

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 Equity Shareholder(s) of Salem Erode Investments 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 this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, and the transfer deed to the purchaser of the Equity Shares or the member of the stock exchange through whom the said sale was effected.

OPEN OFFER BY

ICL Fincorp Limited ("Acquirer")

Registered Office: - No.61/1, VGP Complex First Avenue, Ashok Nagar, Chennai, Tamil Nadu- 600083, India;

Tel: 044-23713139, **Email:** cs@iclfincorp.com, **Website:** www.iclfincorp.com

Corporate office: Near State Bank of India, Main Road, Irinjalakuda, Thrissur, Kerala 680121, India.

Tel: 0480 2821939, **Email:** cs@iclfincorp.com

Corporate Identification Number: U65191TN1991PLC021815

To the Shareholder(s) of

SALEM ERODE INVESTMENTS LIMITED ("Target Company")

Registered Office: 14, Motilal Nehru Road, Kolkata, West Bengal 700029, India

Tel: + 91- 33- 4003 2108; **Email:** salemerodeinvestmentsltd@gmail.com; **Website:** www.salemerode.com.

Corporate Identification Number: L31200WB1931PLC007116

To acquire upto 29,50,280 (Twenty Nine Lakhs Fifty Thousand Two Hundred Eighty only) Equity Shares of the face value of Re. 1 each ("Offer Shares"), representing #25.73% 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 of the open offer ("Voting Share Capital"), from the eligible shareholders of the Target Company for cash at a price of Rs. **26.40/-** per Equity Share.

(# As per Takeover Regulations, the open offer under regulations 3 and 4 shall be for at least 26% of the total shares of the target company, as of 10th working day from the closure of the tendering period. However, the public shareholding of the Target Company is 25.73% as on date, and therefore, the Offer Shares represent 25.73% of the fully diluted Voting Share Capital of the Target Company.)

Please Note:

1. This Open Offer is being made by the Acquirer 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. **The Target Company is in process of making application with Reserve Bank of India, Kolkata 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 Acquirer, there are no other approvals required for the purpose of this Open Offer. If any other statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such other statutory approvals.
6. If there is any upward revision in the Offer Price or the number of Shares sought to be acquired under the Open Offer by the Acquirer, at any time prior to the commencement of the last one working day before the commencement of the tendering period i.e. upto Monday, February 18, 2019, the same would be informed by way of a public announcement in the same newspapers where the Detailed Public Statement appeared. Such revision in the Open Offer Price would be payable by the Acquirer for all the shares validly tendered anytime during the Tendering Period of the Open Offer.
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 Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgment) 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

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/ Shikha Jain



NICHE TECHNOLOGIES PRIVATE LIMITED

3A, Auckland Place 7th Floor, Room No. 7A & 7B, Kolkata-700017

Tel. No.: +91 33 2280 6616 / 17 / 18;

Fax No.: +91 33 2280 6619

E-mail: nichetechpl@nichetechpl.com

Website: www.nichetechpl.com

SEBI Registration Number: INR 000003290

Validity: Permanent

Contact Person: Mr. S. Abbas/ Mr. Aniruddha Dutta

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Day and Date
Public Announcement (PA)	Friday, December 28, 2018
Publication of DPS in the newspapers	Friday, January 04, 2019
Filing of the draft letter of offer with SEBI	Friday, January 11, 2019
Last date for a competitive bid	Friday, January 25, 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)	Friday, February 01, 2019
Identified Date*	Tuesday, February 05, 2019
Letter of Offer to be dispatched to shareholders	Tuesday, February 12, 2019
Last date for revising the Offer price/ number of shares	Monday, February 18, 2019
Last Date by which the committee of the independent directors of the Target Company shall give its recommendation	Friday, February 15, 2019
Date of publication of Offer Opening Public Announcement	Monday, February 18, 2019
Date of commencement of Tendering Period (Offer Opening Date)	Wednesday, February 20, 2019
Date of Expiry of Tendering Period (Offer Closing Date)	Wednesday, March 06, 2019
Last Date for completion of all requirements including payment of consideration	Wednesday, March 20, 2019

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

RISK FACTORS

I. RISK FACTORS RELATING TO THE TRANSACTION

- The Target Company is in process of making application with Reserve Bank of India, Kolkata 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 Acquirer, there are no other statutory approvals required by the Acquirer to complete this Offer. However, in case of any other statutory approvals are required by the Acquirer at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory approvals. 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 Acquirer to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Open Offer, subject to the Acquirer 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 Acquirer in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture. Where the statutory or regulatory approvals extend to some but not all the Public Shareholders, the Acquirer 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 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 Acquirer, the Open Offer would stand withdrawn. The Acquirer 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 25.73% of the Voting Share Capital of the Target Company from the Eligible Shareholders. In the case of Equity Shares tendered in the Open Offer by the Eligible 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 Eligible 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 Acquirer from performing his obligations hereunder, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer 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 Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer 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 Acquirer 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 Acquirer 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 Acquirer, or the Manager to the Offer) would be doing so at his/her/their own risk.
- 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 Acquirer or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.
- The Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.
- This Offer is subject to completion risks as would be applicable to similar transactions.

III. RISK RELATING TO ACQUIRER AND THE TARGET COMPANY

- Acquirer makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirer 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 Acquirer expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

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 Acquirer, 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 Shareholder. The 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.

INDEX

Sr. No.	Description	Page No.
1.	Key Definitions	06
2.	Disclaimer Clause	08
3.	Details of the Offer	09
4.	Object of the Acquisition/Offer	12
5.	Background of the Acquirer	13
6.	Background of the Target Company	17
7.	Terms & Conditions of the Offer	24
8.	Procedure for Acceptance and Settlement of the Offer	26
9.	Documents for Inspection	31
10.	Declaration by the Acquirer	32
11.	Form of Acceptance-cum-Acknowledgement	-

I. KEY DEFINITIONS

Acquirer	ICL Fincorp Limited having its registered office at No.61/1, VGP Complex First Avenue, Ashok Nagar, Chennai, Tamil Nadu- 600083, India and acting for the purpose of this Offer through its corporate office at Near State Bank of India, Main Road, Irinjalakuda, Thrissur, Kerala 680121, India.
Agreement/Share Purchase Agreement/ SPA	Share Purchase Agreement dated December 28, 2018 entered into between the Acquirer and the Sellers.
Board of Directors	Board of directors of the Target company
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
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 January 02, 2019 issued by the Manager to the Offer, on behalf of the Acquirer, in relation to the Offer and published in all editions of Financial Express (English), Jansatta (Hindi), Mumbai Lakshadeep (Marathi) and Duranta Barta (Regional Language newspaper (Bengali) where the registered office of the Target Company is located) on January 03, 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.
DP	Depository participant
DTAA	Double Taxation Avoidance Agreement
Equity Share(s)/ Share(s)	The fully paid up equity share(s) of the Target Company having a face value of Re. 1 (Rupee one) per equity share
Equity Share Capital / Voting Share Capital	Subscribed and paid up Share Capital of the Target Company is Rs. 1,14,65,595 (including amount received on first call i.e. Rs. 75 (Rs. 2.50 x 30 Equity Shares) towards partly paid equity shares) comprising of 1,14,65,520 Equity Shares of face value Re. 1 each.
Escrow Agreement	Escrow Agreement entered between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank / Escrow Agent	ICICI Bank Limited
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
Form of Acceptance-cum-Acknowledgment	Form of Acceptance-cum-Acknowledgement attached to this Draft Letter of Offer
Issued Share Capital	Rs. 1,14,65,820 comprising of 1,14,65,820 Equity Shares of face value Re. 1 each.
Identified Date	Tuesday, February 05, 2019, i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent
Letter of Offer/ LOF	The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer, including the Form of Acceptance-cum-Acknowledgement

LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Manager to the Offer	Saffron Capital Advisors Private Limited
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 Acquirer for acquiring upto 29,50,280 (Twenty Nine Lakhs Fifty Thousand Two Hundred Eighty only) Equity Shares representing 25.73% 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. 7,78,87,392 (Rupees Seven Crores Seventy Eight Lacs Eighty Seven Thousand Three Hundred Ninety Two Only)
Offer Period	Period commencing from December 28, 2018 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. 26.40/- (Rupees Twenty Six and Forty Paise only) per Equity Share
Offer Size	Up to 29,50,280 (Twenty Nine Lakhs Fifty Thousand Two Hundred Eighty only) Equity Shares representing 25.73% of the Voting Share Capital
Public Announcement/PA	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on December 28, 2018 in accordance with Takeover Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Niche Technologies Private Limited
Sale Shares	85,15,240 fully paid up Equity Shares, representing 74.27% of the Voting Share Capital, proposed to be acquired by the Acquirer from the Sellers pursuant to the SPA
SCRR	Securities Contract (Regulations) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992, as amended
Stock Exchange	BSE Limited
Sellers	Collectively, Seller 1 to Seller 3
Seller 1	Kusum Kanoria holding 38,27,120 equity shares representing 33.38% of the total Paid Up Capital of the Target Company.
Seller 2	Padma Kanoria holding 25,91,000 equity shares representing 22.60% of the total Paid Up Capital of the Target Company.
Seller 3	Tara Investments Limited holding 20,97,120 equity shares representing 18.29% of the total Paid Up Capital of the Target Company.
Target Company	Salem Erode Investments Limited having its registered office at 14, Motilal Nehru Road, Kolkata, West Bengal- 700029, India
Tendering Period	Wednesday, February 20, 2019 to Wednesday, March 06, 2019
Working Day	Working days of SEBI

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 SALEM ERODE INVESTMENTS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 07, 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 ACQUIRER 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 (the "Offer" or "Open Offer") is being made by the Acquirer in compliance with Regulations 3(1) and 4 of and other applicable provisions of the Takeover Regulations, to acquire up to **29,50,280** (Twenty Nine Lakhs Fifty Thousand Two Hundred Eighty only) Equity Shares of face value ₹ 10/- (Rupees Ten only) each, representing #25.73% of the total Voting Share Capital of the Target Company from the Public Shareholders.

(# As per Takeover Regulations, the open offer under regulations 3 and 4 shall be for at least 26% of the total shares of the target company, as of 10th working day from the closure of the tendering period. However, the public shareholding of the Target Company is 25.73% as on date, and therefore, the Offer Shares represent 25.73% of the fully diluted Voting Share Capital of the Target Company.)

2. Acquirer has entered into a Share Purchase Agreement dated December 28, 2018 ("SPA") with the existing Promoters of the Target Company having its registered office at 14, Motilal Nehru Road, Kolkata, West Bengal 700029, India, comprising Mrs. Kusum Kanoria, Mrs. Padma Kanoria and Tara Investments Limited ("Sellers"), for the acquisition of 85,15,240 equity shares ("Sale Shares") of face value Re. 1/- each representing 74.27% of the Voting Share Capital of the Target Company for cash at a price of Rs. 26.37/- (Rupees Twenty six and Thirty Seven Paise Only) per Sale Share aggregating to Rs. 22,45,46,879/- (Rupees Twenty Two Crores Forty Five Lakhs Forty Six Thousand Eight Hundred Seventy Nine Only) payable in cash ("Transaction").
3. A summary of some of the salient features of the SPA which are all subject to detailed terms in the SPA, is as follows:
 - a) The Acquirer intends to buy from the Sellers and the Sellers intends to sell to the Acquirer 85,15,240 (Eighty Five Lakhs Fifteen Thousand Two Hundred Forty Only) fully paid-up Equity Shares constituting 74.27% of the total Voting Share Capital of the Target Company for an aggregate sale consideration of Rs. 22,45,46,879/- (Rupees Twenty Two Crores Forty Five Lakhs Forty Six Thousand Eight Hundred Seventy Nine Only) ("SPA Consideration") through an off market transaction;
 - b) The Acquirer has paid a sum of Rs. 6,00,00,000 (Rupees Six Crores) as advance to the Sellers by Demand Draft;
 - c) The Sale Shares shall be free and clear of all liens to the Acquirer;
 - d) From the date of entering SPA till the date of the Closure (as defined in SPA), the Sellers shall not, except with the prior consent of the Acquirer, 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;
 - e) 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;
 - f) The Sellers shall secure resignations from all the existing Directors of the Target Company or such of them as are requested by the Acquirer on the Completion Date;
 - g) Acquirer has confirmed that the acquisition made in pursuant to the SPA would result in triggering the requirement of the Open Offer under applicable regulations of the Takeover Regulations, and then the Acquirer shall take necessary steps to cause a Public Announcement for acquiring a minimum of 26% of the outstanding equity and voting share capital of the Target Company in terms of the Takeover Regulations;
 - h) The Acquirer further undertake to take all necessary steps to proceed with Open Offer in accordance with law including the Takeover Regulations to acquire a minimum of 26% the outstanding equity and voting share capital of the Target Company from the public and to

comply with all orders and directions of SEBI in this behalf including payment of any interest on the price if required to be offered;

- i) SPA may be terminated on or prior to the Closing Date as follows:
 - a. By written consent of each of the Sellers and the Acquirer on such terms and conditions as they may agree to; or
 - b. By the Sellers in the event that the Acquirer fails to fulfill any of its Conditions/Warrantees/Precedents or fails to fulfill any of its obligations at Closing; or
 - c. By the Acquirer in the event that the Sellers fail to fulfill any of its Conditions/Warrantees/Precedents or fail to fulfill any of its obligations at Closing.
4. The Acquirer hereby makes this Offer to shareholders of the Target Company, other than the Acquirer and Promoter and Promoter Group members (“**Equity Shareholders**”) to acquire Offer Shares, representing in aggregate 25.73% of the total Voting Share Capital of the Target Company at a price of Rs. 26.40/- (Rupees Twenty Six and Forty Paise only) per fully paid up Equity Share (“**Offer Price**”) payable in cash subject to the terms and conditions mentioned in the PA, DPS and in the Letter of Offer that will be circulated to the shareholders in accordance with the Takeover Regulations (“**Letter of Offer**”).
5. The object of the acquisition is substantial acquisition of Shares/voting Rights accompanied by takeover of control over the Management of the Target Company
6. The Offer Price is payable in cash, in accordance with Regulation 9 (1) of the Takeover Regulations.
7. This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is not a conditional offer.
8. This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal
9. The Acquirer confirms that it is not prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.
10. The Sellers shall cease to be the Promoters of Target Company and relinquish the management control of the Target Company in favor of the Acquirer. The Acquirer will acquire control of the Target Company, and shall be classified as new promoter 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, (“**SEBI LODR Regulations**”). The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the SEBI LODR Regulations
11. 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 Friday, February 15, 2019.

B) Details of the proposed Offer:

1. The Public Announcement announcing the Open offer, under Regulation 3(1) and Regulation 4 was made on December 28, 2018 to BSE and a copy thereof was also filed with SEBI and sent to the Target Company at its registered office.
2. The Acquirer has published the DPS on Thursday, January 03, 2019, which appeared in the following newspapers:

Sr. no.	Newspapers	Language	Editions
1	Financial Express	English	All Editions
2	Jansatta	Hindi	All Editions
3	Mumbai Lakshadeep	Marathi	Mumbai
4	Duranta Barta	Bengali	Registered office of Target Company

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

3. On December 28, 2018, the Acquirer entered into Share Purchase Agreement (“SPA”) with the Sellers for purchase of up to 85,15,240 Equity Shares representing 74.27% of the total Voting Share Capital at a price of ₹ 26.37/- (Rupees Twenty Six and Thirty Seven Only) per Equity Share payable in cash (the purchase of the Sale Shares under the SPA is referred to as the “Transaction”).
4. Pursuant to the Open Offer, the Acquirer proposes to acquire **29,50,280** Equity Shares representing **25.73%** of total Voting Share Capital of the Target Company, as of the tenth (10th) working day from the closure of the tendering period, at the Open Offer Price of Rs. **26.40/-** (Rupees Twenty Six and Forty Paise only) per Equity Share, to be paid in cash, in accordance with the Takeover Regulations and subject to the terms and conditions set out in the DPS and this Draft Letter of Offer.
5. The Offer is being made to all the Shareholders of the Target Company (other than the Promoter and Promoter Group Members and the Acquirer). All Equity Shares validly tendered in the Open Offer will be acquired by the Acquirer 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.
6. There are no partly paid-up Shares in the Target Company.
7. The Offer is not a competing offer in terms of Regulation 20 of the Takeover Regulations.
8. 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.
9. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the Takeover Regulations.
10. As on the date of this Draft Letter of Offer, the Acquirer does not hold any Equity Shares of the Target Company.
11. The Acquirer has confirmed that it has not acquired any Equity Shares of Target Company after the date of PA i.e. December 28, 2018, and up to the date of this Draft Letter of Offer.
12. In the event that the Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, the acquisition of Shares from the Eligible Shareholders will be on a proportionate basis, as detailed in paragraph VIII of this Draft Letter of Offer.
13. There are no Persons Acting in Concert with the Acquirer in the Open Offer.
14. To the extent the post-offer holding of the Acquirer in the Target Company exceeds the maximum permissible non-public shareholding in terms of Regulation 38 of the SEBI LODR Regulations read with Securities Contract (Regulation) Rules, 1957, and subsequent amendments thereto (the “SCRR”), the Acquirer undertakes to reduce its shareholding to the level stipulated in the SCRR within the time and in the manner specified in the SCRR and SEBI LODR Regulations.

IV. OBJECT OF THE ACQUISITION/ OFFER

1. At present, the Acquirer does not have any plans to make major changes to the existing line of business of the Target Company. The Acquirer may continue to support the existing business of the Target Company. However, in case the Acquirer intends to build new businesses it shall be subject to the prior approval of the Shareholders by way of a special resolution using the postal ballot process. Upon completion of the Offer, the Acquirer may reorganize the present Capital structure of the Company and also further strengthen the Board.
2. The Acquirer 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 acquisition is to acquire substantial shares/voting rights accompanied with change in management and control of the Target Company.

V. BACKGROUND OF THE ACQUIRER

ICL Fincorp Limited (“Acquirer”)

1. The Acquirer was originally incorporated as “Jawahar Finance Limited” as a public limited company under the Companies Act, 1956 vide Certificate of Incorporation dated December 18, 1991 issued by the Registrar of Companies, , Tamil Nadu. The Acquirer received Certificate of Commencement of Business dated February 21, 1992 issued by the Registrar of Companies, Tamil Nadu. The name of the Acquirer was changed to “Irinjalakuda Credits & Leasing Company Limited” on April 26, 2004 vide a Fresh Certificate of Incorporation pursuant to change of name issued by the Registrar of Companies, Chennai, Tamil Nadu. Subsequently the name of the Acquirer was changed to “ICL Fincorp Limited” on May 08, 2016 vide a Certificate of Incorporation pursuant to change of name issued by the Deputy Registrar of Companies, Chennai, Tamil Nadu.
2. Registered office of the Acquirer is situated at No.61/1, VGP Complex First Avenue, Ashok Nagar, Chennai, Tamil Nadu- 600083, India; **Tel:** 044-23713139 ; **Email:** cs@iclfincorp.com. Corporate office of the Acquirer is situated at Near State Bank of India, Main Road, Irinjalakuda, Thrissur, Kerala 680121, India. **Tel:** 0480 2821939; **Email:** cs@iclfincorp.com; **Website:** www.iclfincorp.com
3. Corporate Identification Number of the Acquirer is U65191TN1991PLC021815. (Source: www.mca.gov.in)
4. The Acquirer is a Non-Banking Financial (Non Deposit Accepting or Holding) registered with Reserve Bank of India bearing registration no. B-07.00437.
5. Acquirer is currently engaged into business of providing fund-based services including Gold loans, Business loans, Hypothecation loans, Property loans etc.
6. Acquirer is holding a Permanent Account Number- AAACJ1806C.
7. The issued and paid up share capital of the Acquirer is Rs 35,93,29,240 comprising of 3,59,32,924 equity shares of face value Rs.10 each. (Source: www.mca.gov.in)
8. Equity shares of the Acquirer are not listed on any of the recognized stock exchanges.
9. As on the date of this DLOF, the following are the promoters of the Acquirer and their shareholding is as mentioned below:

Sr. No.	Particulars	No. of shares held	Percentage of shareholding
1.	Anilkumar K G	1,10,87,450	30.86
2.	Umadevi Anilkumar	38,49,799	10.71
3.	Amaljith Menon	61,472	0.17
4.	Jose C D	48,000	0.13
5.	Rajeev P C	52,666	0.15
6.	Sabu K Varghese	41,333	0.12
7.	Shajitha Suresh	21,333	0.06
8.	Wilson K K	21,333	0.06
	Total	1,51,83,386	42.26

10. The shareholding pattern of the Acquirer as on the date of this Draft Letter of Offer is as under:

Sr. No.	Shareholder's Category	No. of equity shares held	Percentage of shareholding
1	Promoter	1,51,83,386	42.26
2	Public	2,07,49,538	57.74
	Total	3,59,32,924	100

11. Brief financial details of the Acquirer, as obtained from its audited financial statements as at and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 and the audited financials for the period ended November 30, 2018 are as follows:

(Amount Rs. In lacs)

Profit & Loss Statement	For the period ended November 30, 2018	For the year ended March 31,		
		2018	2017	2016
Income from Operations	2,194.08	2869.21	1,282.45	382.68
Other Income	34.33	38.58	0.57	0.08
Total Income	2,228.41	2,907.80	1,283.02	382.77
Total Expenditure	2,901.81	2,801.81	1198.73	338.92
Profit Before Depreciation Interest and Tax	710.65	1498.76	607.25	158.65
Depreciation	146.77	237.59	112.25	37.80
Interest	1,237.14	1,155.19	410.70	77.01
Profit/ (Loss) Before Tax	(673.26)	105.98	84.30	43.84
Provision for Tax	(133.50)	31.87	48.55	19.99
Profit/ (Loss) After Tax	(539.76)	74.11	35.75	23.86
Balance Sheet Statement	For the period ended November 30, 2018	For the year ended March 31,		
		2017	2016	2015
Sources of fund				
Paid up share capital	3,593.29	2,539.40	2,086.25	1,007.78
Reserves and Surplus (excluding revaluation reserves)	1,176.73	662.60	351.70	72.07
Less: Miscellaneous Expenditure not written off	-	-	-	-
Net Worth	4,770.02	3,202.00	2437.95	1,079.85
Secured loans	7,150.99	5,431.32	1951.22	485.03
Unsecured loans	2189.00	2189.00	1,830.05	995.93
Other Non current liabilities	707.30	659.81	150.02	19.41
Long Term provisions	21.35	12.44	-	-
Current Liabilities	6,539.19	4,950.39	1804.66	651.66
Total	21,377.86	16,444.96	8,174.40	3231.88
Uses of funds				
Net fixed assets	854.84	898.09	705.56	215.65
Intangible assets	13.68	10.66	12.93	-
Capital work in progress	43.72	41.68	-	-
Deferred tax assets	190.17	56.87	13.07	2.43
Long term loans and advances	2037.68	1,979.31	1139.41	438.09
Other Non current assets	744.89	527.48	338.54	173.07
Investments	-	-	3.15	1.65
Current assets	17,492.88	12,930.87	5961.73	2400.99
Total	21,377.86	16,444.96	8174.40	3231.88
Other Financial Data	For the period ended November 30, 2018	For the year ended March 31,		
		2017	2016	2015
Dividend (%)	-	-	-	-

Earnings Per Share (Rs.)	(1.68)	0.33	0.29	0.93
Return on networth	(11.32)	2.31	1.47	2.21
Book Value per share	13.27	12.61	11.69	10.72

12. The Networth of Acquirer as on November 30, 2018 is Rs. 38.35 Crores (Rupees Thirty Eight Crores Thirty Five Lacs only) and the same is certified by Mr. Mohandas A, Partner of M/s Mohandas & Associates, Chartered Accountants (*Membership No. 036726*) having office at IIIrd floor, Sree Residency, Press Club Road, Thrissur-1, Kerala; Tel: 0487 2333124; Email id: ma.auditors@gmail.com, *vide* certificate dated December 24, 2018.
13. The Details of the Board of Directors of the Acquirer are as follows:

Name, Age and DIN	Designation	Qualifications and Experience	Date of Appointment/ Re-appointment
Kuzhuppilly Govinda Menon Anilkumar Age: 55 years DIN: 00766739	Managing Director	BA, MBA, LLB 26 years in NBFC	14/07/2004
Ramasamy Subramanian Age: 45 years DIN: 01884672	Director	MBBS, PG in Cardiology 21 years as Medical Practitioner	22/07/2017
Kakkeri Kochakkan Wilson Age: 62 years DIN: 02526733	Director	BSC 25 years Wholesale & Retail Business (Medical)	11/12/2017
Polassery Raman Sudhakaran Age: 69 years DIN: 02685096	Director	SSLC, KGTE 40 years- Sr. Management Member- Internal Business	28/08/2018
Umadevi Anilkumar Age: 46 years DIN: 06434467	Director	B. Com, MBA 10 years in NBFC	21/03/2013
Earatte House Gopalan Sajish Age: 41 years DIN: 06842134	Director	PG Diploma in PR & Journalism 18 years in PR & Journalism	22/03/2017
Nadarajan Age: 67 years DIN: 07887451	Director	MA (Economics) Retd IPS	22/07/2017
Saseendran Veliyath	Director	SSLC, Diploma in Medical Radiology	28/08/2018

Age: 67 years DIN: 08205871		22 years- Employment	
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14. None of the directors of the Acquirer are on the board of directors of the Target Company.
15. Acquirer is not part of any group.
16. Acquirer confirms that it 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.
17. Acquirer undertakes not to sell the Equity Shares of the Target Company held by it during the "Offer Period" in terms of Regulation 25(4) of the Takeover Regulations.
18. There is no Person Acting in Concert ("**PAC**") along with Acquirer for the Open Offer.
19. Acquirer confirms that currently there are no pending litigations pertaining to securities market where it is made party to.
20. Acquirer confirms that it is not related to the Promoters, Directors or key employees of the Target Company in any manner.
21. Acquirer has confirmed that it is not categorized as a "willful defaulter" in terms of regulation 2(1) (ze) of the Takeover Regulations.
22. Acquirer does not hold any Equity Shares of the Target Company as on the date of this Draft Letter of Offer. Hence compliance with Chapter V of the Takeover Regulations and Chapter II of Takeover Regulations, 1997 are not applicable.
23. Acquirer also confirms that none of its promoters or directors have been classified as a fugitive economic offender under the Fugitive Economic Offenders Act, 2018.

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)

Salem Erode Investments Limited (“Target Company”)

1. The Target Company was originally incorporated as “Salem-Erode Electricity Distribution Co. Limited” as a public limited company under the provision of Companies Act, 1913 vide Certificate of Incorporation dated May 16, 1931 issued by the Assistant Registrar of Joint Stock Companies, Bengal. The Target Company received Certificate of Commencement of Business on June 22, 1931 from the Registrar of Joint Stock Companies, West Bengal. The name of the Target Company was changed to “Salem Erode Tea & Investment Co. Limited” on November 28, 1975 vide a Certificate of Incorporation pursuant to change of name issued by the Assistant Registrar of Companies, West Bengal. Subsequently the name of the Target Company was changed to “Salem Erode Investments Limited” on July 24, 1992 vide a Certificate of Incorporation pursuant to change of name issued by the Assistant Registrar of Companies, West Bengal. The registered office of the Target Company is situated at 14 Motilal Nehru Road, Kolkata, West Bengal- 700029, India; Tel: + 91- 33- 4003 2108; Email: salemerodeinvestmentsltd@gmail.com; Website: www.salemerode.com.
2. Corporate Identification Number of the Target Company is L31200WB1931PLC007116. *(Source: www.mca.gov.in)*.
3. The Authorized Share Capital of the Target Company is Rs. 1,20,00,000 comprising of 12,00,000 Equity Shares of face value Re. 1 each. The Issued Share Capital of the Target Company is Rs. 1,14,65,820 comprising of 1,14,65,820 Equity Shares of face value Re. 1 each. Subscribed and paid up Share Capital of the Target Company is Rs. 1,14,65,595 *(including amount received on first call i.e. Rs. 75 (Rs. 2.50 x 30 Equity Shares) towards partly paid equity shares)* comprising of 1,14,65,520 Equity Shares of face value Re. 1 each. The board of directors of the Target Company forfeited 30 Equity shares on account of arrears in payment of call money. *(Source: Annual report of the Target Company for financial year 2017-18)*.
4. The face value of Equity shares of the Target Company were subdivided from Rs. 10 each to Re. 1 each on April 07, 2014. *[Source: Information Memorandum dated October 18, 2016 filed by the Target Company with BSE Ltd]*
5. The Target Company is a Non-Banking Financial (Non Deposit Accepting or Holding) registered with Reserve Bank of India bearing registration no. 05. 01295 and engaged in the business of investment in share and securities of listed and unlisted entities, providing of loan and advances to SME and individuals.
6. Target Company made its maiden public issue pursuant to which its Equity Shares were listed on Madras Stock Exchange Limited (“MSE”). Upon exit of MSE as stock exchange, Equity Shares of the Target Company were shifted to the dissemination board of National Stock Exchange of India Limited wef March 27, 2015. 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 August 29, 2016. Equity Shares of the Target Company have been listed on BSE and were admitted for trading wef November 16, 2016.
7. In 2010, pursuant to a Scheme of Amalgamation, A.P Finance Limited and OSCO Tea Limited were amalgamated with the Target Company vide order dated August 2, 2010 passed by the Hon’ble High Court at Calcutta. Except the aforesaid, there have been no instances of mergers/amalgamations or corporate restructuring in the Target Company.
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 currently listed only on BSE Limited (“BSE”) (Scrip Code: 540181) *(Source: www.bseindia.com)*

10. The Equity Shares of the Target Company are not frequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the Takeover Regulations. (Source: www.bseindia.com).
11. Target Company confirms that the trading in the Equity Shares of the Target Company was never suspended on BSE.
12. Target Company confirms that it has paid listing fees to BSE till date and there are no arrears.
13. **The capital structure of the Target Company as of the date of this Draft Letter of Offer is:**

a) Issued Equity Share Capital

Issued Equity Share Capital	Number of Equity Shares (Face Value - Re. 1/-)/Voting Rights	Percentage of Equity Shares/Voting Rights
Fully paid-up equity shares	1,14,65,820	100.00
Partly paid-up equity shares	Not Applicable	-
Total paid-up equity shares	1,14,65,820	100.00

b) Subscribed and Paid-up Equity Share Capital

Subscribed and Paid-up Equity Share Capital	Number of Equity Shares (Face Value - Re. 1/-)/Voting Rights	Percentage of Equity Shares/Voting Rights
Fully paid-up equity shares	1,14,65,520	100.00
Partly paid-up equity shares	Not Applicable	-
Total paid-up equity shares	1,14,65,520	100.00

Note:- Subscribed and paid up Share Capital of the Target Company is Rs. 1,14,65,595 (including amount received on first call i.e. Rs. 75 (Rs. 2.50 x 30 Equity Shares) towards partly paid equity shares) comprising of 1,14,65,520 Equity Shares of face value Re. 1 each.

14. 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 and Address	Designation	DIN	Date of Appointment
1.	Vishwanath Purohit Address: 8/1, Dr. U.N. Brahmachari Street, Po-circus Avenue, Kolkata 700017, West Bengal, India	Director	00291853	23/10/2009
2.	Ashok Kumar Hamirbasia Address: 51, Bhupen Base Avenue, Shayambazar Mail, Kolkata 700004, West Bengal, India	Managing Director	00291954	27/01/2016
3.	Sunil Kumar Kanoria Address: 9 Chapel Road Hastings, Kolkata 700022, West Bengal, India	Director	00789030	04/07/2014
4.	Harsh Vardhan Bhardwaj	Director	02819677	30/05/2017

Sr. No.	Name and Address	Designation	DIN	Date of Appointment
	Address: Fort Jardin, Flat 3A, 33A, Ramesh Mitra Road, Bhawanipore, Kolkata 700025, West Bengal, India			
5.	PRASHANT GUPTA Address: E/12/1, Indralok Housing, Estate-2 Cossipore, Kolkata 700002 West Bengal, India	Director	06915283	04/07/2014
6.	EKTA GOSWAM Address: 2, Ashutosh Mukherjee Lane, Haora Corporation, Salkia, Haora Kolkata 711106 West Bengal, India	Director	07412983	27/01/2016

15. No merger / demerger / spin off have taken place in the Target Company during the last three years.

16. None of the directors of the Target Company represent the Acquirer

17. Brief financial details of the Target Company, as obtained from its audited financial statements as at and for the financial years ended March 31, 2018, March 31, 2017 and March 31, 2016 and the unaudited financials for the six month period ended September 30, 2018 are as follows:

(Amount Rs. In lacs)

Profit & Loss Statement	For the period ended November 30, 2018	For the year ended March 31,		
		2018	2017	2016
Income from Operations	0.25	141.51	138.76	1133.64
Other Income	91.07	-	-	-
Total Income	91.32	141.51	138.76	1133.64
Total Expenditure	11.60	34.97	86.10	19.46
Profit Before Depreciation Interest and Tax	62.36	112.11	61.02	1115.62
Depreciation	0.03	5.57	8.35	1.43
Interest	-	-	-	-
Profit/ (Loss) Before Tax	62.33	106.54	52.67	1,114.19
Provision for Tax	10.20	23.08	11.30	145.09
Profit/ (Loss) After Tax	52.13	83.46	41.37	969.10
Balance Sheet Statement	For the period ended November 30, 2018	For the year ended March 31,		
		2017	2016	2015
Sources of fund				
Paid up share capital	114.66	114.66	114.66	114.66
Reserves and Surplus (excluding revaluation reserves)	1,662.13	1,610.41	1,527.07	1482.81

Less: Miscellaneous Expenditure not written off	-	-	-	-
Net Worth	1,776.79	1,725.07	1,641.72	1597.47
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Current Liabilities	30.11	70.60	69.91	349.71
Total	1,806.90	1,795.64	1,711.64	1947.18
Uses of funds				
Net fixed assets	0.01	12.16	17.74	26.06
Non- Current investments	788.69	730.37	400.37	412.08
Deferred tax assets	1.74	-	-	-
Long term loans and advances	-	821.24	1043.18	748.60
Current assets	1,016.46	231.87	250.35	760.43
Total	1,806.90	1795.64	1711.64	1947.18
Other Financial Data	For the period ended November 30, 2018	For the year ended March 31,		
		2017	2016	2015
Dividend (%)	0.45	0.73	0.36	8.45
Earnings Per Share (Rs.)	2.93	4.84	2.52	60.66
Return on networth	15.50	15.05	14.32	13.93
Book Value per share	0.45	0.73	0.36	8.45

18. 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, if any	85,15,240	74.27	-	-	-	-	NIL	NIL
b. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total (1)	85,15,240	74.27	-	-	-	-	-	-
(2) Acquirer	-	-	85,15,240	74.27	29,50,280	25.73	1,14,65,520	100

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.	%
(3) Parties to Agreements other than (1) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, Acquirer)	29,50,280	25.73	-	-	-	-	\$ NIL	\$ NIL
Total (4)	29,50,280	25.73	-	-	-	-	-	-
Grand Total (1+2+3+4)	1,14,65,520	100	85,15,240	74.27	29,50,280	25.73	1,14,65,520	100

§ Assuming full acceptances

To the extent the post-offer holding of the Acquirer in the Target Company exceeds the maximum permissible non-public shareholding in terms of Regulation 38 of the SEBI LODR Regulations read with Securities Contract (Regulation) Rules, 1957, and subsequent amendments thereto (the "SCRR"), the Acquirer undertakes to reduce its shareholding to the level stipulated in the SCRR within the time and in the manner specified in the SCRR and SEBI LODR Regulations.

19. There has been a delayed compliance in relation to the applicable provisions of Chapter II, Regulations 10(5) of the Takeover Regulations by the Promoter and Promoter Group of the Target Company. SEBI may take appropriate action against the Promoter and Promoter Group for this delayed compliance.

20. OFFER PRICE AND FINANCIAL ARRANGEMENTS

A. JUSTIFICATION FOR THE OFFER PRICE

- 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 (December 2017 to November 2018) 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	NIL (No Trading)	1,14,65,520	NIL (No Trading)

(Source: www.bseindia.com)

- Based on the information provided in point above, the equity shares of the Target Company are **infrequently traded** on the BSE within the meaning of explanation provided in regulation 2(1)(j) of the SEBI (SAST) Regulations, 2011.
- The Offer Price of Rs. **26.40/-** (Rupees Twenty Six and Forty 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 the agreement attracting the obligations to make a public announcement for the offer;	26.37
b)	The volume-weighted average price paid or payable for acquisition(s), whether by the Acquirer or by any person(s) acting in concert, during the fifty two weeks immediately preceding the date of public announcement;;	Not Applicable
c)	The highest price paid or payable for any acquisition, whether by the Acquirer 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 Acquirer and the Manager taking into account valuation parameters per Share including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares	# 20.79
Other Financial Parameters as at March 31, 2018		
Return on Networth (%)		4.84
Book Value per share (₹)		15.05
Earnings per share (Diluted) (₹)		0.73

Saktimoy Gupta of M/s SAGS & Associates, Chartered Accountants (Membership No. 050456) having office at 62, Selimpur Lane, Dhakuria, Kolkata- 700031; Email id: saktimoyg@rediffmail.com, vide certificate dated December 28, 2018, 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 (i) Net Assets Value (“NAV”) Method and (ii) PECV Method and accorded weights of 1 each to the values arrived at under each methodology for the purpose of arriving at the fair value for the Shares of the Target Company. As per the certification given, the Fair Value has been arrived at Rs. 20.79 per Equity Share.

5. In view of the above parameters considered and in the opinion of the Acquirer and Manager, the Offer Price of Rs. 26.40/- 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 three working days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the Takeover Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts, as more particularly set out in paragraph V(3) 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, the total funds requirements to meet this Offer is Rs. **7,78.87.392** (Rupees Seven Crores Seventy Eight Lacs Eighty Seven Thousand Three Hundred Ninety Two Only).
2. The Networth of Acquirer as on November 30, 2018 is Rs. 38.35 Crores (Rupees Thirty Eight Crores Thirty Five Lacs only) and the same is certified by Mr. Mohandas A, Partner of M/s Mohandas & Associates, Chartered Accountants (*Membership No. 036726*) having office at IIIrd floor, Sree Residency, Press Club Road, Thrissur-1, Kerala; Tel: 0487 2333124; Email id: ma.auditors@gmail.com, *vide* certificate dated December 24, 2018.
3. In accordance with the provisions of Regulation 17(1) of the Takeover Regulations, the Acquirer has opened an Escrow Account in the name and style of "**ICL 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 and having its registered office at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara-390007, Gujarat, India and acting for the purpose of this agreement through its branch situated at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai - 400020 and have made a cash deposit of Rs. 1,94,72,000 (Rupees One Crore Ninety Four Lacs Seventy Two Thousand Only) in the Escrow Account. The cash deposited in Escrow Account represents 25% of the total consideration payable to the Equity Shareholders under this Offer. Escrow Bank *vide* email dated December 28, 2018 has confirmed the credit balance of Rs.1,94,72,000 (Rupees One Crore Ninety Four Lacs Seventy Two Thousand Only). The Acquirer has authorized the Manager to the Open Offer to realize the value of the Escrow Account in terms of Regulation 17 of the Takeover Regulations.
4. The Acquirer has confirmed that it has adequate financial resources to meet the obligations under the Open Offer and has made firm financial arrangements for financing the acquisition of the Offer Shares, in terms of Regulation 25(1) of the Takeover Regulations.
5. In case of any upward revision in the Offer Price or the size of this Offer, the value in cash of the Escrow Amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the Takeover Regulations.
6. Based on the above, Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to implement the offer in full accordance with the Takeover Regulations to meet the payment obligations under the Offer.

VII. TERMS AND CONDITIONS OF THE OFFER

1. The tendering period will commence on Wednesday, February 20, 2019 and will close on Wednesday, March 06, 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 Tuesday, February 05, 2019.
5. Target Company has signed agreements with Depositories for offering Shares in dematerialized form. The ISIN Number is INE894E01028. (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)

A) ELIGIBILITY FOR ACCEPTING THE OFFER

1. The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the Current Promoter and Acquirer) whose names appear in register of Target Company as on Tuesday, February 05, 2019, the Identified Date.
2. This Offer is also open to persons who own Equity Shares in Target Company but are not registered Shareholders as on the Identified date.
3. All Equity Shareholders/Beneficial Owners (except the present Promoter and Promoter Group members and Acquirer) who own Equity Shares of Target Company any time before the closure of the Offer are eligible to participate in the Offer.
4. The Form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, Niche Technologies Private Limited, 3A, Auckland Place 7th Floor, Room No. 7A & 7B, Kolkata-700017; Tel. No.: +91 33 2280 6616 / 17 / 18; Fax No.: +91 33 2280 6619; E-mail: nichetechpl@nichetechpl.com; Contact Person: Mr. S. Abbas/ Mr. Aniruddha Dutta between 10:00 a.m. to 5:00 p.m. on working days (except Saturdays, Sundays and all public holidays), during the period the Offer opens.
5. The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the SEBI's website for applying in the Offer.
6. Unregistered Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Shareholders.
7. The acceptance of this Offer by the Equity Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
8. The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s)/Beneficial owner(s) of Target Company.
9. The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms, Share Transfer Deed etc. during transit and the Equity Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
10. The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

11. The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

B) STATUTORY AND OTHER APPROVALS

1. The acquisition of Offer Shares is subject to receipt of prior approval from RBI under “Non- Banking Financial Companies (Approval of Acquisition or Transfer of Control) Directions, 2015” in terms of RBI Notification No. DNBR. (PD) 029/CGM(CDS)-2015 dated July 09, 2015 for transfer of management and control of Non- Banking Finance Company. The Target Company is in process of making application with Reserve Bank of India, Kolkata branch for the transfer of management and control of the Target Company. The approval is currently awaited.
2. As of the date of this Draft Letter of Offer, to the best of the knowledge of the Acquirer, other than the approval mentioned in point#1 above, there are no other statutory approvals required by the Acquirer to complete this Offer. However, in case of any such statutory approvals are required by the Acquirer at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory approvals.
3. 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 the Reserve Bank of India or any regulatory body for the transfer any Equity Shares to the Acquirer, they shall be required to submit such approval along with the other documents required to be tendered to accept this Offer. If such approval is not submitted, the Acquirer reserves the right to reject the Equity Shares tendered by such shareholders that are not resident in India. Subject to the receipt of statutory and other approvals, if any, the Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the tendering period to those Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
4. The Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the tendering period to those Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
5. 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 Acquirer or the failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the Takeover Regulations. Further, if delay occurs on account of willful default by the Acquirer 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.
6. In terms of Regulation 23(1) of the Takeover Regulations, if the approvals mentioned in paragraph VII (B)(1) are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirer has 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. The Open Offer shall be implemented by using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 09,2016.
2. The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE, which shall be the Designated Stock Exchange, in the form of a separate window (“**Acquisition Window**”)
3. For implementation of the Open Offer, the Acquirer has appointed (the “**Buying Broker**”) through whom the purchases and settlements on account of the Open Offer would be made by the Acquirer. The contact details of the Buying Broker are as follows:

Name: Choice Equity Broking Private Limited
Address: Choice House, 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 ID: compliance@choiceindia.com; sheetal.murarka@choiceindia.com
4. All Shareholders who desire to tender their Shares under the Open Offer would have to approach their respective stock brokers (“**Selling Broker**”), during the normal trading hours of the secondary market during the Tendering Period.
5. The Acquisition Window provided by BSE shall facilitate placing of sell orders. The Selling Brokers can enter orders for demat equity shares as well as physical equity shares.
6. The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
7. Shareholders can tender their shares only through a broker with whom they are registered as client (KYC Compliant).
8. In the event Seller Broker of shareholder is not registered with BSE then that shareholder can approach the Buying Broker as defined in the Point # 3 above and tender the 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:

1. The Equity Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach Selling Broker and submit complete set of documents for verification procedure as mentioned below:
 - i. The Form of Acceptance-cum-Acknowledgement duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the Equity Shares;
 - ii. Original share certificates;
 - iii. Valid share transfer form(s) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Target Company and duly witnessed at the appropriate place authorizing the transfer in favor of the Acquirer;
 - iv. Self-attested copy of the Shareholder's PAN Card;
 - v. Any other relevant documents such as (but not limited to):
 1. Duly attested power of attorney if any person other than the Equity Shareholder has signed the relevant Form of Acceptance-cum-Acknowledgement;
 2. Notarized copy of death certificate / succession certificate or probated will, if the original Shareholder has deceased;

3. Necessary corporate authorisations, such as Board Resolutions etc., in case of companies.
 - vi. Self attested copy of address proof such as valid Adhaar Card, Voter ID, Passport or Driving License.
2. The Selling Broker shall place order on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the order, the Selling Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like folio no., certificate no., distinctive no., no. of Equity Shares tendered etc.
3. After placement of order, as mentioned above, the Seller Broker/shareholder shall deliver the Form of Acceptance-cum-Acknowledgement, TRS, original share certificate(s), valid share transfer form(s) and other documents either by registered post or courier or hand delivery to the Registrar to the Offer not later than 2 (two) days from the Offer Closing Date (by 5 PM). The envelope should be superscribed as “Salem Erode Investments Limited – Open Offer”.
4. Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the Physical Shares in Open Offer shall be subject to verification by RTA. On receipt of the confirmation from RTA the bid will be accepted else rejected and accordingly the same will be displayed on BSE's Website.
5. In case any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Open Offer before Closing Date.

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 Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Open Offer.

The Public Shareholders holding Shares in Demat mode are not required to fill any Form of Acceptance. Shareholders holding Equity Shares in physical mode will be required to fill the Form of Acceptance. Detailed procedure for tendering such Equity Shares will be included in the Form of Acceptance.

ACCEPTANCE OF SHARES

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

In the event that the number of Equity Shares (including Demat Shares and Physical Shares) validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate

basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot.

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

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

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

The Letter of Offer will be dispatched to all the eligible shareholders of the Target Company. Public Shareholders holding Equity Shares in physical mode will be sent Form of Acceptance along with the Letter of Offer. In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the SEBI website (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the equity shares of the Target Company.

The Letter of Offer along with the Form of Acceptance would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the said website.

SETTLEMENT PROCESS

On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list shall be provided to the Stock Exchanges to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.

The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.

Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation.

The direct credit of shares shall be given to the demat accounts of the Acquirer indicated by the Acquirer's Buying Broker. For the same, the existing facility of client direct payout in the capital market segment shall be available.

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

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

Any excess Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholder(s) directly by Registrar to the Offer.

SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

For Equity Shareholders holding Equity Shares in demat and physical mode:

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

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

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

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

NOTE ON TAXATION

The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the Act. A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) or income received or deemed to be received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "Situs" of such shares. "Situs" of the shares is generally where a company is "incorporated". Accordingly, since the Target Company is incorporated in India, the Target Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the Income Tax Act, 1961 ("IT Act"). Gains arising from the transfer of shares may be treated either as "capital gains" or as "business income" for income-tax purposes, depending upon whether such shares were held as a capital asset or business asset (i.e. stock-in-trade). The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of Equity Shares under the Open Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc. Any applicable surcharge and education cess would be in addition to such applicable tax rates. Based on the provisions of the IT Act, the shareholders would be required to file an annual income-tax return, as may be applicable to different category of persons, with the Indian income tax authorities, reporting their income for the relevant year. The summary of income-tax implications on tendering of Equity Shares on the recognized stock exchange and chargeable to STT is set out below. Taxability of Capital Gain in the hands of the Public Shareholders:

- i. The Finance Act, 2018, vide Section 112A, has imposed an income tax on long-term capital gains at the rate of 10% (Ten percent only) on transfer of equity shares that are listed on a recognized stock exchange, which have been held for more than 1 (one) year and have been subject to STT upon both acquisition and sale (subject to certain transactions, yet to be notified, to which the provisions of applicability of payment of STT upon acquisition shall not be applicable). Under this provision the capital gains tax would be calculated on gains exceeding INR 100,000 (Indian Rupees One Lakh only) (without any indexation and foreign exchange fluctuation benefits). It may also be noted that any capital gains arising up to January 31, 2018 are grandfathered under this provision. The cost of acquisition for the long-term capital asset acquired on or before January 31, 2018 will be the actual cost. However, if the actual cost is less than the fair market value of such asset (lower of consideration on transfer) as on January 31, 2018, the fair market value will be deemed to be the cost of acquisition.
- ii. As per section 111A of the Act, short-term capital gains arising from transfer of listed shares on which STT is paid would be subject to tax at the rate of 15% (Fifteen percent only) for Public Shareholders (except certain specific categories).
- iii. Any applicable surcharge and education cess would be in addition to above applicable rates.
- iv. In case of resident Public Shareholders, in absence of any specific provision under the IT Act, the Acquirer shall not deduct tax on the consideration payable to resident Public Shareholders pursuant to the Offer. However, in case of non-resident Public Shareholders, since the Offer is through the recognized stock exchange, the responsibility to discharge the tax due on the gains (if any) is on the

non-resident Public Shareholders. It is therefore recommended that the non-resident Public Shareholder may consult their custodians/authorized dealers/ tax advisors appropriately.

The tax implications are based on provisions of the IT Act as applicable as on date of this Draft Letter of Offer. In case of any amendment made effective prior to the date of closure of this Offer, then the provisions of the IT Act as amended would apply. Notwithstanding the details given above, all payments will be made to the Public Shareholders subject to compliance with prevailing tax laws. The final tax liability of the Public Shareholder shall remain of such Public Shareholder and the said Public Shareholder will appropriately disclose the amounts received by it, pursuant to this Offer, before the Indian income tax authorities.

THE ABOVE DISCLOSURE ON TAXATION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND IS NOT A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF THE EQUITY SHARES. THIS DISCLOSURE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN. HENCE, THE PUBLIC SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER AND 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 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 and Memorandum and Articles of Association of the Acquirer;
- Certificate dated November 30, 2018 issued by Mr. Mohandas A, Partner of M/s Mohandas & Associates, Chartered Accountants (*Membership No. 036726*), certifying the net worth of the Acquirer;
- Annual reports of the Target Company for the financial years ending March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014;
- Unaudited Financial Results and Limited Review Report of the Target Company for the Half Year ended on September 30, 2018;
- Audited financial statements of the Acquirer for the financial years ending March 31, 2018, March 31, 2017, March 31, 2016 and for the period ended November 30, 2018;
- Email dated December 28, 2018 from ICICI Bank Limited confirming the cash deposit of Rs. 1,94,72,000 (Rupees One Crore Ninety Four Lacs Seventy Two Thousand Only) in the Escrow Account with a lien marked in favor of the Manager to the Offer;
- Copy of Escrow Agreement between the Acquirer, Manager to the Offer and Escrow Bank;
- Share Purchase Agreement dated December 28, 2018;
- A copy of Public Announcement dated December 28, 2018, published copy of the Detailed Public Statement – dated January 02, 2019;
- A copy of the comments letter from SEBI; and
- Copy of the Recommendation of the Independent Directors

X. DECLARATION BY THE ACQUIRER

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

For ICL Fincorp Limited

Registered office address: No.61/1, VGP Complex First Avenue, Ashok Nagar, Chennai, Tamil Nadu-600083.

Corporate Office: Near State Bank of India, Main Road, Irinjalakuda, Thrissur, Kerala 680121.

Email: cs@iclfincorp.com

Sd/-

(Signed by Mr. K G Anilkumar, for and on behalf of the Acquirer vide board resolution dated November 29, 2018)

Place: Irinjalakuda, Thrissur, Kerala

Date: January 07, 2019

Encl: 1) Form of Acceptance-cum-Acknowledgement