letter dated October 03, 2019 have confirmed that they don't intend to participate in this Offer, directly or indirectly.
- ii. Ms. Renu Jain, Sister of the Acquirer 1 also holds 20,000 Equity Shares, representing 0.64% of the Total Voting Share Capital of the Target Company. By virtue of the definition of PAC as per Regulation 2(1)(q) of the Takeover Regulations, Ms. Renu Jain is a deemed PAC of Acquirer 1. Ms. Renu Jain vide letter dated October 03, 2019 has confirmed that she doesn't intend to participate in this Offer, directly or indirectly.
- iii. Mr. Dinesh Gangwal, Brother of Acquirer 2 also holds 25,000 Equity Shares, representing 0.80% of the Total Voting Share Capital of the Target Company. By virtue of the definition of PAC as per Regulation 2(1)(q) of the Takeover Regulations, Mr. Dinesh Gangwal is a deemed PAC of Acquirer 2. Mr. Dinesh Gangwal vide letter dated October 03, 2019 has confirmed that he doesn't intend to participate in this Offer, directly or indirectly.
- iv. The Acquirers collectively with the PACs hold 1,65,000 Equity Shares constituting 5.31% of the Voting Share capital of the Target Company.
- v. Since the aforesaid Equity Shares of the Target Company were acquired when the Target Company was transferred to the dissemination board of NSE, compliance with Chapter V of the Takeover Regulations was not applicable. Further, Acquirers confirm that expect aforesaid, they never held the Equity Shares of the Target Company in past. Hence compliance with Chapter II of the SEBI Takeover Regulations, 1997 is not applicable.

VI. BACKGROUND OF THE TARGET COMPANY

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

1. The Company was originally incorporated on April 08, 1992, as “Hi-Klass Trading and Investments Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of the Company was changed to “Hi-Klass Trading and Investments Limited” vide a name change certificate dated February 22, 1996 issued by the Registrar of Companies, Maharashtra, Mumbai. Target Company confirms that except aforesaid, there are no changes made to the name since its incorporation.
2. The registered office of the Target Company is situated at Office No. 15, 2nd Floor, Plot No. 24, Rehman Building, Veer Nariman Road, Hutatma Chowk, Fort, Mumbai - 400001, Maharashtra, India; Tel: +91 22 22874084/22874085; Email: info@hiklass.co.in; Website: www.hiklass.co.in.
3. Corporate Identification Number of the Target Company is U51900MH1992PLC066262*. (Source: www.mca.gov.in). *Target Company has submitted letter dated February 14, 2019 to Ministry of Corporate Affairs for change in listing status of the Company, and is currently pending.
4. **The main object of the Target Company as per its Memorandum of Association inter-alia includes:-**
 - To carry on the business of exporting, importing, storing, supplying, purchasing, selling, bartering, exchanging, distributing and otherwise dealing in all kinds of goods, commodities, merchandise produce, things and shares on ready or forward basis on its own account or otherwise.
 - To carry on business of investment company and to invest in and to hold, purchase, sell and deal with the stocks, shares, bonds, debenture-stock, mortgage and obligations.
5. The Target Company is a Non-Banking Financial Company (Non Deposit Accepting or Holding) registered with Reserve Bank of India bearing registration no. **13.00134**. It is engaged in trading and investments in shares, stocks, securities and properties and extends short term loans to corporate and firms/high net worth individuals. (Source website of the Target Company, www.hiklass.co.in)
6. The total authorized share capital of the Target Company is Rs. 6,50,00,000 comprising of 65,00,000 Equity Shares of face value of Rs 10 each. The issued and subscribed capital of the Target Company is Rs. 6,13,21,000 comprising of 61,32,100 Equity Shares of face value of Rs 10 each. The paid-up share capital of the Target Company is Rs. 3,10,62,000 comprising of 31,06,200 Equity Shares of face value of Rs 10 each.
7. **The equity capital structure of the Target Company as of the date of this Draft Letter of Offer is:**
 - a. **Issued and Subscribed Share capital**

| <i>Issued and Subscribed Share capital</i> | <i>Number of Equity Shares (Face Value - Rs. 10/-)/Voting Rights</i> | <i>Percentage of Equity Shares/Voting Rights</i> |
|--|--|--|
| Fully paid-up equity shares | 61,32,100 | 100% |
| Partly paid-up equity shares | | |
| Total paid-up equity shares | | |
| Total voting rights in the Target Company | 61,32,100 | 100% |

b. Paid-up Equity Share Capital

| <i>Paid-up Equity Share Capital</i> | <i>Number of Equity Shares (Face Value - Rs. 10/-)/Voting Rights</i> | <i>Percentage of Equity Shares/Voting Rights</i> |
|---|--|--|
| Fully paid-up equity shares | 31,06,200 | 100% |
| Partly paid-up equity shares | | |
| Total paid-up equity shares | | |
| Total voting rights in the Target Company | 31,06,200 | 100% |

Note:- Details of forfeited equity shares

| Share Capital | Number of shares | Total Amount (Rs.) |
|---|-------------------------|---------------------------|
| Forfeited equity shares of Rs. 10 each, not fully paid up (Rs. 5/- calls in arrears) | 1,500 | 7,500 |
| Forfeited equity shares of Rs. 10 each, not fully paid up (Rs. 2.50/- calls in arrears) | 30,24,400 | 75,61,000 |
| Total | 30,25,900 | 75,68,500 |

8. There are no outstanding partly paid up shares or any other convertible instruments to be converted into Equity Shares of the Target Company at a future date.
9. The Equity Shares of the Target Company are infrequently traded on BSE in terms of the Takeover Regulations. (Source: www.bseindia.com).
10. Target Company confirms that it is in compliance with listing requirements and that no penal actions are initiated against it. It has paid listing fees to BSE till date and there are no arrears.
11. In the Year 1997, Target Company made its maiden public issue of 42,82,100 Equity Shares at a price of Rs. 10/- per Equity Share aggregating to Rs. 428.21 Lacs for listing at Ahmadabad Stock Exchange Limited (“ASE”) and Pune Stock Exchange Limited (“PSE”), the regional stock exchanges. The Equity Shares were listed on ASE and PSE w.e.f May 14, 1997. Upon exit of ASE and PSE as stock exchanges, Equity Shares of the Target Company were shifted to the dissemination board of National Stock Exchange of India Limited wef June 16, 2016*. Subsequently, the Target Company made an application to BSE for listing of its Equity Shares and BSE issued its In - Principle Approval for the same on December 07, 2018. Equity Shares of the Target Company have been listed on BSE and were admitted for trading wef January 31, 2019. *(Source – NSE Circular no. NSE/CML/32585 dated June 16, 2016)
12. The Equity Shares of Target Company are currently listed only on BSE since January 31, 2019, and having Scrip Code 542332. The ISIN of Equity Shares of Target Company is INE302R01016. (Source: www.bseindia.com).
13. There are no Equity Shares that are not listed on the Stock Exchange as on the date of this Draft Letter of Offer. (Source: www.bseindia.com)
14. Target Company confirms that it is in compliance with various clauses of SEBI LODR Regulations.
15. As on the date of this Draft Letter of Offer, the composition of the Board of Directors of the Target Company is as follows:

| Sr. No. | Name, Age and Address | Designation | DIN | Date of Appointment |
|----------------|---|------------------------------------|------------|----------------------------|
| 1. | Suresh Tarachand Jain Age: 60 years Address: 402 Bhima Sir Pochkhanwala Road, Worli, Mumbai – 400030, Maharashtra, India | Managing Director | 01142300 | 18/10/1994 |
| 2. | Vimal Shantilal Patangia Age: 61 years Address: A 403, Goregaon Link Palace Chs Ltd, Sai Baba Complex, Goregaon East, Mumbai - 400063, Maharashtra, India | Independent Non-Executive Director | 00166331 | 02/11/2012 |
| 3. | Anupama Nathalal Shah Age: 67 years Address: 157/10, Dhiraj Dham Jain Soc, Sion West, Mumbai – 400022, Maharashtra, India | Independent Non-Executive Director | 07225051 | 30/03/2015 |
| 4. | Prakash Shree Gupta | Independent | 07225056 | 30/03/2015 |

| <i>Sr. No.</i> | <i>Name, Age and Address</i> | <i>Designation</i> | <i>DIN</i> | <i>Date of Appointment</i> |
|----------------|--|------------------------------------|------------|----------------------------|
| | Age: 43 years Address: Room No 2, Shree Saikrupa Social, Welfare Soc, Singh Estate Road No 5, Samata Nagar, Kandivali East, Mumbai – 400101, Maharashtra, India | Non-Executive Director | | |
| 5 | Pravin Prakash Rane Age: 30 years Address: Room No 3, New Hanuman Nagar, Near Motilal, M G Road, Goregaon West, Mumbai – 400062, Maharashtra, India | Independent Non-Executive Director | 07225060 | 30/03/2015 |

16. No merger / demerger / spin off have taken place in the Target Company during the last three years.
17. None of the directors of the Target Company represent the Acquirers as on the date of this Draft Letter of Offer.
18. Earlier in the year FY 2016-17, there was an open offer filed by other Acquirer for the Target Company with SEBI, but the same was withdrawn as per the directions of the SEBI, as the Target Company was not a listed entity and was shifted to dissemination board of the NSE from Ahmedabad Stock Exchange (ASE).
19. The Equity Shares of the Target Company were listed on ASE and PSE wef May 14, 1997. Upon exit of ASE and PSE as stock exchanges, Equity Shares of the Target Company were shifted to the dissemination board of National Stock Exchange of India Limited wef June 16, 2016*. Further, the Equity Shares of the Target Company were listed and admitted for trading on BSE only wef January 31, 2019. Accordingly, compliance with Chapter V of the Takeover Regulations for the financial years 2017 and 2018 was not applicable to the Sellers. The Sellers have complied with Chapter V for the financial years 2012-16 and 2019. Further In the financial year 2016-17, there was a inter-se transfer of 4,51,100 shares constituting 8.96% of the then paid up capital of the Target Company between the Promoter and Promoter Group of the Target Company which required compliance with regulation 10 of the Takeover Regulations. The Promoter and Promoter Group of the Target Company have represented to the Manager to the Offer that since the process of shifting the Target Company to the dissemination board of NSE was in advance stage, compliance with aforesaid regulation was not required to be done.
- *(Source – NSE Circular no. NSE/CML/32585 dated June 16, 2016)
20. Brief financial details of the Target Company, as obtained from its audited standalone financial statements as at and for the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and the unaudited standalone financials for the three month period ended June 30, 2019 are as follows:

| <i>Profit & Loss Statement</i> | <i>For the period ended June 30, 2019</i> | <i>(Rs. in lacs, except Earnings Per Share)</i> | | |
|---|---|---|--------------|--------------|
| | | <i>For the year ended March 31,</i> | | |
| | | <i>2019</i> | <i>2018</i> | <i>2017</i> |
| Income from operations | 0.35 | 92.30 | 17.01 | 77.50 |
| Other Income | 0.00 | 0.00 | 0.01 | 0.00 |
| Total Income | 0.35 | 92.30 | 17.03 | 77.50 |
| Total Expenditure (excluding Depreciation & Interest) | 4.58 | 113.71 | 11.13 | 54.00 |
| Profit Before Depreciation Interest and Tax | (4.23) | (21.41) | 5.90 | 23.50 |
| Depreciation | 0.00 | 0.03 | 0.08 | 0.20 |
| Interest | 0.00 | 0.00 | 0.02 | 0.03 |
| Profit Before Tax | (4.23) | (21.44) | 5.80 | 23.27 |
| Tax Expense | 0.00 | 1.37 | 2.69 | 7.58 |

| Profit After Tax | (4.23) | (22.81) | 3.12 | 15.70 |
|--------------------------------|---|-------------------------------------|---------------|---------------|
| Balance Sheet Statement | For the period ended June 30, 2019 | For the year ended March 31, | | |
| | | 2019 | 2018 | 2017 |
| Source of Funds | | | | |
| Paid up share capital | 310.62 | 310.62 | 310.62 | 200.62 |
| Forfeited share capital | 75.68 | 75.68 | 75.68 | 75.68 |
| Reserves and Surplus | 108.40 | 112.63 | 135.44 | 110.32 |
| Networth | 494.71 | 498.93 | 521.74 | 386.62 |
| Non-Current Liabilities | | | | |
| Secured Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| Unsecured Loan | 0.00 | 0.00 | 0.00 | 0.00 |
| Long Term Provision | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Liabilities | | | | |
| Trade Payables | 1.44 | 0.00 | 6.19 | 8.85 |
| Short-term borrowings | 0.00 | 0.00 | 0.00 | 0.00 |
| Short-term provisions | 0.00 | 1.96 | 0.00 | 0.00 |
| Other Current Liabilities | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 496.15 | 500.89 | 527.93 | 395.48 |
| Use of Funds | | | | |
| Net fixed assets | 0.03 | 0.03 | 0.06 | 0.13 |
| Non-current investments | 34.50 | 0.10 | 34.40 | 0.00 |
| Long Term Loans & Advances | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Assets | 0.00 | 0.00 | 0.10 | 0.00 |
| Deferred Tax Asset | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Assets | | | | |
| Inventories | 50.71 | 50.71 | 125.44 | 125.29 |
| Trade Receivables | 119.22 | 119.22 | 4.81 | 16.25 |
| Cash and Bank Balances | 3.50 | 56.12 | 56.44 | 2.51 |
| Short Term Loans and Advances | 288.19 | 240.32 | 306.67 | 251.30 |
| Other current assets | 0.00 | 34.40 | 0.00 | 0.00 |
| Total | 496.15 | 500.89 | 527.93 | 395.48 |
| Other Financial Data | For the period ended June 30, 2019 | For the year ended March 31, | | |
| | | 2019 | 2018 | 2017 |
| Dividend (%) | 0.00 | 0.00 | 0.00 | 0.00 |
| Earnings Per Share (Rs.) | (0.14) | (0.73) | 0.10 | 0.78 |
| *Return on Net worth (%) | (0.86) | (4.57) | 0.60 | 4.06 |
| Book Value per share (Rs.) | 15.93 | 16.06 | 16.80 | 19.27 |

(*On the basis of Opening Network)

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

| Shareholders' Category | Shareholding & voting rights prior to the acquisition (SPA) 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 SPA 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 | - | - | - | - | - | - | - | - |

| Shareholders' Category | Shareholding & voting rights prior to the acquisition (SPA) 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 SPA and Open Offer (Assuming full acceptances) | |
|---|--|---------------|---|--------------|--|--------------|---|---------------|
| | (A) | | (B) | | (C) | | (D) = (A) + (B) + (C) | |
| | No. | % | No. | % | No. | % | No.* | %* |
| 1) Mr. Pravin K Chopda | 5,51,100 | 17.74 | - | - | - | - | - | - |
| 2) M/s S T Jain HUF | 2,21,300 | 7.12 | - | - | - | - | - | - |
| 3) Mr. Vimal Patanga | 20,000 | 0.64 | - | - | - | - | - | - |
| 4) Mr. Suresh T Jain | 25,100 | 0.82 | - | - | - | - | - | - |
| b. Promoters other than (a) above | - | - | - | - | - | - | - | - |
| Total (1) | 8,17,500 | 26.32 | - | - | - | - | - | - |
| (2) Acquirers | | | | | | | | |
| Acquirers | 70,000 | 2.25 | 8,17,500 | 26.32 | 8,07,612 | 26.00 | 16,95,112 | 54.57 |
| Immediate Relatives of Acquirers (Note# 2) | | | - | - | - | - | | |
| Shiksha Jain | 30,000 | 0.97 | | | | | 30,000 | 0.97 |
| Sejal Jain | 20,000 | 0.64 | | | | | 20,000 | 0.64 |
| Renu Jain | 20,000 | 0.64 | | | | | 20,000 | 0.64 |
| Dinesh Gangwal | 25,000 | 0.80 | | | | | 25,000 | 0.80 |
| Total (2) | 1,65,000 | 5.31 | 8,17,500 | 26.32 | 8,07,612 | 26.00 | 17,90,112 | 57.63 |
| (3) Parties to Agreements other than (1) & (2) | - | - | - | - | - | - | - | - |
| (4) Public (other than parties to agreement, Acquirers) | 21,23,700 | 68.37 | - | - | - | - | 13,16,088 | 42.37 |
| Total (4) | 21,23,700 | 68.37 | - | - | - | - | 13,16,088 | 42.37 |
| Grand Total (1+2+3+4) | 31,06,200 | 100.00 | 8,17,500 | 26.32 | 8,07,612 | 26.00 | 31,06,200 | 100.00 |

(*) Assuming full acceptance under the Offer.

Note1: The Acquirers shall be classified after the completion of the Open Offer formalities/consummation of the SPA as the promoters of the Target Company subject to the approval of the shareholders of the Company in accordance with the provisions of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 2: Post completion of Offer, the Acquirers shall, subject to shareholders approval, obtain management control of the Company and shall be the new promoters of the Company. Accordingly, Ms. Shiksha Jain, Ms. Sejal Jain, Ms. Renu Jain and Mr. Dinesh Gangwal shall fall under the definition of promoter group of SEBI (ICDR) Regulations, 2009 and their shareholding shall be disclosed under the category of promoter group accordingly.

22. OFFER PRICE AND FINANCIAL ARRANGEMENTS

A) JUSTIFICATION FOR THE OFFER PRICE

- As on the date of this Draft Letter of Offer, the Equity Shares of the Target Company are listed on BSE only.
- 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 (October 01, 2018 to September 30, 2019) 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 | 50 | 31,06,200 | Negligible |

(Source: www.bseindia.com)

3. Based on the information provided in point above, the Equity Shares of the Target Company are **infrequently traded** on the BSE in terms of the Takeover Regulations, 2011.
4. The Offer Price of Rs. **16.10/-** (Rupees Sixteen and Ten Paise only) is justified in terms of regulation 8 of the Takeover Regulations, **being the highest of the following:**

| | | |
|--|--|----------------|
| a) | Highest negotiated price per share for acquisition under the agreement attracting the obligations to make a public announcement for the offer; | Rs. 6/- |
| b) | The volume-weighted average price paid or payable for acquisition(s), whether by the Acquirers 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. | Not Applicable |
| e) | Where the shares are not frequently traded, the price determined by the Acquirers and the Manager to the Open Offer taking into account valuation parameters per Share including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares | #Rs. 16.06 |
| Other Financial Parameters as at March 31, 2019 | | |
| | Return on Networth (%) | (4.57) |
| | Book Value per share (₹) | 16.06 |
| | Earnings per share (Diluted) (₹) | (0.73) |

#Mr. Sanjay Jhaharia, Registered Valuer (Registration No. IBBI/RV/06/2019/11595) having office at 405, Bentinck Chambers, 4th Floor, 37A, Bentinck Street, Kolkata – 700 069, India; Email id: s.jhaharia@hotmail.com, vide certificate dated August 31, 2019, has certified that he has in terms of Supreme Court decision in the case of Hindustan Lever Employee Union V/s. Hindustan Lever Limited (1995) (83 Companies Cases 30), considered the Net Assets Value (“NAV”) for the purpose of arriving at the fair value for the Equity Shares of the Target Company. As per the certification given, the Fair Value has been arrived at Rs. 16.06/- per Equity Share.

5. In view of the above parameters considered and in the opinion of the Acquirers and Manager to the Offer, the Offer Price of **Rs. 16.10/-** per Equity Share is justified in terms of regulation 8 of the Takeover Regulations.
6. There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.
7. There has been no revision in the Offer Price or to the size of this Offer as on the date of this Draft Letter of Offer.
8. 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 Acquirers shall (i) make corresponding increases to the escrow amounts, as more particularly set out in paragraph V of the DPS; (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.

B) FINANCIAL ARRANGEMENTS

1. Assuming full acceptance in the Offer, the total funds required to meet this Offer is Rs. 1,30,02,553.20 (Rupees One Crore Thirty Lac Two Thousand Five Hundred Fifty Three and Twenty Paise only).
2. The Networth of Acquirer 1 as on September 16, 2019 is Rs. 156.14 Lacs (Rupees One Crore Fifty Six Lac and Fourteen Thousand only) and the same is certified by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Membership No. 053693; FRN No. 325867E having office at 2B, Grant Lane, 2nd Floor, Kolkata – 700 012; Email id: caarunkolkata@gmail.com, vide certificate dated September 20, 2019, bearing Unique Document Identification Number (UDIN) 19053693AAAABY5245.

3. The Networth of Acquirer 2 as on September 13, 2019 is Rs. 146.13 Lacs (Rupees One Crore Forty Six Lac and Thirteen Thou-sand only) and the same is certified by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Member-ship No. 053693; FRN No. 325867E having office at 2B, Grant Lane, 2nd Floor, Kolkata – 700 012; Email id: caarunkolka-ta@gmail.com, vide certificate dated September 20, 2019, bearing Unique Document Identification Number (UDIN) 19053693AAAABX3474.
4. Acquirers have adequate resources to meet the financial obligations of the Offer. No funds are borrowed from banks or financial institution for the purpose of this Offer by the Acquirers. Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (*Membership No.* 053693; FRN No. 325867E having office at 2B, Grant Lane, 2nd Floor, Kolkata – 700 012; Email id: caarunkolkata@gmail.com, *vide* certificate dated September 20, 2019, has confirmed that sufficient resources are available with the Acquirers for fulfilling the obligations under this ‘Offer’ in full.
5. In accordance with Regulation 17(1) of the Takeover Regulations, the Acquirers have opened an escrow account (“**Escrow Cash Account**”) in the name and style of “**HI - KCLASS OPEN OFFER - ESCROW ACCOUNT**” with ICICI Bank Limited (“**Escrow Bank**”), 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 acting through its branch situated at Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400020 and have made a cash deposit of Rs. **1,50,00,00** (Rupees One Lac and Fifty Thousand only) (“**Escrow Deposit Amount**”) being **more than 1%** of the Maximum Consideration payable under the Offer. Escrow Bank vide email dated September 23, 2019 has confirmed the credit of Escrow Deposit Amount. Further, the Acquirers have also furnished a Bank Guarantee dated September 21, 2019 (“**Bank Guarantee**”) of an amount of Rs. 1,28,72,528 (Rupees One Crore Twenty Eight Lacs Seventy Two Thousand and Five Hundred Twenty Eight Only) (“**Bank Guarantee Amount**”) issued by the Escrow Bank in favor of the Manger to the Offer. Bank Guarantee is valid upto March 14, 2020. Escrow Deposit Amount and Bank Guarantee Amount, collectively constitute **more than 100%** of the Maximum Consideration payable by the Acquirers under the Offer. The Acquirers have empowered the Manager to the Offer to operate and to realize the value of the Escrow Cash Account and Bank Guarantee in terms of the Takeover Regulations.
6. 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 Acquirers, prior to effecting such revision, in terms of Regulation 17(2) of the Takeover Regulations.
7. The funds required in relation to the Offer have been met from funds from the own funds of the Acquirers.
8. Based on the above, Saffron Capital Advisors Private Limited, Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirers to implement the offer in full accordance with the Takeover Regulations.

VII. TERMS AND CONDITIONS OF THE OFFER

1. The Tendering Period will commence on Thursday, November 28, 2019 and will close on Wednesday, December 11, 2019.
2. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.
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 is Thursday, November 14, 2019.
5. Target Company has signed agreements with Depositories for offering Shares in dematerialized form. The ISIN Number is INE302R01016. (Source: www.bseindia.com)
6. The Marketable lot for the Shares of the Target Company for the purpose of this Offer shall be 01. (Source: www.bseindia.com).
7. Except 8,17,500 Equity Shares of the present promoters and promoter group members, 1,65,000 Equity Shares of the Acquirers and their relatives and 9,35,000 Equity Shares of the Public Shareholders, none of the Equity Shares are subject to lock-in.
8. In terms of Regulation 18(9) of the Takeover Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

A) ELIGIBILITY FOR ACCEPTING THE OFFER

1. The Letter of Offer shall be mailed to all Public Shareholders/Beneficial Owners holding Equity Shares in dematerialized form whose names appear in register of Target Company as on Thursday, November 14, 2019, the Identified Date.
2. The Public Shareholders who have registered their email ids with the Depositories / the Target Company shall be dispatched the Letter of Offer through electronic means. If Public Shareholders who have been sent the Letter of Offer through electronic means wish to obtain a physical copy of the Letter of Offer, they may send a request in writing to the Registrar to the Offer at the address or email id mentioned on the cover page of the Letter of Offer by stating such Public Shareholder's name, address, number of Equity Shares held on Identified Date, client ID number, DP name / ID, beneficiary account number, and upon receipt of such request, a physical copy of the Letter of Offer shall be provided to such Public Shareholder. The Public Shareholders who have not registered their email ids with the Depositories / the Target Company shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. The Letter of Offer shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of members of the Target Company on the Identified Date.
3. All Public Shareholders holding the shares in dematerialized form are eligible to participate in this Open Offer at any time during the Tendering Period for this Open Offer. Please refer to Chapter# VIII titled "*Procedure for Acceptance and Settlement of the Offer*" of this DLOF for details in relation to tendering of Offer Shares held in physical form.
4. 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.
5. The PA, the DPS, the Letter of Offer will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Public Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer from the SEBI's website for applying in the Offer.
6. The acceptance of this Offer by the Public Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
7. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s)/Beneficial owner(s) of Target Company.
8. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirers in consultation with the Manager to the Offer.

9. The Acquirers reserves the right to revise the Offer Price and/or the Offer Size upwards prior to the commencement of the last 1 (one) Working Day prior to the commencement of the Tendering Period, i.e., up to Wednesday, November 27, 2019, in accordance with the Takeover Regulations and the revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the DPS was published. The Acquirers would pay such revised price for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the DPS and the Letter of Offer.

B) STATUTORY AND OTHER APPROVALS

1. As on the date of this DLOF, to the best of the knowledge of the Acquirers, there are no regulatory or statutory approvals required other than the prior approval from the Reserve Bank of India (“RBI”) in accordance with Notification No. DBNR(PD)CC.No.065.03.10.001/2015-16 issued by RBI dated July 09, 2015 (“RBI Circular”) as amended from time to time, for change in management and transfer of management control of Non- Banking Finance Company. Target Company being a NBFC registered with RBI, the aforesaid RBI Circular is applicable and binding. The Target Company / Acquirers are in process of making application with Reserve Bank of India, Mumbai branch for the change in management and transfer of management control of the Target Company. The approval is currently awaited.

Except aforesaid, to the best of the knowledge of the Acquirers, there are no other statutory approvals required by the Acquirers to complete this Offer. However, in case of any such statutory approvals are required by the Acquirers at a later date before the expiry of the Tendering Period, this Offer shall be subject to such approvals and the Acquirers shall make the necessary applications for such statutory approvals.

2. If any of the Public Shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIIs) require any approvals inter-alia from RBI, the Foreign Investment Promotion Board or any regulatory body for the transfer any Equity Shares to the Acquirers, 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 Acquirers reserves the right to reject the Equity Shares tendered by such Public Shareholders that are not resident in India. Subject to the receipt of statutory and other approvals, if any, the Acquirers 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 who have validly tendered Equity Shares in the Offer and are accepted for acquisition by the Acquirers.
3. The Acquirers 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 Public Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirers.
4. In terms of Regulation 18(11) of the Takeover Regulations, the Acquirers shall be responsible to pursue all statutory approvals required by the Acquirers in order to complete the Open Offer without any default, neglect or delay. In case of delay in receipt of any statutory approval, the SEBI may, if satisfied that delayed receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or the failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the Takeover Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 17(9) of the Takeover Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.
5. In terms of Regulation 23(1) of the Takeover Regulations, if the approvals mentioned in paragraph VII are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirers have a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be filed with SEBI, BSE and the registered office of the Target Company.

VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. All Public Shareholders holding the shares in dematerialized form are eligible to participate in this Open Offer at any time during the Tendering Period for this Open Offer. Please refer to section titled “*Procedure to be followed by shareholders who are holding equity shares in physical form*” below of this part, for details in relation to tendering of Offer Shares held in physical form.
2. 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 Draft Letter of Offer, may also participate in this Offer.
3. The Open Offer shall be implemented by the Target Company through Stock Exchange Mechanism made available by BSE in the form of separate window (“**Acquisition Window**”) as provided under the Takeover 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.
4. For implementation of the Open Offer, the Acquirers have appointed Choice Equity Broking Private Limited as the Buying Broker (the “**Buying Broker**”) through whom the purchases and settlements on account of the Open Offer would be made by the Acquirers. The contact details of the Buying Broker are as follows:

Name: Choice Equity Broking Private Limited

Address: Shree Shakambhari Corporate Park,
Plot No. 156-158, J B Nagar,
Andheri (East), Mumbai-400099

Contact Person: Mr. Sheetal Murarka

Tel.: 022 - 67079857

E-mail: sheetal.murarka@choiceindia.com; compliance@choiceindia.com

5. All the Public Shareholders who desire to tender their Equity Shares under the Open Offer would have to intimate 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.
7. The cumulative quantity tendered shall be displayed on the BSE website throughout the trading session at specific intervals by BSE during Tendering Period .
8. Public Shareholders can tender their Equity Shares only through a broker with whom they are registered as client (KYC Compliant).
9. In the event Seller Broker of any Public Shareholder is not registered with BSE then that Public Shareholder can approach the Buying Broker as defined in the Point # 4 above and tender the Equity Shares through the Buying Broker after submitting the details as may be required by the Buying Broker to be in compliance with the SEBI regulations.

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

a) 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 01, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

b) In this Open Offer, considering the timelines of activities prescribed under the Takeover Regulations, the acceptance of tendered shares will be undertaken after April 01, 2019.

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

THE PUBLIC 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

PROCEDURE TO BE FOLLOWED BY SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN DEMATERIALIZED FORM:

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 Shares tendered etc.
6. The Public 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.

ACCEPTANCE OF SHARES

1. Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.
2. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirers shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, 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.

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

1. Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the LOF, may also participate in this Offer.
2. A Public Shareholder may participate in the Offer by approaching their broker / Selling Broker and tender Equity Shares in the Open Offer as per the procedure mentioned in this DLOF.
3. The Letter of Offer will be dispatched to all the Shareholders whose names appear on the register of members of the Target Company as on the Identified Date. In case of non-receipt of the Letter of Offer, such Shareholders of the Target Company may download the same from the website of SEBI (www.sebi.gov.in) or BSE (www.bseindia.com) or the Manager to the Offer (www.saffronadvisor.com) 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.

SETTLEMENT PROCESS

1. 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 Exchange to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.
2. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
3. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation.
4. The direct credit of Equity Shares shall be given to the demat accounts of the Acquirers indicated by the Acquirers' Buying Broker, through the pool account. For the same, the existing facility of client direct payout in the capital market segment shall be available.
5. 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.
6. 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.
7. Public Shareholders who intend to participate in the Offer should consult their respective Seller Member for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Public Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling Public Shareholders from their respective Seller Member, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirers accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.

SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

- 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 Equity Shares transferred to the Clearing Corporation.
- The settlement 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 Acquirers 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.
- 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.
- The Public 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 Open Offer.
- Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation.
- In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the Public Shareholders who have accepted the Open

Offer within such period, subject to the Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the Takeover Regulations.

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 Acquirers 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 ACQUIRERS AND THE MANAGER TO THE OFFER DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY PUBLIC SHAREHOLDER AS A REASON OF THIS OFFER

IX. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Public Shareholders at the office of the Manager to the Offer at Centre Point, 605, 6th floor, J.B. Nagar, Andheri-Kurla Road, Andheri (East), Mumbai- 400 059 on any working day (i.e. Monday to Friday and not being a bank holiday 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:

- Certificate of Incorporation, Memorandum and Articles of Association of Hi-Klass Investment and Trading Limited;
- Certificate dated September 20, 2019 issued by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Membership No. 053693; FRN No. 325867E), certifying the net worth of the Acquirers;
- Certificate dated September 20, 2019 issued by Mr. Arun Kumar Jain, Proprietor of Arun Jain & Associates, Chartered Accountant (Membership No. 053693; FRN No. 325867E), certifying that sufficient resources are available with the Acquirers for fulfilling the obligations under this 'Offer' in full;
- Annual reports of the Target Company for the financial years ending March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015;
- Unaudited Financial Results and Limited Review Report for the three months period ended on June 30, 2019.
- Email dated September 23, 2019 from ICICI Bank Limited confirming the cash deposit of ₹ 1,50,000 (Rupees One Lac Fifty Thousand Only) in the Escrow Account with a lien marked in favor of the Manager to the Offer;
- Copy of Bank Guarantee dated September 21, 2019, issued by ICICI Bank Limited for ₹ 1,28,72,528 (Rupees One Crore Twenty Eight Lacs Seventy Two Thousand Five Hundred Twenty Eight only) in favor of the Manager to the Offer.
- Copy of Share Purchase Agreement - between the Acquirers and Sellers dated October 03, 2019.
- Copy of Escrow Agreement between the Acquirers, Manager to the Offer and Escrow Bank;
- A copy of Public Announcement dated October 03, 2019, published copy of the Detailed Public Statement dated October 11, 2019;
- Observation letter bearing reference number [●] dated [●] received from SEBI in terms of Regulation 16(4) of the Regulations.
- A copy of the recommendation made by the Committee of Independent Directors (IDC) of the Target Company.

X. DECLARATION BY THE ACQUIRERS

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

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| Sd/- SANJAY KUMAR JAIN (ACQUIRER 1) 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata -700020, West Bengal, India Email: skjain010@yahoo.com | Sd/- SUMAN JAIN (ACQUIRER 2) 2/1A, Justice Dwarka Nath Road, L R Sarani, Kolkata -700020, West Bengal, India Email: sumanjain010@yahoo.com |
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Place: **Kolkata**

Date: October 17, 2019