

## LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (“LOF”) is being sent to you as a Public Shareholder (as defined below) of Kandagiri Spinning Mills Limited (“Target Company”). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer / Registrar to the Offer. In case you have recently sold your Equity Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement (“FOA”) to the Member of the Stock Exchange through whom the said sale was effected.

### OPEN OFFER (“OFFER”)

This Offer is being made pursuant to **Regulation 3(1) and 4** of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended (“the SEBI (SAST) Regulations”) for the acquisition of upto 10,00,805 (Ten Lakhs Eight Hundred and Five Only) fully paid-up Equity Shares having face value of Rs. 10/- each (as defined below), representing **26%** of the Voting Share Capital (as defined below) (“the Offer Size”) of the Target Company in accordance with the SEBI (SAST) Regulations at a price of **Rs. 25/- (Rupees Twenty-Five Only)** per Equity Share (“the Offer Price”) payable in **Cash**

BY

### AKSHAYAM CREATIONS LLP (“ACQUIRER”)

**Registered Office:** D No 97, Chittu Koil Street, Salem, Tamil Nadu 636 001, India

**Contact No.:** 0427 - 405 0438; **Email:** [akshayamcreations@gmail.com](mailto:akshayamcreations@gmail.com)

### MR. SIGAMANI SIVAKUMAR (“PAC 1”)

**Residential Address:** 60/70, Marimuthu Street, Ammapet, Salem - 636 003, Tamil Nadu, India.

**Contact No.:** 0427 - 405 0438; **Email:** [shivagreenfield@gmail.com](mailto:shivagreenfield@gmail.com)

### MR. MANOJ KUMAR MAURYA (“PAC 2”)

**Residential Address:** 31, Southeast Layout, Fairlands, Salem - 636 016, Tamil Nadu, India.

**Contact No.:** 0427 - 405 0438 **Email:** [manojkrmaurya72@gmail.com](mailto:manojkrmaurya72@gmail.com)

### MR. ADINARAYANA SRIPATHY KUMAR (“PAC 3”)

**Residential Address:** 5/33, Vidhyalaya Road, Hastampatti, Salem - 636 007, Tamil Nadu, India

**Contact No.:** 0427 - 405 0438; **Email:** [sriyathy@gmail.com](mailto:sriyathy@gmail.com)

### MR. BALASUBRAMANIAN PRABHAKARAN (“PAC 4”)

**Residential Address:** 120/3, Old No 3/75A, Plot no. 65, 1st Main Road, New Fairlands, Salem - 636 016 Tamil Nadu, India.

**Contact No.:** 0427 - 405 0438 **Email:** [bpn@thriveni.com](mailto:bpn@thriveni.com)

(HEREINAFTER PAC 1, PAC 2, PAC 3 AND PAC 4 COLLECTIVELY REFERRED TO AS “PACs”)

### TO THE PUBLIC SHAREHOLDERS OF

### KANDAGIRI SPINNING MILLS LIMITED (“TARGET COMPANY”)

**CIN:** L17111TZ1976PLC000762

**Registered Office:** Post Box No. 3, Mill Premises, Udayapatti P.O., Salem 636 140, Tamil Nadu, India.

**Tel. No.** +91- 0427-2244400; **Email:** [ksmcs@kandagirimills.com](mailto:ksmcs@kandagirimills.com);

**Web:** [www.kandagirimills.com](http://www.kandagirimills.com)

### ATTENTION

1. This Offer is neither conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations nor it is a competing offer in terms of the Regulation 20 of the SEBI (SAST) Regulations.
2. As on the date of this LOF, there are no statutory or other approvals required by the Acquirer and the PACs to acquire the Equity Shares validly tendered by Public Shareholders pursuant to the Offer. However, in case any statutory approvals are required by the Acquirer and the PACs prior to the closing of the Tendering Period (as defined below), then this Offer shall be subject to such approvals being obtained.
3. The Offer Price may be subject to upward revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PACs at any time prior to the commencement of the last one (1) Working Day before the commencement of the Tendering Period, in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. If there is any upward revision in the Offer Price/Offer Size at any time up to one (1) working day prior to the commencement of the Tendering Period in terms of the SEBI (SAST) Regulations, the same would be informed by way of an announcement in the same newspapers where the Detailed Public Statement (“DPS”) was released and simultaneously also be informed to SEBI, the Stock Exchange and the Target Company at its registered office. Such revised Offer Price would be payable to all the Shareholders, who have validly tendered their Equity Shares anytime during the Tendering Period to the extent their Equity Shares have been verified and accepted under the Offer, by the Acquirer and PACs. If the Offer is withdrawn pursuant to Regulation 23 of SEBI (SAST) Regulations, the same would be communicated within two (2) working days by an announcement in the same newspapers in which the DPS is published. In the event of such revision, the Acquirer and the PACs shall make corresponding increase to the Escrow Amount. However, the Acquirer and the PACs shall not acquire any Equity Shares after the third (3<sup>rd</sup>) Working Day prior to the commencement of the Tendering Period, and until the expiry of the Tendering Period. The same price shall be payable by the Acquirer and PACs for all the Equity Shares tendered anytime during the Offer.
4. **There is no competing offer to this Offer.**
5. A copy of Public Announcement, Detailed Public Statement, Letter of Offer (including Form of Acceptance-cum- Acknowledgement) will be available on Securities Exchange Board of India (“SEBI”) website: ([www.sebi.gov.in](http://www.sebi.gov.in)) The Letter of Offer will also be available on the website of the Target Company ([www.kandagirimills.com](http://www.kandagirimills.com)), the Manager to the Offer ([www.systematixgroup.in](http://www.systematixgroup.in)) and BSE Limited ([www.bseindia.com](http://www.bseindia.com))

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <b>SYSTEMATIX GROUP</b> Investments Re-defined	 <b>CAMEO</b>
<b>SYSTEMATIX CORPORATE SERVICES LIMITED</b> The Capital, A Wing, 6th Floor, No. 603-606, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. <b>Telephone:</b> +91 22 6704 8000 <b>Fax:</b> +91 22 6704 8022 <b>E-mail:</b> <a href="mailto:ecm@systematixgroup.in">ecm@systematixgroup.in</a> <b>Website:</b> <a href="http://www.systematixgroup.in">www.systematixgroup.in</a> <b>Contact Person:</b> Ms. Hanishi Shah <b>SEBI Registration Number:</b> INM000004224	<b>CAMEO CORPORATE SERVICES LIMITED</b> Subramanian Building, No.1 Club Road, Chennai 600 002, India. <b>Telephone:</b> 044 4002 0700 / 2846 0390 <b>E-mail:</b> <a href="mailto:priya@cameoindia.com">priya@cameoindia.com</a> <b>Website:</b> <a href="http://www.cameoindia.com">www.cameoindia.com</a> <b>Contact Person:</b> Ms. K. Sreepriya <b>SEBI Registration No.:</b> INR000003753
OFFER / TENDERING PERIOD ("TP")	
<b>STARTS ON: MAY 07, 2025</b>	<b>CLOSES ON: MAY 21, 2025</b>

### SCHEDULE OF ACTIVITIES

Activity	Original Schedule of Activities (as disclosed in DLOF) Day and Date <sup>(1)</sup>	Revised Schedule of Activities Day and Date
Date of the PA	Monday, February 03, 2025	Monday, February 03, 2025
Date of publication of this DPS	Monday, February 10, 2025	Monday, February 10, 2025
Last date of filing Draft Letter of Offer (DLOF) with SEBI	Monday, February 17, 2025	Monday, February 17, 2025
Last date for a Competitive Bid / Offer	Wednesday, March 05, 2025	Wednesday, March 05, 2025
Identified Date <sup>(2)</sup>	Monday, March 17, 2025	Tuesday, April 22, 2025
Last date by which the letter of offer ("LOF") is to be dispatched to the Public Shareholders whose names appear on the register of members on the Identified Date	Monday, March 24, 2025	Tuesday, April 29, 2025
Last date by which the committee of the independent directors of the Target Company is required to give its recommendation to the Public Shareholders for this Open Offer	Thursday, March 27, 2025	Monday, May 05, 2025
Last date for upward revision of the Offer Price or any increase in the Offer Size	Friday, March 28, 2025	Tuesday, May 06, 2025
Date of publication of offer opening public announcement in the newspapers in which this DPS has been published	Friday, March 28, 2025	Tuesday, May 06, 2025
Date of commencement of the Tendering Period ("Offer Opening Date")	Tuesday, April 01, 2025	Wednesday, May 07, 2025
Date of closure of the Tendering Period ("Offer Closing Date")	Wednesday, April 16, 2025	Wednesday, May 21, 2025
Last date for communicating the rejection /acceptance; Completion of payment of consideration or refund to the shareholders	Friday, May 02, 2025	Wednesday, June 04, 2025
Last date for publication of post- Offer public announcement in the newspapers in which this DPS has been published	Friday, May 09, 2025	Wednesday, June 11, 2025
Submission of Final Report by the Manager to the Offer with SEBI	Friday, May 09, 2025	Wednesday, June 11, 2025

1. The original schedule of activities was indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations and was subject to receipt of final comments from SEBI in accordance with Regulation 16 of SEBI (SAST) Regulations.

2. The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the LOF would be sent. It is clarified that all holders (registered or unregistered) of Equity Shares (except those who are excluded from the ambit of Public Shareholders) are eligible to participate in the Open Offer at any time during the Tendering Period.

## **RISK FACTORS RELATING TO THE UNDERLYING TRANSACTION, THE PROPOSED OFFER AND THE PROBABLE RISK INVOLVED IN ASSOCIATING WITH THE ACQUIRER AND THE PACs**

The risk factors set forth below are limited to this Open Offer, the Underlying Transactions contemplated under the SPA, the Acquirer, and the PACs, and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of all the risks involved in participation by Public Shareholders in this Open Offer, or in association with the Acquirer and the PACs, but are merely indicative in nature. Public Shareholders are advised to consult their stockbrokers, legal advisors, investment consultants and/or tax advisors, for understanding and analysing all risks associated with participation in this Open Offer.

### **A. RISK IN RELATION WITH THE OFFER**

1. As of date of this Letter of Offer, to the best of the knowledge of the Acquirer and the PACs, there are no statutory approvals required by the Acquirer and the PACs to acquire the Equity Shares validly tendered by Public Shareholders pursuant to this Offer. In the event that:
  - a. any statutory approvals are required by the Acquirer and the PACs at a later date before the closure of the Tendering Period, this Offer shall be subject to such approvals and the Acquirer and the PACs shall make the necessary applications for such approvals and in case such approvals are not received in time; or
  - b. there is any order of a governmental authority or a litigation leading to a stay or injunction on the Offer or that restricts or restrains the Acquirer and the PACs from performing its obligations hereunder; or
  - c. the SEBI instructs the Acquirer and the PACs not to proceed with the Offer,

then the Offer process may be withdrawn or delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the eligible Public Shareholders whose Equity Shares have been accepted in this Offer as well as return of the Equity Shares not accepted by the Acquirer and the PACs may be delayed.

In case the delay is due to non-receipt of statutory approval(s), as may be required at a later date, then in accordance with regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any wilful default, failure or negligence on the part of the Acquirer and the PACs in diligently pursuing such approval, grant an extension for the purpose of completion of the Offer subject to the Acquirer and the PACs agreeing to pay interest to the validly tendering eligible Public Shareholders at such rate as may be specified by the SEBI. Provided, where the statutory approvals extend to some but not all the eligible Public Shareholders, the Acquirer and the PACs will have the option to make payment of the consideration to such eligible Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer. The Acquirer and the PACs will have the right not to proceed with this Offer in the event any statutory approval, as may be required, is refused.

2. The Acquirer and the PACs will not proceed with the Offer in the event statutory or other approvals, if any required, are not granted in terms of Regulation 23(1) of SEBI (SAST) Regulations. In the event of a withdrawal of the Offer, the Acquirer and the PACs (through the Manager to the Offer) shall, within 2 (two) Working Days of such withdrawal, make a public announcement of such withdrawal, in the same newspapers in which the Detailed Public Statement was published, stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.
3. All eligible Public Shareholders, including non-residents holders of Equity Shares, must obtain all requisite approvals required, if any, to tender the Equity Shares in the Offer (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PACs reserves the right to reject such Equity Shares tendered in this Offer. Further, if the holders of the Equity Shares, who are not persons resident in India, had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Equity Shares in the Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PACs reserves the right to reject such Equity Shares tendered in the Offer. If the Equity Shares are held under general permission of the RBI, then the non-resident Eligible Public Shareholder must state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable or non-repatriable basis.

4. In the event of any litigation leading to a stay on this Offer by a court of competent jurisdiction or that restricts or restrains the Acquirer and PACs from performing their obligations hereunder, or SEBI instructing that this Offer should not be proceeded with, then this Offer may be withdrawn or the Offer process may be delayed beyond the schedule of activities indicated on page 02 of this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Equity Shares are validly accepted in this Offer as well as the return of the Equity Shares not validly accepted in this Offer by the Acquirer, may be delayed.
5. The Equity Shares, once tendered through the Form of Acceptance in the Offer, cannot be withdrawn by the Eligible Public Shareholder during the Tendering Period, even if the acceptance of the Equity Shares in this Offer and/ or dispatch of consideration are delayed. A lien shall be marked against the Equity Shares tendered in the Offer by the eligible Public Shareholders until the completion of the formalities of this Offer and the eligible Public Shareholders who have tendered their Equity Shares will not be able to trade in such Equity Shares during such period, even if the acceptance of the Equity Shares in this Offer and/ or payment of consideration are delayed. During such period, there may be fluctuations in the market price of the Equity Shares of the Target Company that may adversely impact the eligible Public Shareholders who have tendered their Equity Shares in this Open Offer. Neither the Acquirer and the PACs nor the Manager to the Offer make any assurance with respect to the market price of the Equity Shares and disclaim any responsibility with respect to any decision by any eligible Public Shareholder on whether or not to participate in the Offer. It is understood that the eligible Public Shareholders will be solely responsible for their decisions regarding participation in this Open Offer.
6. The eligible Public Shareholders may tender their Equity Shares in this Offer at any time from the commencement of the Tendering Period but prior to the closure of the Tendering Period. The Acquirer and the PACs has up to 10 Working Days, or such extended period as may be permitted by the SEBI, from the date of closure of the Tendering Period to pay the consideration to the eligible Public Shareholders whose Equity Shares are accepted in this Offer.
7. The Equity Shares tendered in the Offer will be held in trust by the Clearing Corporation (as defined below), on behalf of the eligible Public Shareholders who have tendered their Equity Shares, till the completion of the formalities of this Offer, and the eligible Public Shareholders who have tendered their Equity Shares will not be able to trade in such Equity Shares held in trust by the Clearing Corporation during such period, even if the acceptance of the Equity Shares in this Offer and, or dispatch of payment consideration are delayed. During such period, there may be fluctuations in the market price of the Equity Shares and the eligible Public Shareholder will not be able to trade in such Equity Shares which are in the custody of the Clearing Corporation, thereby restricting the ability of such eligible Public Shareholders to take advantage of any favourable price movements. Accordingly, the Acquirer and the PACs makes no assurance with respect to the market price of the Equity Shares before, during or upon completion of this Offer and each of them expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by the eligible Public Shareholders on whether or not to participate in this Offer.
8. The Acquirer, the PACs and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement (“PA”), the DPS, this Letter of Offer or the Letter of Offer or in any advertisement or any materials issued by or at the instance of the Acquirer and the PACs. Any persons placing reliance on any other source of information will be doing so at their own risk. Further, the Acquirer, the PACs and the Manager to the Offer does not accept responsibility with respect to the information contained in the PA, the DPS, or this Letter of Offer or the Letter of Offer that pertains to the Target Company and/or, the Selling Shareholders which have been provided by the Target Company, the Selling Shareholders or taken from publicly available sources and have not independently verified the accuracy of such information.
9. The information contained in this LOF is as of the date of this LOF unless expressly stated otherwise. The Acquirer, the PACs and the Manager to the Offer are under no obligation to update the information contained herein at any time after the date of this LOF.
10. This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. The recipients of this Letter of Offer resident in jurisdictions outside India should inform themselves of and observe the 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 and the PACs 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 any foreign jurisdiction covered under ‘Disclaimer’ clause appearing on page 6 of this Letter of Offer and cannot be accepted by any means or instrument from within any such foreign jurisdiction.
11. The eligible Public Shareholders are advised to consult their respective stockbroker, legal, financial, investment or other advisors and consultants, if any, for assessing further risks with respect to their participation in this Open Offer, and related transfer of Equity Shares of the Target Company to the Acquirer.

12. The eligible Public Shareholders are advised to consult their respective tax advisers 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 PACs and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Letter of Offer.
13. The Acquirer, the PACs and the Manager to the Offer make no assurance with respect to the financial performance of the Target Company and disclaim any responsibility with respect to any decision by the eligible Public Shareholders on whether or not to participate in this Offer.
14. This Offer is subject to completion risks as would be applicable to similar transactions.

#### **B. RISKS RELATING TO THE ACQUIRER AND THE PACs**

1. The information pertaining to the Target Company and/or the Selling Shareholders contained in the Public Announcement or the Detailed Public Statement, the Letter of Offer or any other advertisement/ publications/ corrigendum made in connection with the Offer has been compiled from information published or provided by the Target Company or the Selling Shareholders, as the case may be, publicly available sources which has not been independently verified by the Acquirer or the PACs or the Manager to the Offer. The Acquirer, the PACs and the Manager to the Offer do not accept any responsibility with respect to the information relating to the Target Company and/or the Selling Shareholders. Any person placing reliance on any other source of information (not released by the Acquirer, the PACs, or the Manager to the Offer) would be doing so at its/his/her own risk.
2. The Acquirer and the PACs makes no assurances with respect to their investment or divestment decisions relating to their proposed shareholding in the Target Company.
3. The Acquirer and the PACs makes no assurances with respect to the continuation of the past trend in the financial performance or of the future performance of the Target Company.
4. The Acquirer and the PACs makes no assurances with respect to the market price of the Equity Shares before, during or after this Offer and expressly disclaims any responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any Eligible Public Shareholder on whether to participate or not to participate in this Offer.
5. Neither the Acquirer, the PACs, the Manager to the Offer or the Registrar to the Offer accepts any responsibility for any loss of documents during transit (including but not limited to Offer acceptance forms, copies of delivery instruction slips, etc) and eligible Public Shareholders are advised to adequately safeguard their interest in this regard.
6. As per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") read with Rule 19A of the Securities Contracts (Regulations) Rules, 1957, as amended ("SCRR"), the Target Company is required to maintain at least 25% (Twenty Five percent) public shareholding, as determined in accordance with the SCRR, on a continuous basis for listing. The acquisition of Equity Shares pursuant to this Offer by the Acquirer together with the Equity Shares acquired pursuant to the SPA may result in public shareholding in the Target Company falling below the level required for continued listing as prescribed under the SEBI Listing Regulations and Rule 19A of the SCRR. While the Acquirer and the PACs have undertaken that they shall ensure compliance with the minimum public shareholding requirements in such manner and within such timelines as prescribed under applicable law, any failure to comply with the conditions of aforesaid regulations could have an adverse effect on the price and tradability of Equity Shares of the Target Company.
7. There can be no assurance that the Acquirer and the PACs shall successfully implement strategies in the Target Company and achieve profitability.
8. It is understood that eligible Public Shareholders will be solely responsible for the decisions regarding the participation in this Offer.

#### **C. RISK IN THE TRANSACTION**

The Offer contains a clause that it is subject to the provisions of the SEBI (SAST) Regulations and in case of non-compliance with any of the provisions of the SEBI (SAST) Regulations; the Acquirer and the PACs shall not act upon the acquisition of Equity Shares under the Offer.

## **DISCLAIMER FOR PERSONS IN OTHER FOREIGN COUNTRIES**

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This LOF does not in any way constitute an offer to sell or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Readers of the information contained in this LOF are requested to inform themselves about and to observe any such restrictions.

The Open Offer described in this LOF is not being made to, nor will tender of shares be accepted from or on behalf of Public Shareholders in any jurisdiction in which such offer or invitation is not in compliance with applicable law or to any person to whom it is unlawful to make such offer or solicitation. Readers of the information contained in this LOF are requested to inform themselves about and to observe any such restrictions.

## **CURRENCY OF PRESENTATION**

In this LOF, all references to ‘Rupees’ or ‘₹’ or ‘INR’ or ‘Rs.’ Or ‘Rupees’ are references to the Indian Rupee(s), the currency of the Republic of India. Throughout this LOF, all figures have been expressed in “Lakh” unless otherwise specifically stated. In this LOF, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and / or regrouping.

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## 1. ABBREVIATIONS / DEFINITIONS

The following abbreviations / definitions apply throughout this document, unless the context requires otherwise:

PARTICULARS	DETAILS / DEFINITIONS
Acquirer	Akshayam Creations LLP
AOA	Articles of Association
BSE	BSE Limited
Buying Broker	Systematix Shares and Stocks (India) Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Clearing Corporation or ICCL	Indian Clearing Corporation Limited
Companies Act	The Companies Act, 1956 or The Companies Act, 2013 as amended or modified from time to time
Commencement of TP	May 07, 2025 i.e. Offer Opening Date
Closure of the TP	May 21, 2025 i.e. Offer Closing Date
Demat Holders	Shareholders of the Target Company who are holding their Equity Shares in dematerialized form
Designated Stock Exchange	BSE Limited
DIN	Director Identification Number
DLOF	Draft Letter of Offer dated February 17, 2025
DP	Depository Participant
DPS	Detailed Public Statement, dated February 10, 2025 issued by the Manager to the Offer, on behalf of the Acquirer and the PACs in relation to the Offer and published in Newspapers on February 10, 2025 in accordance with Regulations 3(1) and 4 read with Regulations 13(4), 14(3) and 15(2) of the SEBI (SAST) Regulations
Corrigendum to DPS	Corrigendum to Detailed Public Statement issued on April 25, 2025
Depositories	CDSL and NSDL
DP Escrow Account	Opened with Escrow Bank for the purpose of making payment to the Buying Broker
Eligible Persons	All the Shareholders of the Target Company (registered and unregistered) who own the Equity Shares at any time prior to the closure of the TP except the Selling Shareholders, the Acquirer and the PACs and persons deemed to be acting in concert with the parties to the agreements)
Escrow Account	Opened for the purpose for keeping minimum escrow requirements
Escrow Agent	Kotak Mahindra Bank Limited
Escrow Bank	Axis Bank Limited
Escrow Agreement	Escrow Agreement dated February 03, 2025 between the Acquirer and the PACs, the Escrow Bank and Manager to the Offer
EPS	Earnings Per Share = Profit after Tax / Total no. of outstanding equity shares
Equity Share(s)	Fully Paid-up Equity Share(s) of face value of Rs. 10/- each of the Target Company
FEMA	Foreign Exchange Management Act, 1999
FII's	Foreign Institutional Investors
Form of Acceptance / FOA	The application-cum-acknowledgement form which is enclosed with this LOF for accepting the Offer
FY	Financial Year
GIR	General Index Register
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
Identified Date	April 22, 2025 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 names of the eligible Public Shareholders of the Target Company to whom the Letter of Offer would be sent
Issued Capital	38,65,650 Equity Shares with a face value of INR 10/- (Rupees Ten Only) per share aggregating to Rs. 3,86,56,500 (Rupees Three Crore Eighty-Six Lakhs Fifty-Six Thousand and Five Hundred)
Income Tax Act / I.T.	Income Tax Act, 1961
IFSC	Indian Financial System Code
ISIN	International Securities Identification Number
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, proposed to be sent to all the eligible Public



	Shareholders in accordance with the provisions of the SEBI (SAST) Regulations
Listing Agreement	Listing Agreement with the stock exchanges in India, as amended from time to time
Listing Regulations	SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended
LLP	Limited Liability Partnership
Manager to the Offer	Systematix Corporate Services Limited
MICR	Magnetic Ink Character Recognition
MOA	Memorandum of Association
MPS	Minimum Public Shareholding as defined in SCRR, which is 25% in case of the Target Company
NEFT	National Electronic Fund Transfer
NRI(s)	Non-Resident Indian(s) and persons of Indian origin residing abroad
No.	Number
NA/N.A.	Not Applicable
Negotiated Price	means the price (i.e. Rs. 16/- per Equity Shares) mutually agreed between the parties to the SPA to be paid by the Acquirer to each of the Selling Shareholders in respect of the Sale Shares
Newspapers	The detailed public statement in connection with the Offer, published on behalf of the Acquirer and the PACs on February 10, 2025 in the following newspapers: (a) The Financial Express, (b) Jansatta (c) Mumbai Lakshadeep (d) Madrasmani (e) Makkal Kural.
NSDL	National Securities Depository Limited
OCBs	Overseas Corporate Bodies
Offer / Open Offer	Open offer being made by the Acquirer and the PACs to the eligible Public Shareholders of the Target Company to acquire up to 10,00,805 Equity Shares, representing 26% of the Voting Share Capital, at a price of Rs. 25/- (Rupees Twenty-Five only) per Equity Share
Offer Period	The period between the date on which the SPA was executed and the date on which the payment of consideration to the eligible Public Shareholder whose Equity Shares are validly accepted in this Offer, is made, or the date on which this Offer is withdrawn, as the case may be
Offer Price	Rs. 25/- (Rupees Twenty-Five only) for each fully paid-up equity share payable in cash to the shareholders of the Target Company
Offer Size / Open Offer Equity Shares	Up to 10,00,805 (Ten Lakhs Eight Hundred And Five Only) Equity Shares representing 26% of the Voting Share Capital of Target Company
PAC 1	Mr. Sigamani Sivakumar
PAC 2	Mr. Manoj Kumar Maurya
PAC 3	Mr. Adinarayana Sripathy Kumar
PAC 4	Mr. Balasubramanian Prabhakaran
PACs	PAC-1, PAC-2, PAC-3 and PAC-4 hereinafter collectively referred to as PACs
PAN	Permanent Account Number
Physical Holders	Shareholders of the Target Company who are holding Equity Shares in physical form
Public Announcement / PA	The public announcement in connection with the Offer dated February 03, 2025 issued by the Manager to the Offer on behalf of the Acquirer and the PACs, in relation to this Offer and e-filed with the BSE and the Target Company and uploaded on SEBI's portal on February 03, 2025.
Public Shareholder	All the public shareholders of the Target Company who are eligible to tender their Equity Shares in the Offer, other than: (i) the Acquirer, (ii) the parties to the underlying SPA (as defined below), and (iii) persons deemed to be acting in concert with the persons set out in (i) and (ii), pursuant to and in compliance with the SEBI (SAST) Regulations
Paid-Up Share Capital	₹ 3,84,92,500 (Rupees Three Crore Eighty Four Lakhs Ninety Two Thousand Five Hundred only) divided into 38,49,250 (Thirty Eight Lakhs Forty Nine Thousand Two Hundred and Fifty) Equity Shares of ₹ 10/-(Rupees Ten) each
Promoter / Promoter Group	Persons identified and listed under the heading "Promoter and Promoter Group" as per the shareholding pattern of the Target Company filed for the quarter ending December 31, 2024.
RBI	Reserve Bank of India
Registered Valuer	FCA Registered Valuer (SFA) Payal Gada having IBBI Reg. No.: IBBI/RV/06/2019/11170, having office at S-15, Second Floor, Sej Plaza, Marve Road, Malad (West), Mumbai 400 064; Email – payal@payalgadaco.in; Tel. No. +91 - 22 2801 2075
Registrar to the Offer	Cameo Corporate Services Limited
ROC	Registrar of Companies
Rs. / Rupee(s) / INR	Indian Rupees, the legal currency of India
RTGS	Real Time Gross Settlement
SCRR	Securities Contract (Regulations) Rules, 1957

SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended or modified from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 and subsequent amendments thereto.
Selling Shareholders	<b>“Selling Shareholders”</b> means the individuals listed under Paragraph 5.1 of this LOF, who are identified and disclosed as members of the promoter and promoter group of the Target Company as per the shareholding pattern of the Target Company for the quarter ended December 31, 2024, each of whom are parties to the Share Purchase Agreement.
Settlement Date	The date on which bids/Equity Shares accepted in the Offer shall be squared-off on BSE
Sl. No.	Serial Number
SPA/ Share Purchase Agreement	means the Share Purchase Agreement dated February 03, 2025 executed between the Acquirer and the Selling Shareholders, pursuant to which the Acquirer has agreed to acquire 24,99,509 (Twenty-Four Lakh Ninety-Nine Thousand Five Hundred and Nine) fully paid up Equity Shares of the Target Company constituting 64.93% of total Voting Share Capital of the Target Company at a price of ₹ 16/- (Rupees Sixteen Only) per Equity Share aggregating to Rs. 3,99,92,144/- (Rupees Three Crores Ninety-Nine Lakhs Ninety-Two Thousand One Hundred and Forty-Four only) ( <b>“SPA Consideration”</b> );
SPA Shares or Sale Shares	24,99,509 (Twenty-Four Lakh Ninety-Nine Thousand Five Hundred and Nine) fully paid up Equity Shares agreed to be sold and transferred by the Selling Shareholders and acquired by the Acquirer in accordance with and subject to the terms of the SPA at a total consideration of Rs. 3,99,92,144/-.
Stock Exchange	BSE Limited
STT	Securities Transaction Tax
Target Company	Kandagiri Spinning Mills Limited
Tendering Period / TP	Period of 10 working days within which Shareholders of Target Company may tender their equity shares in acceptance to the Offer
TDS	Tax Deduction at Source
TRC	Tax Residence Certificate
TRS	Transaction Registration Slip
Voting Share Capital	Total voting equity share capital of the Target Company expected as of the 10th (tenth) Working Day from the closure of the tendering period of the Open Offer
Working Day(s)	Working days of SEBI as defined in the SEBI (SAST) Regulations

***Note:** All terms beginning with a capital letter used in this Letter of Offer, and not specifically defined herein, shall have the same meanings as described to them in the SEBI (SAST) Regulations.*

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## 2. DISCLAIMER CLAUSE

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DLOF WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DLOF 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 PUBLIC SHAREHOLDERS OF KANDAGIRI SPINNING MILLS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PACs OR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DLOF. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DLOF, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, SYSTEMATIX CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 17, 2025, TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DLOF DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”**

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### 3. DETAILS OF THE OFFER

#### 3.1. BACKGROUND OF THE OFFER

- 3.1.1 This Offer is a “Mandatory Offer” under Regulation 3(1) and 4 of the Takeover Regulations being made jointly by the Acquirer and the PACs to the Public Shareholders of the Target Company for substantial acquisition of Equity Shares and Voting Rights accompanied with change in control of the Target Company.
- 3.1.2 The Acquirer has entered into a share purchase agreement dated February 03, 2025 with the Selling Shareholders (the “Share Purchase Agreement” or “SPA”), pursuant to which the Acquirer has agreed to purchase 24,99,509 Equity Shares of the Target Company representing 64.93% of the Voting Share Capital from the Selling Shareholders and acquire control over the Target Company, subject to the fulfilment of certain conditions precedent as set out under the SPA (“Underlying Transaction”). The sale of such Equity Shares under the SPA is proposed to be executed at a price of ₹ 16 per Equity Share (the “SPA Price”). The SPA also sets forth the terms and conditions agreed between the Acquirer and the Selling Shareholders, and their respective rights and obligations.
- 3.1.3 This Offer is being made by the Acquirer and the PACs to acquire up to 10,00,805 (Ten Lakhs Eight Hundred and Five) Equity Shares (“Open Offer Shares”) of the face value of ₹ 10/- each representing 26% of the Voting Share Capital of the Target Company at the “Offer Price” of ₹ 25/- (Rupees Twenty-Five only) per Equity Share payable in “Cash” and subject to the terms and conditions set out in the DPS and this LOF
- 3.1.4 Pursuant to the consummation of the Underlying Transaction and subject to compliance with the SEBI (SAST) Regulations and SEBI Listing Regulations; the Acquirer will acquire control over the Target Company and become the promoter of the Target Company. Further, pursuant to the consummation of the Underlying Transaction, each of the Selling Shareholders along with the other members of the promoter group of the Target Company except Mr. Sigamani Sivakumar, Ms. S. Swetha and Ms. S. Balamani seek to be reclassified as public shareholders in accordance with the procedures contained in the SEBI Listing Regulations and subject to the conditions prescribed therein for such reclassification.

Details of Underlying Transaction						
Type of Transaction (direct/ indirect)	Mode of Transaction (Agreement/ Allotment/ market purchase) *	Equity Shares / Voting rights acquired/ proposed to be acquired		Total Consideration for shares / Voting Rights acquired (In ₹)	Mode of payment (Cash/ securities)	Regulation which has triggered
		Number	% of total equity / voting capital			
Direct	<b>Share Purchase Agreement</b> - The Acquirer has entered into the SPA with the Selling Shareholders pursuant to which the Acquirer has agreed to acquire 24,99,509 Equity Shares of the Target Company and acquire control over the Target Company, subject to the satisfaction of certain conditions precedent as set out under the SPA.	24,99,509	64.93%	3,99,92,144	Cash	Regulation 3(1) and 4 of SEBI (SAST) Regulations.

#### 3.1.5 The Salient features of the SPA are as under:

- SPA dated February 03, 2025 between the Acquirer and the Selling Shareholders for acquisition of control and 24,99,509 (Twenty Four Lakhs Ninety Nine Thousand Five Hundred and Nine) fully paid up Equity Shares representing 64.93% of the present issued, subscribed and paid up Equity Share Capital of the Target Company at a price of Rs. 16/- (Rupees Sixteen only) per Sale Share.

- b. The total consideration for the Sale Shares is Rs. 3,99,92,144/- (Rupees Three Crores Ninety-Nine Lakhs Ninety-Two Thousand One Hundred and Forty-Four only) which shall be subdivided into First Tranche Consideration of Rs. 3,74,19,536/- (Rupees Three Crore Seventy-Four Lakh Nineteen Thousand Five Hundred Thirty-Six only) and Second Tranche Consideration of 25,72,608 /- (Rupees Twenty-Five Lakh Seventy-Two Thousand Six Hundred Eight only).
  - c. The Closing of the Underlying Transaction will be completed in two tranches i.e. on the First Closing Date and Second Closing Date.
  - d. On the First Closing Date, i.e. upon fulfilment of the conditions precedent including the receipt of the final comments from the Securities and Exchange Board of India on the draft letter of offer, a date falling at any time prior to 3 (three) working days before the commencement of the Tendering Period as may be mutually decided between the Acquirer and the Manager to the Offer in accordance with the SEBI (SAST) Regulations, the Selling Shareholders except the legal heirs of the deceased Selling Shareholder Mr. M. Rajamani (in whose favour the Sale Shares held by the deceased Selling Shareholder Mr. M. Rajamani will be transmitted in accordance with due process of law), shall sell and transfer their respective Sale Shares i.e. 23,38,721 Equity Shares to the Acquirer for the First Tranche Consideration in the manner specified under the SPA.
  - e. On the Second Closing Date, i.e. such date as may be agreed upon between Acquirer and the legal heirs of the deceased Selling Shareholder Mr. M. Rajamani upon the process for transmission of the respective portion of Sale Shares standing registered in the name of the deceased Selling Shareholder Mr. M. Rajamani being completed, and the names of the legal heirs of deceased Selling Shareholder Mr. M. Rajamani being reflected as the beneficial owners in the BENPOS statement of the Target Company, the legal heirs of the deceased Selling Shareholder Mr. M. Rajamani shall sell and transfer the respective Sale Shares transmitted to them i.e. 1,60,788 Equity Shares to the Acquirer for the Second Tranche Consideration in the manner specified under the SPA.
  - f. The entire Sale Shares shall be held under a demat escrow mechanism pursuant to an Escrow Agreement dated February 03, 2025 entered into between the Acquirer, the Selling Shareholders and Kotak Mahindra Bank (Escrow Agent) whereby the Sale Shares shall be transferred by the Selling Shareholders to a special demat escrow account opened with Kotak Mahindra Bank and transferred to the Acquirer in accordance with the manner as set out under the Demat Escrow Agreement.
  - g. The Acquirer and the PACs agree to take steps to comply with the SEBI (SAST) Regulations and to comply with all laws that may be required to give effect to the sale and transfer of Sale Shares.
  - h. In the event of non-compliance of any provisions of the SEBI (SAST) Regulations, the SPA shall not be acted upon by the Acquirers or the Selling Shareholders.
- 3.1.6 The Acquirer and the PACs shall achieve substantial acquisition of Voting Share capital, accompanied with acquisition of management and control over the Target Company after completion of the proposed Open Offer. The main object of this acquisition is to acquire substantial Voting Shares and management control of the Target Company in compliance with the SEBI (SAST) Regulations.
- 3.1.7 In line with the requirements of business and opportunities from time to time, the Acquirer and the PACs may seek the change of the name and main objects of the Target Company subject to necessary approvals.
- 3.1.8 The Acquirer and the PACs may seek reconstitution of Board of Directors of the Target Company after successful completion of this Offer. However, no firm decision in this regard has been taken or proposed so far. The Acquirer shall comply with the applicable law, including obtaining the requisite approvals for change in composition of the Board of Directors.
- 3.1.9 The Acquirer and the PACs may discontinue the existing line of business of the Target Company and/ or may diversify business activities in future subject to prior approval/consent of the shareholders and subject to such other approvals, required if any. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 2013, Memorandum and Articles of Association of the Target Company and all applicable laws, rules and regulations, the Board of Directors of the Target Company will take appropriate business decisions from time to time in order to improve the performance of the Target Company. The Acquirer and the PACs cannot ascertain the repercussions, if any, on the employees and locations of the business place of Target Company.
- 3.1.10 Post receipt of the final comments from the SEBI on the DLOF, the Selling Shareholders have transferred 23,21,501 Equity Shares of First Tranche to the Acquirer through DP Escrow Arrangement. The balance Sale Shares shall be transferred to the Acquirer either prior to 3 (three) working days before the commencement of the Tendering Period or post Offer Period as the case may be.

### 3.2. DETAILS OF THE PROPOSED OFFER

- 3.2.1. The Public Announcement in connection with the Offer was issued by the Manager to the Offer on behalf of the Acquirer and the PACs on February 03, 2025 and was e-filed with BSE and the Target Company. Simultaneously, the PA was also uploaded on the SEBI's portal on same day.
- 3.2.2. In terms of Regulation 13(4) of the SEBI (SAST) Regulations, the DPS dated February 10, 2025 was published on February 10, 2025 i.e. within 5 (five) Working Days of the date of PA in the following newspapers:

Sl. No.	Newspapers	Language	Editions
1.	The Financial Express	English Daily	All Editions
2.	Jansatta	Hindi Daily	All Editions
3.	Mumbai Lakshadeep	Marathi Daily	Mumbai Edition
4.	Madrasmani	Tamil Daily	Chennai Edition
5.	Makkal Kural <sup>s</sup>	Tamil Daily	Coimbatore Edition

<sup>s</sup>Where Equity Shares of the Target Company are listed and where Registered Office of the Target Company is situated.

Simultaneously, in accordance with the provisions of Regulation 14(4) of the SEBI (SAST) Regulations, a copy of the DPS was e-filed by the Manager to the Offer with (i) SEBI; (ii) BSE and (iii) the Target Company on February 10, 2025.

- 3.2.3. A copy of the PA, DPS and Corrigendum to the DPS is also available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).
- 3.2.4. The Acquirer and the PACs have made the Offer in accordance with the Regulation 3(1) and 4 of the SEBI (SAST) Regulations to all the eligible Public Shareholders of the Target Company for the acquisition of 10,00,805 Equity Shares representing 26% of the Voting Share Capital of the Target Company in accordance with the provisions of the SEBI (SAST) Regulations and subject to the terms and conditions set out in the DPS and the Letter of Offer which is proposed to be sent to all the eligible Public Shareholders in accordance with the provisions of the SEBI (SAST) Regulations.
- 3.2.5. The Offer is being made at a price of Rs. 25/- (Rupees Twenty-Five only) per Equity Share and will be paid in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations. All Equity Shares accepted in the Open Offer shall be solely acquired by the Acquirer.
- 3.2.6. As on the date of this Letter of Offer, there are no partly paid-up Equity Shares in the Target Company.
- 3.2.7. As on the date of this Letter of Offer, there are no outstanding convertible securities, depository receipts, warrants or instruments issued by the Target Company convertible into Equity Shares.
- 3.2.8. The Offer is being made to all the Shareholders of the Target Company except the Selling Shareholders, the Acquirers and the PACs and person deemed to be acting in concert with the parties to the Agreements. The Equity Shares of the Target Company under the Offer will be acquired by the Acquirer as fully paid-up, free from any lien, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
- 3.2.9. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations and there is no competing offer as on the date of this LOF.
- 3.2.10. This Offer is not conditional on any minimum level of acceptance by the eligible Public Shareholder. Further, there is no differential pricing for this Offer.
- 3.2.11. As on the date of Letter of Offer, the Acquirer holds 23,21,501 Equity Shares of the Target Company which was acquired from the Selling Shareholders under the First Tranche as specified in the SPA.
- 3.2.12. The Acquirer and the PACs undertake that they will not tender any Equity Shares in this Offer.
- 3.2.13. The Acquirer and the PACs undertake not to sell the Equity Shares of the Target Company held by them during the "Offer Period" in terms of Regulation 25(4) of the SEBI (SAST) Regulations.
- 3.2.14. The Manager to the Offer does not hold any Equity Shares in the Target Company as on the date of appointment as Manager to the Offer and as on the date of this LOF. The Manager to the Offer further declares and undertakes that it shall not deal in the Equity Shares of the Target Company during the period commencing from the date of its appointment as Manager to the Offer till the expiry of 15 days from the date of closure of this Open Offer.

3.2.15. Pursuant to completion of this Open Offer and the underlying transaction, if the shareholding of the Public Shareholders in the Target Company falls below the minimum public shareholding requirement as specified under Rule 19A of the SCRR read with the SEBI LODR Regulations, the Acquirer and the PACs will ensure that the Target Company satisfies the minimum public shareholding set out in Rule 19A of the SCRR in compliance with applicable laws, within the prescribed time, and in a manner acceptable to the Acquirer and the PACs.

### **3.3. OBJECT OF THE ACQUISITION / OFFER**

- 3.3.1. This Offer is being made to the public shareholders of Target Company pursuant to and in compliance with regulation 3(1) and 4 of the SEBI (SAST) Regulations.
- 3.3.2. The Acquirer and the PACs shall achieve substantial acquisition of Voting Share Capital, accompanied with effective management control over the Target Company after completion of the proposed Open Offer. The main object of this acquisition is to acquire substantial stake and management control of the Target Company in compliance with the SEBI (SAST) Regulations.
- 3.3.3. In line with the requirements of business and opportunities from time to time, the Acquirer and the PACs may discontinue the existing line of business of the Target Company if members' approval is obtained and/ or may diversify business activities in future subject to prior approval/consent of the shareholders and subject to approval of the requisite statutory authorities. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 2013, Memorandum and Articles of Association of the Target Company and all applicable laws, rules and regulations, the Board of Directors of the Target Company will take appropriate business decisions from time to time in order to improve the performance of the Target Company. The Acquirer and the PACs cannot ascertain the repercussions, if any, on the employees and locations of the business place of Target Company.
- 3.3.4. The Acquirer and the PACs also intend to seek reconstitution of Board of Directors of the Target Company after successful completion of this Offer. However, no firm decision in this regard has been taken or proposed so far. The Acquirer shall comply with the applicable law, including obtaining the requisite approvals for change in composition of the Board of Directors.
- 3.3.5. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, it is hereby stated that the Acquirer and the PACs may alienate, restructure, dispose of or otherwise encumber any of the assets of Target Company at any time during the succeeding two years from the completion of this Offer including without limitation, the immovable properties of the Company. However, no firm decision has been made in this regard by the Acquirer and the PACs as on the date of this LOF. Notwithstanding anything contained herein, any such decision to alienate, restructure, dispose off or otherwise encumber any of the assets of the Target Company shall be given effect to subject to compliance with the applicable law for the time being in force at the relevant time.
- 3.3.6. The Acquirer and PACs do not have any intention to delist the Target Company, following two years from the completion of this Offer

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#### 4. BACKGROUND OF THE ACQUIRER AND THE PACs

##### 4.1. Akshayam Creations LLP (“Acquirer”)

- 4.1.1 The Acquirer is a Limited Liability Partnership incorporated in India on November 20, 2023 under the provisions of Limited Liability Partnership Act, 2008 bearing LLPIN: ACE-0020.
- 4.1.2 Acquirer is inter alia engaged into the business of acquiring, selling, leasing land and land parcels and development of land into property suitable for residential, commercial, industrial, agricultural use or for any other purpose as may be permitted under applicable law, including for personal use or for leasing out such developed property to generate rental income therefrom.
- 4.1.3 There has been no change in the name of Acquirer since incorporation.
- 4.1.4 Its registered office located at D No 97, Chittu Koil Street, Salem, Tamil Nadu 636 001, India.  
Tel.no 0427 - 405 0438 and email id: [akshayamcreations@gmail.com](mailto:akshayamcreations@gmail.com).
- 4.1.5 Acquirer does not belong to any group.
- 4.1.6 The total capital contribution of Acquirer as on date of this LOF is Rs. 5,00,00,000/- (Rupees Five Crore only).
- 4.1.7 The Acquirer is controlled by the following contributors and partners: -

Sr.no	Name	Designation	DIN/DPIN	CAPITAL CONTRIBUTION	
				Amount (In Cr.)	Percentage
1.	Sigamani Sivakumar	Designated Partner	00002099	1.00	20%
2.	Manoj Kumar Maurya	Designated Partner	00289669	1.00	20%
3.	Adinarayana Sripathy Kumar	Partner	00593797	1.00	20%
4.	Balasubramanian Prabhakaran	Partner	01428366	2.00	40%

- 4.1.8 The Designated Partners/Partners are deemed to be PACs with the Acquirer, for the purpose of Open Offer in terms of Regulations 2(1)(q) of the SEBI (SAST) Regulations.
- 4.1.9 The Acquirer is a Limited Liability Partnership and is not listed on any stock exchange.
- 4.1.10 As on the date of Letter of Offer, the Acquirer holds 23,21,501 Equity Shares of the Target Company which was acquired from the Selling Shareholders under the First Tranche as specified in the SPA.
- 4.1.11 As the LLP is incorporated on November 20, 2023, the key financial information of the Acquirer for the 12 (twelve) month period ended March 31, 2024, and for 9 (month) period ended December 31, 2024 are as follows:

(Rs. In Lakh)

Particular	For 9M period ended December 31, 2024	For the year ended March 31, 2024
	Limited reviewed	Audited
<b>Profit &amp; Loss Statement</b>		
Income from Operations		
Other Income	14.46	1.68
<b>Total Income</b>	<b>14.46</b>	<b>1.68</b>
Total Expenditure	1.91	1.12
<b>PBDIT</b>	<b>12.55</b>	<b>0.57</b>
Depreciation		
Interest		
<b>Profit/(loss) before exceptional items and tax</b>	<b>12.55</b>	<b>0.57</b>
Exceptional & Prior Period Items		



<b>Profit/(Loss) Before Tax</b>	<b>12.55</b>	<b>0.57</b>
Provision for Tax		
<b>Profit/(Loss) After Tax</b>	<b>12.55</b>	<b>0.57</b>
<b>Balance Sheet</b>		
<b>Sources of Funds</b>		
Paid up Capital	788.94	375.57
Reserves and Surplus		
<b>Net worth</b>	<b>788.94</b>	<b>375.57</b>
Secured Loans		
Unsecured Loans		
Deferred Tax Liabilities		
Other financial liability		
<b>Total</b>	<b>788.94</b>	<b>375.57</b>
<b>Uses of Funds</b>		
Net Fixed Assets		
Investments	767.00	156.15
Current Assets Loan and Advances	3.73	210.54
Current Liabilities	0.21	1.01
<b>Net Current Assets</b>	<b>3.52</b>	<b>209.53</b>
Total Misc. Exp. Not Written Off	18.42	9.89
<b>Total</b>	<b>788.94</b>	<b>375.57</b>

4.1.12 G. Ranganathan (Membership No. 03535), Partner at M/s G.Ranganathan & Co., Chartered Accountants (Firm Registration No. 003059S ), having their office located at 9-A, Rajaji Road, Salem – 636 007, India, Tel. No. 0427 - 2313994; Email: grandco@gmail.com has certified vide certificate dated January 07, 2025, that the net worth of Acquirer as on December 31, 2024 is Rs. 7,70,51,900 (Rupees Seven Crore Seventy Lakhs Fifty-One Thousand and Nine Hundred only).

4.1.13 Acquirer does not have any other financial or commercial relationship/interest in the Target Company. However, one of the designated partners of the Acquirer, Mr. Sigamani Sivakumar is a member of the Promoter & Promoter Group of Target Company holding 2,88,033 Equity Shares comprising 7.48% of the total Voting Capital and is also a Non-Executive Director of the Target Company with effect from February 14, 2024.

#### **4.2. Mr. Sigamani Sivakumar (“PAC 1”)**

4.2.1. Mr. Sigamani Sivakumar, aged 51, is the son of Mr. Sigamani and an Indian Resident.

4.2.2. PAC 1 carries a valid passport issued by the Republic of India and holds a Permanent Account Number (“PAN”) in India. PAC 1 holds a degree in Bachelor of Business Management and has experience in the field of real estate and textiles for 15 (fifteen) years.

4.2.3. PAC 1 has not changed / altered his name at any point of time during his life.

4.2.4. The residential address of PAC 1 is 60/70, Marimuthu Street, Ammapet, Salem - 636 003, Tamil Nadu, India.

4.2.5. PAC 1 is not associated or affiliated with any group.

4.2.6. PAC 1 is one of the Designated Partner in the Acquirer.

4.2.7. As on date of this LOF, the interest of the PAC 1 in the Target Company is as set out below:

- i. PAC 1 is one of the members of the Promoter & Promoter Group of the Target Company. PAC 1 has transferred 2,88,033 Equity Shares to the Acquirer on April 24, 2025.
- ii. PAC 1 is also a Non-Executive Director of the Target Company appointed as an additional director with effect from February 14, 2024 pursuant to board resolution dated February 14, 2024 and regularized as a director pursuant to shareholders resolution passed at the annual general meeting of the Target Company dated September 28, 2024.
- iii. The PAC 1 is also one of the Selling Shareholder and a Party to the SPA whereby the entire shareholding of PAC 1 has been agreed to be sold and transferred to the Acquirer and the Acquirer has agreed to acquire the same from PAC 1 in accordance with the terms of the SPA.
- iv. The PAC 1 has also entered into a Loan Agreement dated March 27, 2024 with the Target Company for an amount of upto ₹. 7,00,00,000/- (Indian Rupees Seven Crores only). The salient features of the loan agreement is as set out below:
  - a. Loan Amount : ₹. 7,00,00,000/- (Indian Rupees Seven Crores only)
  - b. Interest: 10% p.a. payable quarterly or as mutually agreed upon by both the Parties, to be paid to PAC 1 on or before the last day of the relevant quarter.
  - c. Repayment: The loan together with all outstanding amounts, including accrued interest, shall be repayable in full at the end of 1 (one) year from the disbursement of the Loan amount or such other period, as may be extended by PAC 1 at his sole discretion.
  - d. Foreclosure: The Target Company is entitled to foreclose the loan by prepayment of the loan amount in whole or in part, without penalty.
  - e. Security: The said loan is secured against the immovable assets of the Company through a first and exclusive charge to be created over the immovable properties of the Company, being land and building registered and standing in the name of the Target Company and situated at Post Box No. 3, Udayapatti, Salem 636 140. As of the date of this LOF, no charge has been created over the immovable assets of the Target Company in favour of PAC 1 pursuant to the loan agreement. Consequently, e-form CHG-1 has not been filed by the Target Company with the concerned registrar of companies. However, PAC 1 continues to hold a security interest over the immovable assets of the Target Company as a continuing security, in accordance with the loan agreement. This security interest shall remain binding on the Target Company. PAC 1 is entitled to require the Target Company to create and register a charge over its immovable assets at any time during the term of the loan agreement. The Target Company will be required to then execute the necessary documents and file the relevant forms, including form CHG-1, with the concerned registrar of companies and any other relevant authorities to perfect and enforce PAC 1's security interest in terms of the loan agreement.
  - f. Negative Covenants: Till such time the outstanding obligations of the Target Company towards the PAC 1 pursuant to the loan agreement are due and unless otherwise previously approved in writing by PAC 1, the Target Company shall not undertake the following:
    - commence any proceedings for liquidation, dissolution or winding up (whether voluntary or involuntary) of the Borrower or the passing of an order of any court appointing a provisional liquidator or administrator in any other proceeding seeking the winding up of the Borrower or the liquidation of the Borrower or any arrangement by the Borrower with the shareholders or the creditors of the Borrower to that effect;
    - undertake any merger, demerger, acquisition, change of Control, consolidation, sale of equity shares or other transaction or series of transactions in which the shareholders to such transaction or transactions will not retain a majority of the voting power of the surviving entity including a drag sale;
    - engage in sale, lease, license, spin-offs, slump sale, or other transfer of all or substantially all of the Borrower 's assets including the Property;
    - enter into any agreement or arrangement with any Person, institution or local or Government body for the use, occupation or disposal of the Property or any part thereof.
    - utilize the Loan for purposes other than those explicitly outlined in this Agreement.

- act as a surety for or guarantee the repayment of any loan or borrowing of any Person.
- execute any document, including power of attorney or any analogous deed, in favor of any Person or entity to handle the Security in any way, unless expressly required by the Lender.
- engage in any actions or take any steps that could reduce the value of the Security or adversely affect the Security or render the enforcement of the Security by the Lender futile.
- Undertake any other actions that could compromise the interests of the Lender as outlined in this Agreement.

- v. The PAC 1 has also entered into a Supplementary Agreement to the Loan Agreement dated July 29, 2024 with the Target Company pursuant to which the original loan agreement dated March 27, 2024 was amended to incorporate the changes consequential to the grant of an incremental loan for an amount of upto ₹. 10,00,00,000/- (Indian Rupees Ten Crore only) by the PAC 1 to the Target Company. Except for recording the changes consequential to the grant of an incremental loan of ₹. 10,00,00,000/- (Indian Rupees Ten Crore only), all other terms and conditions of the original loan agreement dated March 27, 2024, remain unchanged.

4.2.8. PAC 1 (DIN: 00002099) holds directorships in the following companies as on the date of the LOF:

Name of the entity	CIN/LLPIN
Greenfield Shelters Private Limited	U70101TZ2006PTC012914
Greenfield Creations Private Limited	U45309TZ2010PTC016085
The Modern Theatres Private Limited	U92111TZ1936PTC000096
Kandagiri Spinning Mills Limited	L17111TZ1976PLC000762

4.2.9. As per the Certificate bearing UDIN 25212932BMIISC1975 dated April 02, 2025 issued by R. Raghavendiran (Membership No. 212932), Proprietor at R. Raghavendiran, Chartered Accountants, having their office located at C-2, Gokulam Apartments, No.29, 7th Cross, Maravaneri, Salem- 636007, Mob. No. 9843512421; Email: [ragahv@gmail.com](mailto:ragahv@gmail.com) has certified vide certificate dated April 02, 2025 that the net worth of the PAC 1 as on February 28, 2025 is Rs. 6,70,46,604 (Rupees Six Crore Seventy Lakhs Forty Six Thousand Six Hundred and Four only).

#### 4.3. Mr. Manoj Kumar Maurya (“PAC 2”)

- 4.3.1 Mr. Manoj Kumar Maurya, aged 52, is the son of Mr. Umashankar Maurya and an Indian Resident.
- 4.3.2 PAC 2 carries a valid passport issued by the Republic of India and holds a PAN in India. PAC 2 holds a degree in Bachelor of Commerce and has experience in the field of fabric and garment manufacturing and trading of around 31 (thirty one) years.
- 4.3.3 PAC 2 has not changed / altered his name at any point of time during his life.
- 4.3.4 The residential address of PAC 2 is 31, Southeast Layout, Fairlands, Salem - 636 016, Tamil Nadu, India.
- 4.3.5 PAC 2 is not associated or affiliated with any group.
- 4.3.6 PAC 2 is one of the Designated Partner in the Acquirer.
- 4.3.7 As on date of this LOF, PAC 2 does not hold any interest in the Target Company.
- 4.3.8 PAC 2 (DIN: 00289669) holds directorships in the following companies as on the date of the LOF:

Name of the entity	CIN/LLPIN
Sugavaneswara Spinning Mills Private Limited	U17111TZ1981PTC001116
Jai Shiv Shankar Spinners (India) Private Limited	U17111TZ2006PTC012923
Jayalakshmi Weaving Mill (India) Private Limited	U17115TZ2010PTC015912

4.3.9 As per the Certificate bearing UDIN 25021435BNFTHP9444 dated April 02, 2025 issued by V.S. Ashok Kumar (Membership No. 021435), Partner at V.V. Soundararajan & Co., Chartered Accountants (Firm Registration No. 003944S), having their office located at # 9/4, II Cross, Maravaneri, Salem – 636 007; Email: [vyvscoy@yahoo.com](mailto:vyvscoy@yahoo.com)

has certified vide certificate dated April 02, 2025 that the net worth of the PAC 2 as on February 28, 2025 is Rs. 10,54,92,664 (Rupees Ten Crore Fifty Four Lakhs Ninety Two Thousand Six Hundred and Sixty Four only).

#### **4.4. Mr. Adinarayana Sripathy Kumar (“PAC 3”)**

- 4.4.1. Mr. Adinarayana Sripathy Kumar, aged 51, is the son of Mr. Adinarayana and is an Indian Resident.
- 4.4.2. PAC 3 carries a valid passport issued by the Republic of India and holds a PAN in India. PAC 3 holds a degree in Master of Business Administration and has experience in the field of Retail Jewellery for around 28 (Twenty-Eight) years.
- 4.4.3. PAC 3 has changed / altered his name once from Sriyapathy Adinarayana to his current name i.e. Adinayarayana Sripathy Kumar during his life.
- 4.4.4. The residential address of PAC 3 is 5/33, Vidhyalaya Road, Hastampatti, Salem - 636 007, Tamil Nadu, India
- 4.4.5. PAC 3 is not associated or affiliated with any group.
- 4.4.6. PAC 3 is one of the Partner in the Acquirer
- 4.4.7. As on date of this LOF, PAC 3 does not hold any interest in the Target Company.
- 4.4.8. PAC 3 (DIN: 00593797) holds directorships in the following companies as on the date of the LOF:

<b>Name of the entity</b>	<b>CIN/LLPIN</b>
Greenfield Shelters Private Limited	U70101TZ2006PTC012914
Greenfield Creations Private Limited	U45309TZ2010PTC016085
The Modern Theatres Private Limited	U92111TZ1936PTC000096

- 4.4.9. As per the Certificate bearing UDIN 25200817BMGHCHZ1056 dated April 02, 2025 issued by V. Indira (Membership No. 200817), Partner at S. Krishnamoorthy & Co., Chartered Accountants, having their office located No. 16, Bharathi Park Main Road, 2<sup>nd</sup> cross street, Saibaba Colony, Coimbatore- 641 011. Tel.No.0422 4039900; Email: skmcoca@skmcoca.com has certified vide certificate dated April 02, 2025 that the net worth of the PAC 3 as on March 30, 2025 is Rs. 28,57,12,339 (Rupees Twenty Eight Crores Fifty Seven Lakhs Twelve Thousand Three Hundred and Thirty Nine only).

#### **4.5. Mr. Balasubramanian Prabhakaran (“PAC 4”)**

- 4.5.1. Mr. Balasubramanian Prabhakaran, aged 51, is the son of Mr. Balasubramanian and an Indian Resident.
- 4.5.2. PAC 4 carries a valid passport issued by the Republic of India and holds a PAN in India. PAC 4 holds a degree in Bachelor of Computer Science and has experience in the field of Mining for around 31 (Thirty-One) years.
- 4.5.3. PAC 4 has not changed / altered his name at any point of time during his life.
- 4.5.4. The residential address of PAC 4 is 120/3, Old No. 3/75A, Plot No. 65, First Main Road, New Fairlands, Salem - 636 016, Tamil Nadu, India.
- 4.5.5. PAC 4 is associated with the Thriveni Group of Companies.
- 4.5.6. PAC 4 is one of the Partner in the Acquirer.
- 4.5.7. As on date of this LOF, PAC 4 does not hold any interest in the Target Company.
- 4.5.8. PAC 4 (DIN: 01428366) holds directorships in the following companies as on the date of the LOF:

<b>Name of the entity</b>	<b>CIN/LLPIN</b>
Thriveni Earthmovers Private Limited	U60231TZ1999PTC008876
Thriveni Earthmovers and Infra Private Limited	U07100TZ2024PTC030673
Lloyds Metals and Energy Limited	L40300MH1977PLC019594

Sompuri Natural Resources Private Limited	U14290GJ2022PTC131778
Thriveni Metals Private Limited	U13209DL2022PTC396173
Lloyds Logistics Private Limited	U49300MH2020PTC340076
Thriveni Sainik PBNW Private Limited	U14294DL2020PTC362932
KJS Pellets & Power Private Limited	U27100OR2011PTC013504
Mahaprabhu Ventures Private Limited	U27200OR2022PTC040479
Geomysore Services India Pvt Ltd	U74899KA1994PTC044275
Thriveni Sainik Mining Private Limited	U74900HR2015PTC057396
Sompuri Infrastructures Private Limited	U74999GJ2022PTC132245
Liberating Minds Foundation	U74999HP2017NPL006494
Mandovi River Pellets Private Limited	U13100GA2022PTC015507
Safe and Sound Holdings Private Limited	U67120TZ1993PTC 004198
Prakar Estates and Holdings Private Limited	U70109TZ2007 PTC 013820
Llyods Infinite Foundation	U85300MH2022NPL390238

4.5.9. As per the Certificate bearing UDIN 24204741BKCZRH7767 dated November 26, 2024 issued by S. Sridhar (Membership No. 204741), Partner at Bala & Sakthi, Chartered Accountants (Firm Registration No. 000372S), having their office located at 3/250-F, Ground Floor, Brindavan Road, 6th Cross (West) (Behind Lord Sri Venkatachalapathy Temple) Fairlands, Salem – 636 016, Mob. No. 9842745999; Email: balasakthica@gmail.com, has certified vide certificate dated November 26, 2024 that the net worth of the PAC 4 as on October 30, 2024 is Rs. 55,897.96 lakhs (Rupees Fifty Five Thousand Eight Hundred and Ninety Seven Lakhs and Ninety Six Thousand.)

#### **4.6. Other common Confirmation by the Acquirer and the PACs**

- 4.6.1. Neither the Acquirer nor the PACs nor any of the entities with which they are associated with, are in securities related business and registered with SEBI as a ‘Market Intermediary’.
- 4.6.2. The Acquirer and the PACs have not been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India (“RBI”).
- 4.6.3. The Acquirer and the PACs have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of SEBI Act or under any other regulations made under the SEBI Act.
- 4.6.4. Based on the information available, the Acquirer and the PAC have not been declared as fugitive economic offenders under section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018) as per Regulation 2(1) (ja) of SEBI (SAST) Regulations.
- 4.6.5. The Acquirer and the PACs undertake that if they acquire any Equity Shares of the Target Company during the Offer Period, they will inform to the Stock Exchange and the Target Company within 24 hours of such acquisitions and they will not acquire any Equity Shares of the Target Company during the period between three working days prior to the commencement of the TP and until the closure of the TP in accordance with Regulation 18(6) of SEBI (SAST) Regulations.
- 4.6.6. All Open Offer Shares that are validly tendered and accepted in the Offer shall be solely acquired by the Acquirer.

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## 5. INFORMATION ABOUT THE SELLING SHAREHOLDERS

5.1 The details of the Selling Shareholders under the SPA are set out below:

Name of the Selling Shareholders	Nature of Entity/ Individual	Registered Office/ Residential Address	Whether Selling Shareholders is a part of the promoter group of the Target Company	Name of the stock exchange in India or abroad where listed (if applicable)	Shares or voting rights held in the Target Company			
					Pre - Transaction		Post Transaction	
					Number of Equity Shares	% Voting Share Capital	Number of Equity Shares	% Voting Share Capital
R Selvarajan #	Individual	64/315 8th Cross, Brindavan Road, Farilands, Salem 636004	Yes	NA	7,78,730	20.23	NIL	NIL
S Vijay Shankar #	Individual	64/315 8th Cross, Brindavan Road, Farilands, Salem 636004	Yes	NA	4,09,582	10.64		
S Sivakumar #	Individual	Old No 70 New No 60, Marimuthu Street, Ammapet Salem 636003	Yes	NA	2,88,033	7.48		
Dinakaran Sambandam #	Individual	327, Santham Street, 7th Cross, Brindavan Road, Fairlands, Salem 636004	Yes	NA	1,17,716	3.06		
Devarajan Sambandam #	Individual	63/315 Brindavan Road, 8th Cross, Opp To Sks Hospital, Fairlands, Salem 636004	Yes	NA	1,39,137	3.62		
Jegarajan Sambandam #	Individual	2/326, Sri Kanagam, Brindavan Road, 7th Cross, Fairlands, Salem 636004	Yes	NA	1,13,307	2.94		
S Nirmala #	Individual	64/315 8th	Yes	NA	1,13,040	2.94		

		Cross, Brindavan Road, Farilands, Salem 636004						
M Rajamani (Deceased) (Please refer note)*	Individual	Old No 24 New No 53, Marimuthu Street, Ammamet Salem 636003	Yes	NA	1,60,788	4.18		
S Swetha <sup>#</sup>	Individual	Old No 70 New No 60, Marimuthu Street, Ammamet Salem 636003	Yes	NA	1,02,567	2.66		
R Selvarajan HUF <sup>#</sup>	Individual	64/315 8th Cross, Brindavan Road, Farilands, Salem 636004	Yes	NA	65,520	1.70		
A Sarayu <sup>#</sup>	Individual	64/315 8th Cross, Brindavan Road, Farilands, Salem 636004	Yes	NA	53,090	1.38		
Kalavathi S <sup>#</sup>	Individual	No.27, Makaliamm an Koil Street, Surampatty, Erode 638009	Yes	NA	37,930	0.99		
R Malarselvi <sup>#</sup>	Individual	Old No 24 New No 53, Marimuthu Street, Ammamet Salem 636003	Yes	NA	35,159	0.91		
S Balamani <sup>#</sup>	Individual	Old No 70 New No 60, Marimuthu Street, Ammamet Salem 636003	Yes	NA	30,000	0.78		
D Senthilnathan <sup>**</sup>	Individual	81, Marimuthu Street, Ammapetta	Yes	NA	18,820	0.49		

		i, Salem 636003						
Parameswari J #	Individual	2/326, Sri Kanagam, Brindavan Road, 7th Cross,Fairla nds, Salem 636004	Yes	NA	15,300	0.40		
D Manjula	Individual	327, Santham Street, 7th Cross, Brindavan Road,Fairla nds,Salem 636004	Yes	NA	7,650	0.20		
V Abhinav	Individual	64/315 8th Cross, Brindavan Road, Farilands, Salem 636004	Yes	NA	2,800	0.07		
Sakthivel J #	Individual	2/326, Sri Kanagam, Brindavan Road, 7th Cross,Fairla nds, Salem 636004	Yes	NA	2,000	0.05		
Sudharsan D #	Individual	63/315 Brindavan Road, 8th Cross, Opp To Sks Hospital,Fai rlands,Sale m 636004	Yes	NA	2,000	0.05		
Anupama D #	Individual	33/15 2nd Floor, Eldams Road, Ark Colony, Alwarpet,T eynampet, Chennai 600018	Yes	NA	1,170	0.03		
Ramya Jegarajan	Individual	21, Fourth Cross Street,Venk atanagar, Pondicherry 605011	Yes	NA	1,170	0.03		
D Minusakthipriya	Individual	32-34 Kvp Layout, Aalankhadu , Karuvampa	Yes	NA	1,000	0.03		



		layam, T C Market, Tiruppur 641604						
Niranjankumar D	Individual	327, Santham Street, 7th Cross, Brindavan Road, Fairlands, Salem 636004	Yes	NA	1,000	0.03		
Rathipriya D	Individual	L 8 Pand C Apartment, Sampath Nagar, Erode Collectorate, Erode 638011	Yes	NA	1,000	0.03		
Valarnila V	Individual	58, Aspiran Garden 2nd Street, Kilpauk, Chennai 600010	Yes	NA	1,000	0.03		

*\*Note: The legal heirs of the deceased Selling Shareholder are in the process of completing the transmission of the respective portion of Sale Shares, standing registered in the name of the deceased Selling Shareholders, in their favour in accordance with the procedure laid down by SEBI under its Circular bearing No. SEBI/HO/MIRSD/\_RTAMB/P/CIR/2022/65 dated May 18, 2022 read with the applicable provisions of the SEBI (LODR) Regulations.*

*#Note: As on the date of LOF, the Selling Shareholders have transferred their Sale Shares to the Acquirer.*

*\*\*Note: Out of the total shares of 18,820, only 17,220 shares has been transferred to the Acquirers.*

- 5.2 Pursuant to the consummation of the Underlying Transaction and subject to compliance with the SEBI (SAST) Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI (LODR) Regulations**”), the Acquirer alongwith the PACs will acquire control over the Target Company and become the promoter of the Target Company. Further, each of the Selling Shareholders along with other members of the promoter and promoter Group except Mr. Sigamani Sivakumar, Mrs. S. Swetha and Mrs. S. Balamani will cease to be part of the promoter and promoter group of the Target Company and accordingly, seek to be reclassified from the “promoter and promoter group” category of the Target Company, subject to obtaining necessary approvals as required in terms of the SEBI (LODR) Regulations and satisfaction of the conditions prescribed therein for such reclassification.
- 5.3 The Selling Shareholders have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992 and subsequent amendments thereto or under any other regulations made under the SEBI Act, 1992.
- 5.4 There are instances of delayed compliances with respect to Chapter V of SEBI (SAST) Regulations, by the Promoter and Promoter Group of the Target Company for which SEBI may initiate suitable action.

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## 6. BACKGROUND OF THE TARGET COMPANY – KANDAGIRI SPINNING MILLS LIMITED

- 6.1. The Target Company is a public company limited by Shares. It was incorporated on May 05, 1976 as a private limited company under the provisions of Companies Act, 1956 in the name of “The Ammapet Sizing Mills Private Limited”. The name of the Target Company was changed to “Kandagiri Spinning Mills Private Limited” on July 15, 1978, and to “Kandagiri Spinning Mills Limited” on January 01, 1989 pursuant to its conversion into Public Limited Company under the provisions of Section 43A of the Companies Act, 1956.
- 6.2. Presently, the Registered Office of the Target Company is situated at Post Box No 3, Udayapatti, Salem -636 140, Tamil Nadu, India. The CIN of the Company is L17111TZ1976PLC000762. Email: ksmcs@kandagirimills.com, Web: www.kandagirimills.com
- 6.3. The Target Company is primarily engaged in the business of yarn trading.

<b>Paid-up Equity Shares of Target Company</b>	<b>No. of Equity Shares/voting rights</b>	<b>% of Equity Shares/ voting rights</b>
Fully paid-up Equity Shares	38,49,250	100%
Partly paid-up Equity Shares	Nil	Nil
Total paid-up Equity Shares	38,49,250	100%
<b>Total voting rights in Target Company</b>	<b>38,49,250</b>	<b>100%</b>

- 6.4. The authorised share capital of the Company is ₹ 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 Equity Shares of ₹ 10/- (Rupees ten only) each.
- 6.5. The issued share capital is ₹ 3,86,56,500 (Rupees Three Crore Eighty-Six Lakhs Fifty-Six Thousand and Five Hundred) which comprises of 38,65,650 Equity Shares with a face value of ₹ 10/- (Rupees Ten Only) per share.
- 6.6. The subscribed and paid up share capital of the Company is ₹ 3,84,92,500 (Rupees Three Crore Eighty Four Lakhs Ninety Two Thousand Five Hundred only) divided into 38,49,250 (Thirty Eight Lakhs Forty Nine Thousand Two Hundred and Fifty) Equity Shares of ₹ 10/-(Rupees Ten) each.
- 6.7. During the Financial Year 2002-2003, 16,400 Equity Shares of the Target Company were forfeited.
- 6.8. The Equity Shares (ISIN: INE292D01019) of the Target Company is presently listed and traded on the BSE with Scrip Code as 521242 and Symbol as KANDAGIRI.
- 6.9. As of the date of this LOF, there are no: (a) partly paid-up Equity Shares; and/or (b) outstanding convertible securities.
- 6.10. The Equity Shares of the Target Company are infrequently traded within meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.
- 6.11. The trading of the Equity Shares of the Target Company is currently not suspended on Stock Exchange. The Equity Shares of the Target Company have not been delisted from any stock exchange in India.
- 6.12. As on the date of this Letter of Offer, the following are on the board of the Target Company:

<b>Sr. No.</b>	<b>Name</b>	<b>DIN</b>	<b>Address</b>	<b>Designation</b>	<b>Date of Appointment</b>
1.	Somasundaram Elangovan	08765978	24/1/28-D, South East Layout, Fairlands, Salem - 636016	Chairperson & Non-Executive Independent Director	18/06/2020
2.	Selvarajan Rathinam	00001703	64/315 8th Cross, Brindavan Road, Farilands, Salem 636 004	Executive Director-MD	01/04/2005
3.	Sarayu	06953362	No.27, Makaliyamm Koil Street, Surampatty, Erode 638 009	Non-Executive Director	09/02/2020
4.	Devarajan Sambandam	00001910	63/315 Brindavan Road, 8th Cross, Opp to SKS Hospital, Fairlands, Salem 636 004	Non Executive Director	06/05/2022
5.	Nattery Srinivasan Poornima	07138931	Old No: 17B, New No: 22/16A-1, Gandhi Road, Salem - 636007	Non-Executive - Independent Director	08/08/2024

6.	Sigamani Sivakumar	00002099	Old No 70 New No 60, Marimuthu Street, Ammapet Salem 636 003	Non - Executive Non - Independent Director	14/02/2024
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**Note:** Except Mr. Sigamani Sivakumar who is one of the Promoters and also one of the Designated Partner of the Acquirer none of the directors mentioned in the table above are representatives of the Acquirer or PACs. Neither of them is related to the Acquirer in any manner whatsoever.

- 6.13. There has been no merger, demerger, amalgamation or spin-off during the last 3 years involving the Target Company.
- 6.14. As on the date of this Letter of Offer, the Target Company does not have any Subsidiary or Holding Company or Joint Venture.
- 6.15. As on the date of this Letter of Offer, the Target Company have an associate company i.e. SPMH Healthcare Services Private Limited.
- 6.16. The Target Company has no Equity Shares that are locked-in as of the date of this Letter of Offer.
- 6.17. The Target Company including its directors has not been prohibited by SEBI from dealing in securities in terms of Section 11B of the SEBI Act. The Target Company is not an Insolvent applicant under Insolvency and Bankruptcy Code, 2016.
- 6.18. The Target Company including its directors are not in the list of 'wilful defaulters' issued by any bank, financial institution, or consortium thereof in accordance with guidelines on wilful defaulters issued by RBI.
- 6.19. The key financial information of the Target Company based on its consolidated audited financials for the 12 (twelve) month period ended March 31, 2024, 2023, 2022 are as follows:

Particular	(Rs. in Lakh except EPS)			
	For 9M period ended December 31, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
	Limited reviewed	Audited	Audited	Audited
<b>Profit &amp; Loss Statement</b>				
Income from Operations	103.37	150.31	123.10	318.76
Other Income	7.28	147.20	280.20	258.94
<b>Total Income</b>	<b>110.65</b>	<b>297.51</b>	<b>403.30</b>	<b>577.70</b>
Total Expenditure (Refer Note 1)	130.24	212.11	148.00	346.55
<b>PBDIT</b>	<b>-19.59</b>	<b>85.40</b>	<b>255.30</b>	<b>231.15</b>
Depreciation	25.79	29.17	29.17	29.17
Interest	84.83	232.97	132.07	159.46
<b>Profit/(loss) before exceptional items and tax</b>	<b>-130.21</b>	<b>-176.74</b>	<b>94.06</b>	<b>42.52</b>
Share of profit of associate	3.17	5.16	5.00	63.35
<b>Profit/(loss) after share of profit of associate</b>	<b>-127.04</b>	<b>-171.58</b>	<b>99.06</b>	<b>105.87</b>
Exceptional & Prior Period Items	0.00	0.00	0.00	
<b>Profit/(Loss) Before Tax</b>	<b>-127.04</b>	<b>-171.58</b>	<b>99.06</b>	<b>105.87</b>
Provision for Tax	0.00	0.00	-13.58	15.00
<b>Profit/(Loss) After Tax</b>	<b>-127.04</b>	<b>-171.58</b>	<b>112.64</b>	<b>90.87</b>
<b>Balance Sheet</b>				
<b>Sources of Funds</b>				
Paid up Capital	385.74	385.74	385.74	385.74
Reserves and Surplus	-1151.04	-1024.00	-852.42	-965.06
<b>Net worth</b>	<b>-765.30</b>	<b>-638.26</b>	<b>-466.68</b>	<b>-579.32</b>
Secured Loans				
Unsecured Loans	1580.00	1733.27	1382.57	59.00
Deferred Tax Liabilities	0.00	0.00	0.00	0.00
Other financial liability	0.00	0.00	0.00	0.00

<b>Total</b>	<b>814.70</b>	<b>1095.01</b>	<b>915.89</b>	<b>-520.32</b>
<b>Uses of Funds</b>				
Net Fixed Assets	1012.56	1038.04	1067.21	1096.38
Investments	210.99	207.82	202.66	197.66
Other financial assets and non current assets	64.88	64.88	112.48	155.81
Current Assets Loan and Advances	74.47	170.27	157.03	15.89
Current Liabilities	548.19	386.00	623.49	1986.06
<b>Net Current Assets</b>	<b>-473.72</b>	<b>-215.73</b>	<b>-466.46</b>	<b>-1970.17</b>
Total Misc. Exp. Not Written Off	0.00	0.00	0.00	0.00
<b>Total</b>	<b>814.70</b>	<b>1095.01</b>	<b>915.89</b>	<b>-520.32</b>
<b>Other Financial Data</b>				
Dividend (%)	0.00	0.00	0.00	0.00
Earnings Per Share in Rs.	-3.29	-4.46	2.92	2.36
Return on Net worth (%) (Refer Note 2)	-0.17	-0.27	-0.24	-0.16

**Note:** 1-Exclusive of Depreciation and Interest

2. Not annualised

6.20. Ms. Asifa J has been appointed as the Company Secretary and Compliance officer of the Target Company and she can be reached at the Target Company's contact details and Email-Id mentioned below:

**Tel. No.** +91- 0427-2244400

**Email:** [ksmcs@kandagirimills.com](mailto:ksmcs@kandagirimills.com)

6.21. As on date, there are no complaints pending against the Target Company.

6.22. Pre and Post Offer Shareholding Pattern of the Target Company as on December 31, 2024 is and shall be as follows:

Shareholders' Category	Equity Shares/voting rights prior to the agreement/acquisition and offer		Equity Shares/voting rights agreed to be acquired which triggered the SEBI (SAST) Regulations, 2011		Equity Shares/voting rights to be acquired in this Offer (Assuming full acceptances)		Shareholding/ voting rights after the acquisition and this Offer (Assuming full acceptances)	
	A		B		C		A+B+C=D	
	Number of Equity Shares	% of Equity Share Capital	Number of Equity Shares	% of Equity Share Capital	Number of Equity Shares	% of Equity Share Capital	Number of Equity Shares	% of Equity Share Capital
<b>(1) Promoter and Promoter Group</b>								
a) Parties to agreement, if any	24,99,509	64.93%	(24,99,509)	(64.93%)	0	0.00%	-	0.00%
b) Promoter other than (a) above	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total 1 (a+b)</b>	<b>24,99,509</b>	<b>64.93%</b>	<b>(24,99,509)</b>	<b>(64.93%)</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>(2) Acquirer and PACs</b>								
a) Acquirer	0	0.00%	24,99,509	64.93%	10,00,805	26.00%	35,00,314	90.93%
b) PACs	0#	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total 2 (a+b)</b>	<b>0</b>	<b>0.00%</b>	<b>24,99,509</b>	<b>64.93%</b>	<b>10,00,805</b>	<b>26.00%</b>	<b>35,00,314</b>	<b>90.93%</b>
<b>(3) Parties to agreement other than 1 (a) &amp; 2</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
<b>(4) Public (other than parties to the agreement, the Acquirers and the PACs)</b>								
a) FIs/MFs/FIIs/Banks/SFIs	0	0.00%	0	0.00%	(10,00,805)	(26.00%)	3,48,936	9.07%
b) Investor Education and Protection Fund (IEPF)	42,254	1.10%	0	0.00%				
c) Others	13,07,487	33.97%	0	0.00%				
<b>Total (4) (a+b+c)</b>	<b>13,49,741</b>	<b>35.07%</b>	<b>0</b>	<b>0.00%</b>	<b>(10,00,805)</b>	<b>(26.00%)</b>	<b>3,48,936</b>	<b>9.07%</b>
<b>Grand Total (1+2+3+4)</b>	<b>38,49,250</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>38,49,250</b>	<b>100.00%</b>

6.23. As on the date of Letter of Offer, the Acquirer holds 23,21,501 Equity Shares of the Target Company which was acquired from the Selling Shareholders under the First Tranche as specified in the SPA.

## 7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 7.1. JUSTIFICATION OF OFFER PRICE UNDER DIRECT ACQUISITION

- 7.1.1. The Offer is a mandatory offer made in accordance with Regulation 3(1), 4 and other applicable regulations of the SEBI (SAST) Regulations. The Offer is made for the acquisition of up to 26% of the Voting Share Capital rights pursuant to the SPA accompanied with a change in control of the Target Company.
- 7.1.2. The Equity Shares of the Target Company are currently listed and traded on the BSE.
- 7.1.3. The trading turnover in the Equity Shares, based on the trading volumes on the BSE during the twelve calendar months preceding the month of the PA i.e., from February 2024 to January 2025 ("Relevant Period"), is as given below:

Name of the Stock Exchange	Total traded volumes during the Relevant Period ("A")	Total number of Equity Shares during the Relevant Period ("B")	Trading turnover % (A/B)
BSE	1,00,099	38,49,250	2.60%

Source: [www.bseindia.com](http://www.bseindia.com)

- 7.1.4. Based on above, the equity shares of the Target Company are infrequently traded on BSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.
- 7.1.5. The Acquirer and the PACs have voluntarily offered Offer Price of Rs. 25/- (Rupees Twenty-Five only) per Equity Share which is justified in terms of Regulations 8(1) and 8(2) of the SEBI (SAST) Regulations, being the highest of the following parameters:

Sr. No.	Particulars	Price Per Equity Share
a)	Highest Negotiated Price per equity share for any acquisition under the Agreements attracting the obligation to make the PA	Rs. 16
b)	The volume-weighted average price paid or payable for acquisition during the 52 week immediately preceding the date of the PA	Not Applicable
c)	The highest price paid or payable for any acquisition during 26 weeks period immediately preceding the date of PA	Not Applicable
d)	The volume-weighted average market price for a period of 60 trading days immediately preceding the date of PA on BSE	Not Applicable
e)	Price as determined in case of infrequently traded shares	Rs. 10*

\* An extract of the report by the Registered Valuer is reproduced below:

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Annexure	A	Valuation of the Company using the Adjusted Net Asset Value ("NAV") method and Replacement cost ("RC") method - Cost Approach			
Particulars			Reference	Unit	Value
Total Assets (#)	as on	31-Dec-24	A	INR lacs	1,362.88
Total Liabilities (#)	as on	31-Dec-24	B	INR lacs	2,128.18
Net Asset Value	as on	31-Dec-24	C=A-B	INR lacs	(765.30)
Less : Book value of Land & Building forming part of PPE			D	INR lacs	982.92
Add: Fair market value of value of Land & Building forming part of PPE (##)			E	INR lacs	1,904.77
Less : Book value of Investments			F	INR lacs	210.99
Add: Fair market value of investments (###)			G	INR lacs	210.98
Adjusted Net Asset Value			H=C-D+E-F+G	INR lacs	156.54
Equity value			K	INR lacs	156.54
Number of equity shares outstanding as on valuation date			L	Number in lacs	38.4925
Equity value based on the NAV Method			M=K/L	INR per equity share	4.07
Face Value			L	INR per equity share	10.00
Equity value based on the Replacement Cost Method			M=L	INR per equity share	10.00
Fair Value (##)			N=Max(K,M)	INR per equity share	10.00
(#) Based on latest available Consolidated published results as on the valuation date					
(##) As per valuation report by C. Shanthaa Associates dated 27.11.2024					
(###) Refer Annexure A(i)					

Valuation Approach	Valuation Methods	Value in Rs./ Equity Share	Weight	Weighted Value in Rs.
Market	Market Price	NA	NA	NA
Market	Comparable Companies' Multiple	NA	NA	NA
Income	Discounted Cash Flow	NA	NA	NA
Income	Earning Capitalisation method	NA	NA	NA
Asset	Net Asset Value	10.00	100%	10.00
	<b>Fair Market Value per Equity Share (in Rs.)</b>			<b>10.00</b>

- 7.1.6. The Offer Price of Rs. 25/- (Rupees Twenty-Five Only) per Equity Share is justified in terms of Regulations 8(2) of SEBI (SAST) Regulations. The Offer Price is denominated and payable in Indian Rupees only.
- 7.1.7. As on the date of this LOF, there have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters in terms of Regulation 8(9) of the SEBI (SAST) Regulations. The Offer Price may be adjusted by the Acquirer, in consultation with the Manager, in the event of any corporate action(s) such as issuances pursuant to rights issue, bonus issue, stock consolidations, stock splits, payment of dividend, de-mergers, reduction of capital, etc. where the record date for effecting such corporate action(s) falls prior to the 3rd (third) Working Day before the commencement of the Tendering Period, in accordance with Regulation 8(9) of the SEBI (SAST) Regulations.
- 7.1.8. As on date of this LOF, there is no revision in the Offer Price or Offer Size. In case of any revision in the Offer Price or Offer Size, the Acquirer and the PACs will comply with all the provisions of the Regulation 18(5) of the SEBI (SAST) Regulations which are required to be fulfilled for the said revision in the Offer Price or Offer Size.
- 7.1.9. In case the Acquirer and the PACs acquire Equity Shares of the Target Company during the period of twenty-six weeks after the closure of Tendering Period at a price higher than the Offer Price, then the Acquirer and the PACs shall pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose Equity Shares have been accepted in this Offer within sixty days from the date of such acquisition. However, no such difference shall be paid if such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2021 or open market purchases made in the ordinary course on the stock exchange, not being negotiated acquisition of Equity Shares of the Target Company in any form.

- 7.1.10. An Upward revision to the Offer Price or to the Offer Size, if any, on account of future purchases / competing offers, it will be done one working day prior to the date of commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PACs shall (i) make further deposit into the Escrow Account; (ii) make a Public Announcement in the same newspapers in which this DPS has been published; and (iii) simultaneously with the issue of such Public Announcement, inform BSE, SEBI, and the Target Company of such revision.

## **7.2. FINANCIAL ARRANGEMENTS**

- 7.2.1. Assuming full acceptance of this Offer, the total fund requirement for the Offer is Rs. 2,50,20,125/- (Rupees Two Crores Fifty Lakhs Twenty Thousand One Hundred and Twenty-Five only) ("Offer Consideration").
- 7.2.2. In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer, PACs and the Manager to the Offer have entered into an escrow agreement with Axis Bank Limited (having its registered office at and acting through its branch located at Mumbai) ("Escrow Bank") ("Escrow Agreement"), and the Acquirer, PACs have created an escrow account named "Kandagiri Spinning Mills Limited - Open Offer - Escrow Account" ("Escrow Account") with the Escrow Bank.
- 7.2.3. The Acquirer has transferred a sum equivalent to Rs. 2,50,20,125 (Rupees Two Crores Fifty Lakhs Twenty Thousand One Hundred and Twenty-Five only) to the Escrow Account on February 06, 2025 in accordance with the Regulation 17(3)(a) of the SEBI (SAST) Regulations being 100% of the Offer Consideration payable under this Offer.
- 7.2.4. The Manager to the Offer has been solely authorised by the Acquirer and the PACs to operate and realise the value of Escrow Account in terms of the Regulation 17 of the SEBI (SAST) Regulations.
- 7.2.5. The Acquirer and the PACs have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full out of their combined net worth.
- 7.2.6. Based on the networth of the Acquirer and the PACs and after securing 100% Open Offer obligations by the Acquirer, the Manager to the Offer is satisfied about the ability of the Acquirer and the PACs to implement the Offer in accordance with the SEBI (SAST) Regulations. Also, the Acquirer has already deposited 100% of the Open Offer consideration and basis that the Manager to the Offer is satisfied that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfil the obligations of the Acquirer and the PACs under the Open Offer.

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## **8. TERMS AND CONDITIONS OF THE OFFER**

### **8.1. OPERATIONAL TERMS AND CONDITIONS**

- 8.1.1 The Offer is being made by the Acquirer and the PACs to: (a) all the Public Shareholders, whose names appear in the register of members of the Target Company as of the close of business on the Identified Date; (b) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on the Identified Date; and (c) those persons who acquire the Equity Shares any time prior to the Offer Closing Date but who are not the registered Public Shareholders. The LOF shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of members of the Target Company and the records of the respective Depositories on the Identified Date.
- 8.1.2 The Offer is not subject to any minimum level of acceptances from shareholders of the Target Company. The PACs will acquire all the Equity Shares of the Target Company that are validly tendered and accepted in terms of this Offer upto 10,00,805 (Ten Lakhs Eight Hundred and Five Only) Equity Shares of Rs. 10/- each representing 26% of the Voting Share Capital of the Target Company. Thus, the acquirer and the PACs will proceed with the Offer even if they are unable to obtain acceptance to the full extent of the Equity Shares of the Target Company for which this Offer is made.
- 8.1.3 The Acquirer and the PACs refrain themselves to send the LOF to non-resident shareholders in accordance with Regulation 18(2) of the SEBI (SAST) Regulations since the local laws or regulations of any jurisdiction outside India may expose them or the Target Company to material risk of civil, regulatory or criminal liabilities in case the LOF is sent in its original form. However, non-resident can participate in the Offer even if LOF is not sent to them.
- 8.1.4 The Offer is subject to the terms and conditions set out in this LOF, the PA, the DPS and any other public announcements that may be issued with respect to the Offer.
- 8.1.5 The LOF along with FOA would also be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in) and Public Shareholders can also apply by downloading such forms from the website.
- 8.1.6 Accidental omission to dispatch the LOF or any further communication to any person to whom this Offer is made or the non-receipt of the LOF by any such person shall not invalidate the Offer in any way. The instructions, authorisations and provisions contained in the FOA constitute an integral part of the terms of this Offer.
- 8.1.7 The acceptance of the Offer must be unconditional and should be sent in the enclosed FOA along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the collection centres mentioned in Para 9 under "Procedure for Acceptance and Settlement" on or before the Closure of the TP.
- 8.1.8 The Acquirer and the PAC shall not be responsible in any manner for any loss of share certificate(s) and Offer acceptance documents during transit. The Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 8.1.9 In terms of the Regulation 18(9) of the SEBI (SAST) Regulations, Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance.
- 8.1.10 Kindly note that the Registrar and Transfer Agent ("RTA") of the Target Company is Cameo Corporate Services Limited and the Acquirer and the PACs have appointed them as "Registrar to the Offer" also. No documents should be sent to the Acquirer, the PACs, the Target Company and the Manager to the Offer.

### **8.2. LOCKED IN SHARES**

There are no Equity Shares of the Target Company that are "locked-in" as on the date of this LOF. The Manager to the Offer ensures that there shall be no discrimination in the acceptance of locked-in and non-locked-in Equity Shares.

### **8.3. ELIGIBILITY FOR ACCEPTING THE OFFER**

All the Public Shareholders of the Target Company (except the Selling Shareholders, the Acquirer, the PACs and persons deemed to be acting in concert with the parties to the Agreements), whether holding the Equity Shares in physical form or dematerialized form are eligible to participate in this Offer at any time during the tendering period for this Offer.



#### **8.4. STATUTORY APPROVALS**

- 8.4.1. As on date of this LOF, to the best of the knowledge of the Acquirer and the PACs, there are no statutory approvals required by the Acquirer and the PACs to complete this Offer. However, in case of any statutory approvals being required by the Acquirer and the PACs at a later date before the closure of the Tendering Period, this Offer shall be subject to such approvals and the Acquirer and the PACs shall make the necessary applications for such approvals. In the event the statutory approvals (the grant or satisfaction of which are considered to be outside the reasonable control of the Acquirer and the PACs are not granted or satisfied, the Acquirer and the PACs shall have the right to withdraw this Offer in terms of Regulation 23 of the SEBI (SAST) Regulations.
- 8.4.2. If the holders of the Equity Shares of the Target Company who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI, the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.
- 8.4.3. If any of the statutory approvals, are not met for reasons outside the reasonable control of the Acquirer and the PACs, or in the event the statutory approvals are refused, the Acquirer and the PACs, in terms of Regulation 23 of SEBI (SAST) Regulations, shall have a right to withdraw this Offer. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which this DPS is published, and such announcement will also be sent to SEBI, BSE and the Target Company at its Registered Office.
- 8.4.4. The Offer cannot be withdrawn by the Acquirer and the PACs except the conditions as stipulated at Regulation 23(1) of the SEBI (SAST) Regulations.
- 8.4.5. In case of delay / non-receipt of any statutory approval in terms of regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that delay/ non receipt of the requisite statutory approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer and the PACs to diligently pursue such approvals, grant extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PACs agreeing to pay interest to the Public Shareholders, who have accepted the open offer, for the delay as may be specified by SEBI.

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## 9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 9.1. The Offer is made to the Public Shareholders as defined in this LOF. All Public Shareholders whether holding Equity Shares in dematerialized form or physical form, registered or unregistered are eligible to participate in the Offer any time before closure of the Tendering Period.
- 9.2. All Public Shareholders, whether holding shares in physical form or dematerialized form, registered or unregistered, are eligible to participate in this Offer at any time during the Tendering Period, i.e., the period from the Offer Opening Date till the Offer Closing Date.
- 9.3. 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 i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, 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. Accidental omission to send the LOF to any person to whom the Offer is made or the non-receipt or delayed receipt of the LOF by any such person will not invalidate the Offer in any way.
- 9.4. The Public Shareholders may also download the LOF from SEBI's website ([www.sebi.gov.in](http://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 and their folio number, DP identity-client identity, current address and contact details.
- 9.5. The Open Offer will be implemented by the Acquirer along with PACs through Stock Exchange Mechanism made available by BSE Limited ("BSE") in the form of separate window ("**Acquisition Window**") as provided under the SEBI (SAST) Regulations and SEBI Circular SEBI/HO/CFD/PoD-1/P/CIR/2023/31 dated February 16, 2023 issued by SEBI ("**Master Circular**").
- 9.6. The Equity Shares of the Target Company are listed at BSE only. The Acquirer and the PACs intend to use the Acquisition Window Platform of BSE for the purpose of this Offer and for the same BSE shall be the designated stock exchange for the purpose of tendering Equity Shares in the Open Offer.
- 9.7. The Acquirer and the PACs have appointed Systematix Shares and Stocks (India) Limited as the "Buying Broker" for the Open Offer through whom the purchases and the settlements on account of the Open Offer Shares shall be made during the Tendering Period. The contact details of the Buying Broker are as mentioned below:



**Systematix Shares and Stocks (India) Limited**  
The Capital, A-Wing, 6th Floor, No. 603-606,  
Plot No. C-70, G-Block, Bandra-Kurla Complex  
Bandra (East), Mumbai 400 051, Maharashtra, India.  
**Tel. No.:** +91-22-6704 8000  
**Email:** [compliance@systematixgroup.in](mailto:compliance@systematixgroup.in)  
**Contact Person:** Mr. Vikram Kabra  
**SEBI Registration No.:** INZ000171134  
**Validity:** Permanent

- 9.8. All the shareholders who desire to tender their Equity Shares under the Open Offer would have to intimate their respective stock brokers ("**Selling Brokers**") within the normal trading hours of the secondary market during the Tendering Period. The Selling Broker can enter orders for dematerialized as well as physical Equity Shares.
- 9.9. In terms of the Master Circular, a lien shall be marked against the Equity Shares tendered in the Offer. Upon finalization of the entitlement, only the accepted quantity of Equity Shares will be debited from the demat account of the concerned Public Shareholder.
- 9.10. If the Selling Shareholder's broker is not a registered member of BSE, the Selling Shareholder can place their bids through the Buying Broker subject to fulfilment of the account opening and other KYC requirements of the Buying Broker.
- 9.11. The process of tendering Equity Shares by the Public Shareholders holding in demat and physical Equity Shares will be separately enumerated in the Letter of Offer.
- 9.12. Equity Shares shall not be submitted or tendered to the Manager, the Acquirers, the PACs and / or the Target Company.

### 9.13. Procedure for tendering Equity Shares held in dematerialised form:

- a. The eligible Public Shareholders who are holding Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their respective Selling Broker indicating to their Selling Broker the details of Equity Shares they intend to tender in this Offer.
- b. The Selling Broker would be required to place an order/bid on behalf of the Public Shareholders who wish to tender Equity Shares in the Open Offer using the Acquisition Window of the Stock Exchanges. Before placing the bid, lien will be required to be marked on the tendered Equity Shares. Details of the Equity Shares marked as lien in the demat account of the Public Shareholder shall be provided by their respective depositories to the Clearing Corporation. In case, the Public Shareholder's demat account is held with one depository ("**Source Depository**") and the clearing member pool and Clearing Corporation account is held with another depository ("**Recipient Depository**"), the Equity Shares shall be blocked in the shareholders demat account at the Source Depository during the Tendering Period. Inter depository tender offer ("**IDT**") instructions shall be initiated by the Public Shareholders at the Source Depository to the clearing member/Clearing Corporation account at Recipient Depository. Source Depository shall block the Public Shareholders' Equity Shares (i.e., transfers from free balance to blocked balance) and send IDT message to Recipient Depository for confirming creation of lien. Details of Equity Shares blocked in the Public Shareholder's demat account shall be provided by the Recipient Depository to the Clearing Corporation
- c. For custodian participant, orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order by the custodian. The custodians shall either confirm or reject orders not later than 6:00 PM on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
- d. The details of settlement number for early pay-in of equity shares shall be informed in the issue opening circular that will be issued by BSE / the Clearing Corporation, before the opening of the Offer.
- e. The lien shall be marked by the Selling Broker in the demat account of the Public Shareholder for the Equity Shares tendered in the Open Offer. Details of such Equity Shares marked as lien in the demat account of the Public Shareholder shall be provided by the depositories to the Clearing Corporation.
- f. Eligible Public Shareholders shall submit Delivery Instruction Slips ("**DIS**") duly filled in specifying market type as "Open Offer" and execution date along with all other details to their respective depository participant / Selling Broker so that Equity Shares can be tendered in this Offer. For resident Public Shareholders holding Equity Shares in dematerialized form, submission of Form of Acceptance and TRS is not mandatory, but are advised to retain the acknowledged copies of the DIS and TRS with them until the expiry of the Offer Period. After lien is marked on Equity Shares and a valid bid is placed in the exchange bidding system, the bid shall be deemed to have been accepted for the Public Shareholders holding Equity Shares in dematerialized form.
- g. Upon placing the bid, the Selling Broker(s) shall provide the transaction registration slip generated by the Designated Stock Exchange bidding system ("**TRS**") to the Eligible Public Shareholder. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No. of Equity Shares tendered etc. In case of non-receipt of the completed tender form and other documents, but where lien is marked on Equity Shares and a valid bid has been placed in the exchange bidding system, the bid by such Eligible Public Shareholder shall be deemed to have been accepted.
- h. The eligible Public Shareholders will have to ensure that they keep their DP account active and unblocked to successfully facilitate the tendering of the Equity Shares and to receive credit in case of return of Equity Shares due to rejection or due to prorated Offer.
- i. The eligible Public Shareholders holding Equity Shares in demat mode are not required to fill any Form of Acceptance-cum Acknowledgement. The eligible Public Shareholders are advised to retain the acknowledged copy of the DIS and the TRS till the completion of Offer Period.
- j. All non-resident Public Shareholders (i.e., Public Shareholders not residing in India including NRIs, OCBs and FPIs) are mandatorily required to fill the Form of Acceptance. The non-resident Public Shareholders holding Equity Shares in dematerialised form, directly or through their respective Selling Brokers, are required to send the Form of Acceptance along with the required documents to the Registrar to the Offer at its address given on the cover page of the LOF. The envelope should be super scribed as "Kandagiri Spinning Mills Limited - Open Offer". The detailed procedure for tendering Equity Shares will be included in the Form of Acceptance.

### 9.14. Procedure for tendering Equity Shares held in Physical form:

In accordance with the Frequently Asked Questions issued by SEBI, "FAQs - Tendering of physical shares in buyback offer/ open offer/ exit offer/delisting" dated February 20, 2020, SEBI Circular no.

**SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020 and BSE notice no 20200528-32 dated 28 May 2020, shareholders holding securities in physical form are allowed to tender shares in open offer. However, such tendering shall be as per the provisions of the SEBI (SAST) Regulations.**

The Public 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:-

- a. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company.
- b. Original share certificate(s).
- c. Valid share transfer deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place.
- d. Self-attested PAN Card copy (in case of Joint holders, PAN card copy of all transferors).
- e. Any other relevant document such as power of attorney, corporate authorization (including board resolution/specimen signature).
- f. Self-attested copy of address proof such as valid Aadhar Card, Voter I.D., Passport.
- g. Attestation of signature(s) of all the holder(s) by Bankers in form ISR-2 (can be downloaded online [https://www.sebi.gov.in/sebi\\_data/commndocs/nov-2021/Form%20ISR-2\\_p.pdf](https://www.sebi.gov.in/sebi_data/commndocs/nov-2021/Form%20ISR-2_p.pdf))

In addition, if the address of the Eligible Shareholder has undergone a change from the address registered in the 'Register of Members' of the Target Company, the Public Shareholder would be required to submit a self attested copy of address proof consisting of any one of the following documents: (i) valid Aadhar card, (ii) voter identity card; or (iii) passport.

- h. Based on these documents, the Selling Broker should place bids on the Designated Stock Exchange platform with relevant details as mentioned on physical share certificate(s). The Selling Broker(s) shall print the TRS (Transaction Registration Slip) generated by the Exchange Bidding System. TRS will contain the details of order submitted like Folio No., Certificate No. Dist. Nos., No. of shares etc.
- i. After placement of order, as mentioned above in Point (g), the Selling Broker(s)/ Public Shareholders must ensure delivery of the Form of Acceptance-cum-Acknowledgement, TRS, original share certificate(s), valid share transfer form(s) and other required documents either by registered post or courier or hand delivery to the Registrar to the Offer (at the address mentioned on the cover page not later than 2 (two) days from the Offer Closing Date (by 5 PM). The envelope should be superscribed as **"Kandagiri Spinning Mills Limited - Open Offer"**. One copy of the TRS will be retained by Registrar to the Offer and it will provide acknowledgement of the same to the Selling Broker. Physical share certificates and other relevant documents should not be sent to the Acquirer, the Target Company or the Manager to the Offer. The Acquirer, the Manager and the Registrar to the Offer do not accept any responsibility for any loss of documents during transit (including but not limited to Form of Acceptance, delivery instruction slips, original share certificates, share transfer forms, etc.), and Public Shareholders are advised to adequately safeguard their interest in this regard.
- j. Public 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 Offer shall be subject to verification by the RTA. Acceptance of the Equity Shares in physical form shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the Stock Exchanges shall display such bids as 'unconfirmed physical bids'. Once the Registrar confirms the bids, they will be treated as 'confirmed bids'.
- k. In case any person has submitted Equity Shares in physical form for dematerialisation, such Public Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Offer before Offer Closing Date.
- l. Public Shareholders holding Equity Shares in physical mode will be required to fill the respective Forms of Acceptance cum Acknowledgment. Public Shareholders holding Equity Shares in physical mode will be sent respective Form of Acceptance cum Acknowledgment along with the Letter of Offer. Detailed procedure for tendering such Equity Shares will be included in the Form of Acceptance cum Acknowledgment.

### **9.15. Acceptance of Equity Shares**

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

In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Equity Shares offered, the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholders shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot.

### **9.16. Procedure for tendering the shares in case of non-receipt of Letter of Offer**

- a. The Public Shareholders 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. Accidental omission to send the LOF to any person to whom the Offer is made or the non-receipt or delayed receipt of the LOF by any such person will not invalidate the Offer in any way.
- b. An Public Shareholder may participate in the Offer by approaching their Selling Broker and tender Shares in the Offer as per the procedure mentioned in the Letter of Offer or in the relevant Form of Acceptance-cum-Acknowledgment.
- c. The Letter of Offer along with a Form of Acceptance-cum-Acknowledgement will be dispatched to all the Public Shareholders of the Target Company, whose names appear on the beneficial records of the respective depositories, in either case, at the close of business hours on the Identified Date to the Offer.
- d. In case of non-receipt of the Letter of Offer, such Public Shareholders of the Target Company may download the same from the SEBI website ([www.sebi.gov.in](http://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 cum Acknowledgment (“FOA”) would also be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in), and Public Shareholders can also apply by downloading such forms from the said website.

### **9.17. Settlement Process**

- a. 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 of accepted Equity Shares tendered in this Offer shall be provided to the Designated Stock Exchange to facilitate settlement on the basis of Equity Shares transferred to the Clearing Corporation.
- b. The settlement of trades will be carried out in the manner similar to settlement of trades in the secondary market in accordance with the Master Circular. Upon finalization of the entitlement, only accepted quantity of Equity Shares will be debited from the demat account of the concerned Public Shareholder. Selling Broker(s) shall use the settlement number to be provided by the Clearing Corporation to transfer the Equity Shares in favour of the Clearing Corporation.
- c. The Public Shareholders holding shares in dematerialized form will have to ensure that they update their bank account details with their correct account number used in core banking and IFSC codes, keep their depository participant (“DP”) account active and unblocked to successfully facilitate the tendering of the Equity Shares and to receive credit in case of return of Equity Shares due to rejection or due to prorated acceptance.
- d. For Equity Shares accepted under the Offer, the Public Shareholders will receive funds payout directly in their respective bank accounts (in case of demat Equity Shares, in the bank accounts which are linked to the respective demat accounts) / as per secondary market pay-out mechanism (in case of physical Equity Shares). However, in the event that the pay-outs are rejected by the Public Shareholder's bank accounts due to any reason, the pay-out will be transferred to their respective Selling Broker's settlement accounts and their respective Selling Brokers will thereafter transfer the consideration to their respective Public Shareholders. The Public Shareholders will be required to independently settle fees, dues, statutory levies or other charges (if any) with their Selling Brokers.
- e. The funds payout pertaining to the bids of NRIs, foreign shareholders and/or bids confirmed by custodians, will be transferred to the Selling Broker's settlement accounts or the settlement bank account of the custodian, in accordance with the applicable mechanism prescribed by the Designated Stock Exchange and the Clearing Corporation from time to time.

- f. 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 Equity Shares tendered under the Offer.
- g. For Equity Shares in physical form, the funds pay-out would be given to Public Shareholder's respective Selling Broker's settlement bank accounts for onward transfer to the respective Public Shareholder's account. The Target Company is authorized to split the share certificate and issue a new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares accepted are less than the Equity Shares tendered in the Open Offer by the Public Shareholders holding Equity Shares in the physical form. Any excess Equity Shares, in physical form, pursuant to proportionate acceptance/ rejection will be returned to the Public Shareholders directly by the Registrar to the Offer through registered post. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post at the registered Public Shareholders'/unregistered owners' sole risk to the sole/first Public Shareholder/unregistered owner.
- h. The direct credit of Equity Shares shall be given to the demat account of the Acquirer as indicated by the Buying Broker.
- i. Once the basis of acceptance is finalised, the lien marked against unaccepted shares shall be released. Buying Broker would also issue a contract note to the Acquirer for the Equity Shares accepted under the Open Offer. Further, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the demat account of the Acquirer. The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's Bank account as per the prescribed schedule.
- j. Any Equity Shares that are: (i) subject matter of litigation; or (ii) held in abeyance or prohibited/restricted from being transferred pursuant to any pending court cases/attachment orders/restriction from other statutory authorities; are liable to be rejected unless directions/orders of an appropriate court/tribunal/statutory authority permitting the transfer of such Equity Shares are received together with the Equity Shares tendered under the Open Offer.
- k. Public Shareholders who intend to participate in the Open Offer should consult their respective Selling Broker for any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Open Offer (secondary market transaction). The Open Offer consideration received by the Public Shareholders, in respect of accepted Equity Shares, could be net of such costs, applicable taxes, charges and expenses (including brokerage) and the Acquirer and the Manager accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Public Shareholders.
- l. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the Public Shareholders who have accepted the Open Offer within such period, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulations 18 (11) and 18(11A) of the SEBI (SAST) Regulations, 2011.
- m. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the Public Shareholders who have accepted the Open Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

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## 10. NOTE ON TAXATION

**THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE INCOME-TAX ACT, 1961 (AS AMENDED BY FINANCE ACT, 2024), THE REGULATIONS THEREUNDER.**

**THE LEGISLATIONS, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED BELOW. ACCORDINGLY, ANY CHANGE OR AMENDMENTS IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE BELOW.**

**THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT INCOME-TAX IMPLICATIONS.**

**THIS NOTE 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 EQUITY SHARES.**

**THE IMPLICATIONS ARE ALSO DEPENDENT ON THE PUBLIC SHAREHOLDERS FULFILLING THE CONDITIONS PRESCRIBED UNDER THE PROVISIONS OF THE RELEVANT SECTIONS UNDER THE RELEVANT TAX LAWS. IN VIEW OF THE PARTICULARISED NATURE OF INCOME-TAX CONSEQUENCES, PUBLIC SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.**

**THE ACQUIRERS AND THE PAC DO NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, PUBLIC SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY OF INCOME-TAX IMPLICATIONS, RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES IN OPEN OFFER ON THE RECOGNISED STOCK EXCHANGE, AS SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.**

**THE SUMMARY ON TAX CONSIDERATIONS IN THIS SECTION SETS OUT THE PROVISIONS OF LAW IN A SUMMARY MANNER ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES OF THE DISPOSAL OF EQUITY SHARES. THIS NOTE 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, YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO YOUR PARTICULAR CIRCUMSTANCES. THE LAW STATED BELOW IS AS PER THE INCOME-TAX ACT, 1961.**

### **General:**

- i. As the tendering of Equity Shares is being undertaken on the stock exchange, such transaction will be chargeable to STT. STT is payable in India on the value of securities on every purchase or sale of securities that are listed on the Indian stock exchange. Currently, the STT rate applicable on the purchase and sale of shares on the stock exchange is 0.1% of the value of security transacted.
- ii. 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 IT Act.
- iii. 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 is received or deemed to be received or accrues or arises or deemed to accrue or arise in India). In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.

- iv. 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 IT Act.
- v. Further, the non-resident shareholder can avail beneficial treatment under the Double Taxation Avoidance Agreement ("DTAA") between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions including but not limited to (a) Instruments ("MLI") as ratified by India with the respective country of which the said shareholder is a tax resident and (b) non-applicability of GAAR and (c) providing and maintaining necessary information and documents as prescribed under the IT Act.
- vi. The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of shares under the Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc.
- vii. The shareholders may be required to undertake compliances such as filing an annual income tax return, as may be applicable to different categories of persons, with the income tax authorities, reporting their income for the relevant year.
- viii. The summary of income-tax implications on tendering of listed Equity Shares on the recognised stock exchange in India is set out in the succeeding paras. All references to Equity Shares herein refer to listed Equity Shares unless stated otherwise.

#### **Classification of Shareholders:**

Public Shareholder can be classified under the following categories:

Resident Shareholders being:

- i. Individuals, Hindu Undivided Family ("HUF"), Association of Person ("AOP") and Body of Individual ("BOI")
- ii. Others – (a) Company and (b) Other than Company

Non-Resident Shareholder being:

- i. Non-Resident Indian ("NRI")
- ii. Foreign Institutional Investor ("FII")/Foreign Portfolio Investors ("FPI")
- iii. Others – (a) Company and (b) Other than Company

#### **Classification of Shares:**

Shares can be classified under the following two categories:

- i. Shares held as investment (Income from transfer of such shares taxable under the head "Capital Gains")
- ii. Shares held as stock in trade (Income from transfer of such taxable under the head "Profits and Gains from Business or Profession.")

As per the current provisions of the IT Act, unless specifically exempted, 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 trading asset (i.e., stock-in-trade). Shareholders may also refer to Circular No.6/2016 dated February 29, 2016, issued by the Central Board of Direct Taxes (CBDT) in this regard.

#### **Shares held as investment:**

As per the provisions of the IT Act, where the shares are held as investments (i.e., capital asset), income arising from the transfer of such shares is taxable under the head "Capital Gains". Further, Section 2(14) of the IT Act has provided for deemed characterization of securities held by FPIs as capital assets, whether or not such assets have been held as a capital asset; and therefore, the gains arising in the hands of FPIs will be taxable in India as capital gains. Capital gains in the hands of shareholders would be computed as per provisions of section 48 of the IT Act and the rate of income-tax would depend on the period of holding.



**Period of holding:** Depending on the period for which the shares are held, the gains would be taxable as “short-term capital gain/STCG” or “long-term capital gain/LTCG”:

- a) In respect of Equity Shares held for a period less than or equal to 12 months prior to the date of transfer, the same should be treated as a “short-term capital asset”, and accordingly the gains arising therefrom should be taxable as “short term capital gains” (“STCG”).
- b) Similarly, where Equity Shares are held for a period more than 12 months prior to the date of transfer, the same should be treated as a “long-term capital asset”, and accordingly the gains arising therefrom should be taxable as “long-term capital gains” (“LTCG”).

**Tendering of Shares in Offer through a Recognized Stock Exchange in India:**

Where a transaction for transfer of such Equity Shares (i.e., acceptance under the Open Offer) is transacted through a Recognised Stock Exchange and is chargeable to STT, then the tax liability will be as under (for all categories of shareholders):

- i. As per the current provisions of the IT Act, under Section 112A of the IT Act, LTCG arising from transfer of Equity Shares exceeding one lakh Twenty-Five Thousand rupees will be taxed at a rate of 12.50 percent without allowing benefit of indexation for resident shareholders and at a rate of 12.50 percent without allowing benefit of indexation and foreign exchange fluctuation for non-resident shareholders, provided the same has been subjected to STT, upon acquisition and sale. If no STT is paid on acquisition, then mode of such acquisition should be exempted under the notification issued by CBDT vide Notification No. 60/2018 dated October 1, 2018 in order to get benefit of taxation at 12.5% under Section 112A of the IT Act. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under Section 112A of the IT Act.
- ii. LTCG that arise on shares purchased prior to February 1, 2018 shall be grandfathered for the notional gains earned on such shares till January 31, 2018 as per Section 55 of IT Act For computing capital gains under the grandfathering regime, 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 as on January 31, 2018, the fair market value will be deemed to be the cost of acquisition. Further, if the full value of consideration on transfer is less than the fair market value, then such full value of consideration or the actual cost, whichever is higher, will be deemed to be the cost of acquisition.
- iii. LTCG, as computed u/s. 112A will not be liable to tax to the extent not exceeding ₹ 1,25,000 (Rupees One lakh Twenty Five Thousand only).
- iv. Where provisions of section 112A of the IT Act are not applicable (for example where STT was not paid at the time of acquisition of the Equity Shares):
  - a) LTCG will be chargeable to tax at the rate of 12.5% (plus applicable surcharge and health and education cess) in the case of a non-resident Public Shareholder (other than a FPI/FII, or a NRI who is governed by the provisions of Chapter XII-A of the IT Act) in accordance with provisions of section 112 of the IT Act.
  - b) In the case of FIIs/FPIs, LTCG would be taxable at 12.50% (plus applicable surcharge and health and education cess) in accordance with provisions of section 115AD of the IT Act (without benefit of indexation and foreign exchange fluctuation).
  - c) For a NRI who is governed by the provisions of Chapter XII-A of the IT Act, LTCG would be taxable at 12.5% (plus applicable surcharge and health and education cess) under Section 115E of the IT Act on meeting certain conditions. While computing the LTCG, the benefit of indexation of cost shall not be available.
  - d) For a resident Public Shareholder, an option is available to pay tax on such LTCG at either 20% (plus applicable surcharge and cess) with indexation or 12.50% (plus applicable surcharge and health and education cess) without indexation. Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is to be considered while computing the income-tax on such LTCG.
  - e) Long term capital loss computed for a given year is allowed to be set-off only against LTCG computed for the said year, in terms of Section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off only against subsequent years' LTCG, in terms of Section 74 of the IT Act.

- v. As per the current provisions of the IT Act, STCG arising from such transaction, which is subject to STT, would be subject to tax @ 20% under section 111A of the IT Act. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under Section 111A of the IT Act.
- vi. In case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the income-tax on such STCG taxable under section 111A of the IT Act.
- vii. Under Section 115AD(1)(ii) of the IT Act, STCG arising to a FII on transfer of shares (STT paid) will be chargeable at the rate of 20%.
- viii. As per Section 70 of the IT Act, short term capital loss computed for a given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set-off against subsequent years' STCG as well as LTCG, in terms of Section 74 of the IT Act.
- ix. Non-resident shareholder can avail benefits of the DTAA between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions as prescribed under the relevant DTAA read with MLI as may be in effect, and non-applicability of GAAR and providing and maintaining necessary information and documents as prescribed under the IT Act.
- x. As per the current provisions of the IT Act, in addition to the above STCG and LTCG tax, surcharge and health and education cess are leviable.

### **Investment Funds**

Under Section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" would be exempt from income-tax on fulfilment of certain conditions specified therein. For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

### **Mutual Funds**

Under Section 10(23D) of the IT Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorised by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

### **Share held as Stock - in Trade**

- i. If the shares are held as stock-in-trade by any of the shareholders of the Target Company, then the gains would be characterized as business income and taxable under the head "Profits and Gains from Business or Profession".
- ii. Resident Shareholders:  
Profits of
  - a) Individuals, HUF, AOP and BOI will be taxable as applicable slab rates.
  - b) Domestic companies having turnover or gross receipts not exceeding Rs. 400 Crore in relevant financials year as prescribed will be taxable @25%.
  - c) Domestic companies which have opted for concessional tax regime under Section 115BAA will be taxable at 22%.
  - d) For persons other than stated above, profits will be taxable @ 30%.
  - e) No benefit of indexation by virtue of period of holding will be available in any case.
- iii. Non-Resident Shareholders:  
Non-resident shareholders can avail beneficial provisions of the applicable DTAA, read with the MLI, entered into between India and the respective country of which the said shareholder is tax resident, subject to satisfying relevant conditions (including non-applicability of GAAR) and providing and maintaining necessary information and documents as prescribed under the IT Act.
- iv. Where DTAA provisions are not applicable:

- a) No benefit of indexation by virtue of period of holding will be available in any case.
- b) For non-resident individuals, HUF, AOP, BOI, profits would be taxable at applicable slab rates.
- c) For foreign companies, profits would be taxed in India @ applicable rates.
- d) For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ applicable rates.

In addition to the above, surcharge and health and education cess are leviable for resident and non-resident shareholders.

v. Other Matters:

Further, the provisions of Minimum Alternate Tax on the book profits as contained in Section 115JB of the IT Act or Alternate Minimum Tax contained in Section 115JC of the IT Act, as the case may be, also need to be considered by the shareholders (other than resident company which has opted for concessional tax regime under Section 115BAA or Section 115BAB of the IT Act). Foreign companies will not be subject to MAT if the country of residence of such of the foreign country has entered into a DTAA with India under Sections 90/90A of the IT Act and such foreign company does not have a permanent establishment in India in terms of the DTAA. In case where the said conditions are not satisfied, MAT will be applicable to the foreign company. In case of non-corporate shareholders, applicability of the provisions of Alternative Minimum Tax as per Section 115JC of the IT Act will also need to be analyzed depending on the facts of each case.

**Tax deduction at Source:**

i. Resident Shareholders:

In absence of any specific provision under the IT Act, the Acquirer is not required to deduct tax on the consideration payable to the shareholders pursuant to Tendering of the listed Equity Shares under the Offer on recognized stock exchange in India.

ii. Non-Resident Shareholders:

In case of FIIs: Section 196D of the IT Act provides for specific exemption from withholding tax in case of capital gains arising in hands of FIIs. Thus, no withholding of tax is required in case of consideration payable to FIIs/FPIs, subject to fulfilment of the following conditions:

- a) FIIs/FPIs furnishing the copy of the registration certificate issued by SEBI (including for subaccount of FII/FPI, if any);
- b) FIIs/FPIs declaring that they have invested in the Equity Shares in accordance with the applicable SEBI regulations and will be liable to pay tax on their income as per the provisions of the IT Act.
- c) If the above conditions are not satisfied, FIIs/FPIs may submit a valid and effective certificate for deduction of tax at a nil/lower rate issued by the income tax authorities under the IT Act ("TDC"), along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer along with PAC before remitting the consideration. The Acquirer along with PAC shall deduct tax in accordance with such TDC.

**In case of FPIs:**

Section 196D of the IT Act provides for specific exemption (subject to the conditions stated in the specified section read with the relevant rules) from withholding tax in case of capital gains arising in hands of FPIs. Thus, no withholding of tax is required in case of consideration payable to FPIs.

**In case of non-resident tax payer (other than FIIs):**

Section 195(1) of the IT Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax is required to deduct tax at source (including applicable surcharge and cess). Subject to regulations in this regard, wherever applicable and it is required to do so, tax at source (including applicable surcharge and cess) shall be deducted at appropriate rates as per the IT Act read with the provisions of the relevant DTAA and MLI, if applicable. In doing this, the Acquirer along with PAC will be guided by generally followed practices and make use of data available in its records except in cases where the nonresident shareholders provide a specific mandate in this regard.

However, the Acquirer along with PAC will not be able to deduct income-tax at source on the consideration payable to such nonresident shareholders as there is no ability for the Acquirer along with PAC to deduct taxes since the remittance/payment will be routed through the stock exchange, and there will be no direct payment by the Acquirer along with PAC to the non-resident shareholders.

Since the tendering of the Equity Shares under the Offer is through the stock exchange, the responsibility to discharge tax due on the gains (if any) is primarily on the non-resident shareholder given that practically it is very difficult to withhold taxes. The Acquirer along with PAC believes that the responsibility of withholding/ discharge of the taxes due on such gains (if any) on sale of Equity Shares is solely on the non-resident shareholders. It is therefore important for the non-resident shareholders to suitably compute such gains (if any) on this transaction and immediately pay taxes in India in consultation with their custodians, authorized dealers and/or tax advisors, as appropriate. The non-resident shareholders must file their tax return in India inter-alia considering gains arising pursuant to this Offer in consultation with their tax advisors.

In the event the Acquirer along with PAC is held liable for the tax liability of the shareholder, the same shall be to the account of the shareholder and to that extent the Acquirer along with PAC is entitled to be indemnified. The non-resident shareholders also undertake to provide the Acquirer along with PAC, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

#### **Remittance/Payment of Interest:**

In case of interest, if any, paid by the Acquirer to resident and non-resident shareholder for delay in receipt of statutory approvals as per Regulation 18(11) of the SEBI (SAST) Regulations or in accordance with Regulation 18(11A) of the SEBI (SAST) Regulations, the final decision to deduct tax or the quantum of taxes to be deducted rests solely with the Acquirer depending on the settlement mechanism for such interest payments. In the event, the Acquirer decides to withhold tax, the same shall be basis the documents submitted along with the form of acceptance or such additional documents as may be called for by the Acquirer. It is recommended that the shareholders consult their custodians/ authorized dealers/ tax advisors appropriately with respect to the taxability of such interest amount (including on the categorisation of the interest, whether as capital gains or as other income). In the event the Acquirer is held liable for the tax liability of the shareholder, the same shall be to the account of the shareholder and to that extent the Acquirer should be indemnified.

The shareholders must file their tax return in India inter alia considering the interest (in addition to the gains on the sale of shares), if any, arising pursuant to this Open Offer. The shareholders also undertake to provide the Acquirer, on demand, the relevant details in respect of the taxability/ non-taxability of the proceeds pursuant to this Open Offer, copy of tax return filed in India, evidence of the tax paid etc.

#### **Rate of Surcharge and Cess:**

As per the current provisions of the IT Act, in addition to the basic tax rate, surcharge, health and education cess are leviable. Summary of the same is provided below:

##### **Surcharge:**

a) In case of domestic companies:

Surcharge @ 12% is leviable where the total income exceeds ₹ 10 crore and @ 7% where the total income exceeds ₹ 1 crore but less than ₹ 10 crore for companies not opting for tax regime u/s. 115BAA and 115BAB. In case of domestic companies which are liable to pay tax under section 115BAA or section 115BAB: Surcharge @ 10% is leviable

b) In case of companies other than domestic companies:

- i. Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crore.
- ii. Surcharge @ 2% where the total income exceeds Rs. 1 crore but less than Rs. 10 crore.

c) In case of individuals, HUF, AOP, BOI under Old Tax Regime:

- i. Surcharge at the rate of 10% is leviable where the total income exceeds Rs. 50 lakh but does not exceed Rs. 1 crore.
- ii. Surcharge at the rate of 15% is leviable where the total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
- iii. Surcharge at the rate of 25% is leviable where the total income exceeds Rs. 2 crore but does not exceed Rs. 5 crore.

iv. Surcharge at the rate of 37% is leviable where the total income exceeds Rs. 5 crore.

However, for the purpose of income chargeable under section 111A, 112, 112A and 115AD(1)(b) (for income chargeable to tax under the head capital gains), the surcharge rate shall not exceed 15%

Surcharge is capped at 25% for taxpayers opting under new tax regime u/s 115BAC

**In case of Firm and Local Authority:**

Surcharge @12% is leviable where the total income exceeds Rs. 1 crore.

Cess: Health and Education cess @ 4% is currently leviable in all cases.

**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 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, SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.**

Note: The CBDT has vide Notification No. 9/2014 dated January 22, 2014 notified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (FPI) Regulations, 2014 (substituted by Securities and Exchange Board of India (FPI) Regulations, 2019 with effect from September 23, 2019) as FII for the purpose of Section 115AD of the IT Act.

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## 11. DOCUMENTS FOR INSPECTION

The following material documents will be available for inspection by the Public Shareholders of the Target Company at the Corporate Office of the Manager to the Offer situated at The Capital, A-Wing, No. 603-606, 6<sup>th</sup> Floor, Plot No. C-70, G-Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai 400 051, Maharashtra, India during the TP from Monday to Friday except SEBI Holidays between 10.00 a.m. to 5.00 p.m.

- 11.1 Copy of Certificate of Incorporation, MOA & AOA of the Target Company.
- 11.2 Copy of Certificate of Incorporation of the Acquirer and the LLP Agreement dated November 24, 2023.
- 11.3 Copy of Net Worth Certificates issued by Chartered Accountants for the Acquirer and the PACs.
- 11.4 Copies of annual reports of the Target Company for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022. Copy of nine-month limited review financial results of the Target Company.
- 11.5 Copy of the Share Purchase Agreement dated February 03, 2025 between the Selling Shareholders and Acquirer.
- 11.6 Copy of the Escrow Agreement dated February 03, 2025 amongst the Acquirer, the Selling Shareholders and the Kotak Mahindra Bank wrt SPA or the Sale Shares.
- 11.7 Copy of Valuation report dated February 03, 2025 on determination of fair equity valuation of Target Company.
- 11.8 Copy of the Cash Escrow Agreement dated February 03, 2025 between the Acquirer, the PACs, Manager to the Offer and the Escrow Bank.
- 11.9 Statement from Escrow Bank confirming that Rs. 2,50,20,125.00/- (Rupees Two Crores Fifty Lakhs Twenty Thousand One Hundred and Twenty-Five only) amount kept in Escrow Account opened as per the SEBI (SAST) Regulations and a lien is marked in favour of Manager to the Offer.
- 11.10 Consent letter of the Registrar to the Offer dated February 03, 2025.
- 11.11 A copy of the Public Announcement dated February 03, 2025;
- 11.12 Published copy of the Corrigendum to DPS dated April 25, 2025, published by the Manager to the Offer on behalf of the Acquirers and the PACs in the Newspapers on April 25, 2025;
- 11.13 Published copy of the DPS dated February 10, 2025, published by the Manager to the Offer on behalf of the Acquirers and the PACs in the Newspapers on February 10, 2025;
- 11.14 A copy of Draft Letter of Offer dated February 17, 2025 and the Letter of Offer dated April 25, 2025;
- 11.15 Published copy of Offer opening advertisement to be dated May 05, 2025, published in the Newspapers on May 06, 2025.
- 11.16 Copy of the recommendation to be made by the committee of independent directors of Target Company, in relation to this Offer; and
- 11.17 Copy of the observations letter dated April 17, 2025 from SEBI containing their comments on the Draft Letter of Offer.
- 11.18 Copy of Loan Agreement and Supplementary Loan Agreement dated March 27, 2024 and July 29, 2024.

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## **12. DECLARATION BY THE ACQUIRERS AND THE PACs**

We have jointly and severally made all reasonable inquiries, accept responsibility for, and confirm that this LOF contains all information with regard to the Offer, which is material in the context of the issue, that the information contained in this LOF is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

We are jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations and the obligations as stated under the SEBI (SAST) Regulations. All information contained in this document is true and correct as on date of the PA, DPS and this LOF, unless stated otherwise.

We hereby jointly and severally declare and confirm that all the relevant provisions of Companies Act and all the provisions of SEBI (SAST) Regulations have been complied with and no statements in the Offer document is contrary to the provisions of Companies Act and SEBI (SAST) Regulations.

**For and on behalf of**

**Sd/-  
Akshayam Creations LLP  
Acquirer**

**Sd/-  
Sigamani Sivakumar  
PAC 1**

**Sd/-  
Manoj Kumar Maurya  
PAC 2**

**Sd/-  
Adinarayana Sripathy Kumar  
PAC 3**

**Sd/-  
Balasubramanian Prabhakaran  
PAC 4**

Date: April 25, 2025  
Place: Salem, Tamil Nadu.

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**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT (FOA)**  
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

(Public Shareholders holding shares in physical form have to send this form with enclosures to Registrar to the Offer at their address given overleaf)

(Public Shareholders holding shares in demat form are not required to submit the Form of Acceptance-cum-Acknowledgment to the Registrar.)

**All terms and expressions used herein shall have the same meaning as described thereto in this LOF.**

<b>Offer Opens / Tendering Period Starts on: May 07, 2025</b>
<b>Offer Closes / Tendering Period Ends on: May 21, 2025</b>

***Shareholder(s) Details:***

Name: \_\_\_\_\_

Full Address: \_\_\_\_\_

Dist: \_\_\_\_\_; State: \_\_\_\_\_; PinCode: \_\_\_\_\_

Tel. No. with STD Code: \_\_\_\_\_; Mobile

No. \_\_\_\_\_

Fax No. with STD Code: \_\_\_\_\_;

Email: \_\_\_\_\_

CAMEO CORPORATE SERVICES LIMITED

Unit: *Kandagiri Spinning Mills Limited– Open Offer*

Subramanian Building,

No.1 Club Road, Chennai 600 002, India.

**Sub.: Open Offer for acquisition of 10,00,805 Equity Shares of “Kandagiri Spinning Mills Limited” representing 26% of the Voting Share Capital at a price of Rs. 25/- per Equity Share by the Acquirer and the PACs under SEBI (SAST) Regulations, 2011.**

Dear Sir/Madam,

I/We refer to the LOF dated April 25, 2025 for acquiring the Equity Shares held by me/us in the Target Company.

I/We, the undersigned, have read the LOF and understood its contents including the terms and conditions as mentioned therein.

**For Equity Shares held in Physical Form:**

I/We accept the Offer and enclose the original Equity Share certificate(s) and duly signed transfer deed(s) in respect of my/our Equity Shares as detailed below:

Sl. No.	Folio No.	Certificate No.	Distinctive No(s)		No. of Equity Shares
			From	To	
<b>Total Number of Equity Shares</b>					

*(In case of insufficient space, please use additional sheet and authenticate the same)*

I/We note and understand that the original equity share certificate(s) and valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the time the PACs pay the purchase consideration as mentioned in the LOF.

I/We also note and understand that the PACs will pay the purchase consideration only after verification of the documents and signatures.

**Enclosures** (please provide the following and ✓ whichever is applicable):

- Original Equity Share certificates
- Valid share transfer deed(s) duly filled, stamped and signed by the transferor(s) (i.e. by all registered shareholder(s) in the same order and as per specimen signatures registered with the Target Company), and duly witnessed at the appropriate place.

- iii. Form of Acceptance – signed by sole/joint shareholders whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company;
- iv. Photocopy of Transaction Registration Slip (TRS) Self attested copy of PAN card of all the transferor(s)
- v. Self-attested copy of the address proof consisting of any one of the following documents: valid Aadhar card, voter identity card, passport or driving license
- vi. Any other relevant document (but not limited to) such as Power of Attorney (if any person apart from the Shareholder has signed the FOA), corporate authorization (including board resolution/ specimen signature), notarised copy of death certificate and succession certificate or probated will, if the original shareholder has deceased etc., as applicable. Shareholders of the Target Company holding physical shares should note that Physical Shares will not be accepted unless the complete set of documents are submitted.

**For all Shareholders (holding equity shares in demat or physical form):**

I / We confirm that the equity shares which are being tendered herewith by me / us under this Open Offer, are free from liens, charges, equitable interests and encumbrances and are being tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter and that I / we have obtained any necessary consents to sell the equity shares on the foregoing basis.

I/We declare that there are no restraints/injunctions or other order(s) of any nature which limits/restricts in any manner my/our right to tender equity shares for Open Offer and that I/we am/are legally entitled to tender the equity shares for Open Offer. I/We declare that regulatory approvals, if applicable, for holding the equity shares and/or for tendering the equity shares in this Offer have been enclosed herewith.

I/We agree that the PACs will pay the consideration as per secondary market mechanism only after verification of the certificates, documents and signatures, as applicable submitted along with this FOA. I/We undertake to return to the Acquirer any Open Offer consideration that may be wrongfully received by me/us.

I/We give my/our consent to file form FCTRS, if applicable, on my/our behalf. I/We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender/offer and agree to abide by any decision that may be taken by the Acquirer to effect the Open Offer in accordance with the SEBI (SAST) Regulations.

I / We am/are not debarred from dealing in equity shares.

I / We authorise the PAC to accept the equity shares so offered or such lesser number of equity shares which they may decide to accept in consultation with the Manager to the Offer and the Registrar to the Offer and in terms of the Letter of Offer and I / we further authorize the PAC to return to me / us in the demat account/ share certificate(s) in respect of which the Open Offer is not found valid / not accepted without specifying the reasons thereof. I/We further agree to receive a single share certificate for the unaccepted equity shares in physical form.

In case of demat shareholders, I / We note and understand that the equity shares would be kept in the pool account of my/our broker and the lien will be marked by Clearing Corporation until the Settlement Date whereby the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer. In case of physical shareholders, I / We note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirer makes payment of consideration as mentioned in the Letter of Offer or the date by which Original Share Certificate(s), Transfer Deed(s) and other documents are returned to the shareholders, as the case may be.

I / We confirm that there are no taxes or other claims pending against us which may affect the legality of the transfer of equity shares under the Income Tax Act, 1961.

I / We confirm that in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by me / us, I / we will indemnify the Acquirer for such income tax demand (including interest, penalty, etc.) and provide the Acquirer with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

**For NRIs/OCBs/ FIIs and sub-accounts/other non-resident Shareholders:**

I/We confirm that my/our status is (✓ whichever is applicable):

Individual	Foreign Company	FIIs / FPIs-Corporate	FIIs / FPIs-Others	FVCI
Foreign Trust	Private Equity Fund	Pension / Provident Fund	Sovereign Wealth Fund	Partnership / Proprietorship Firm
Financial Institution	NRI / PIOs-	NRI / PIOs- Non-	OCBs	QFI

	Repatriable	Repatriable		
Others (Please Specify):				

I/We confirm that my/our investment status is (✓ whichever is applicable):

FDI Route / PIS Route / Any Other (Please Specify):

I/We confirm that the equity shares tendered by me/us are held on (✓ whichever is applicable):

Repatriable basis / Non-repatriable basis

I/We confirm that (✓ whichever is applicable):

No RBI, FIPB or other regulatory approval was required by me for holding Equity Shares that have been tendered in this Offer and the equity shares are held under general permission of the RBI

Copies of all approvals required by me for holding equity shares that have been tendered in this Offer are enclosed herewith Copy of RBI Registration letter taking on record the allotment of shares to me/us is enclosed herewith

I/We confirm that (✓ whichever is applicable):

No RBI, FIPB or other regulatory approval is required by me for tendering the equity shares in this Offer.

Copies of all approvals required by me for tendering equity shares in this Offer are enclosed herewith.

In case of shareholders holding equity shares in demat form, the bank account details for the purpose of interest payment, if any, will be taken from the record of the Depositories.

In case of interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, the Acquirer will deduct taxes at source at the applicable rates as per the Income Tax Act.

***Yours faithfully,***

Signed & Delivered by	Full Name(s) of the Shareholder(s)	Signature(s)	PAN
Sole / First Shareholder			
Second Shareholder			
Third Shareholder			

*Note: In case of joint holdings, all holders must sign. In case of body corporate, the rubber stamp should be affixed and necessary board resolution must be attached.*

Place: \_\_\_\_\_

Date: \_\_\_\_\_

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**Form No. SH-4 Securities Transfer Form**

**[Pursuant to section 56 of the Companies act, 2013 and sub-rule (1) of rule 11 of the Companies (Share Capital and Debentures) Rules 2014]**

**Date of Execution (DD-MM-YYYY):** \_\_\_\_\_

FOR THE CONSIDERATION stated below the “Transferor(s)” named do hereby transfer to the “Transferee(s)” named the securities specified below subject to the conditions on which the said securities are now held by the Transferor(s) and the Transferee(s) do here by agree to accept and hold the said securities subject to the conditions aforesaid.

**Name of the Company: KANDAGIRI SPINNING MILLS LIMITED**  
**CIN of the Company: L17111TZ1976PLC000762**  
**Name of the Stock Exchange where the Company is listed, if any: BSE Limited**

<b>Description of Securities:</b>			
<b>Kind/Class of securities</b>	<b>Nominal value of each unit of security</b>	<b>Amount called up per unit of security</b>	<b>Amount paid up per unit of security</b>
Equity Shares	Rs. 10/-		
<b>No. of Securities being Transferred</b>		<b>Consideration Received (Rs.)</b>	
In Figures	In Words	In Figures	In Words

<b>Distinctive Number</b>	<b>From</b>				
	<b>To</b>				
<b>Corresponding Certificate No.</b>					

<b>Transferor's Particulars:</b>		
Registered Folio Number		<b>Attestation:</b> I hereby attest the signature of the Transferor(s) herein mentioned.  Signature:  Full Name:  Address:  Seal:
<b>Full Name of Seller</b>	<b>Seller's Signature</b>	
1.		
2.		
3.		
I, hereby confirm that the Transferor has signed before me.	<b>Name and Address of Witness</b>	
<b>Signature of Witness</b>		

<b>Transferee Particulars:</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
Full Name			
Father/Spouse Name			
Address			
Contact No.			
Email			
Occupation			
Existing Folio Number			
PAN			
Signature			

Folio No. of Transferee: \_\_\_\_\_

Specimen Signature of Transferee: \_\_\_\_\_

**Value of Stamp affixed:** Rs. \_\_\_\_\_

**Enclosures:**

- (1) Certificate of equity shares or debentures or other securities
- (2) If no certificate is issued, letter of allotment.
- (3) Copy of PAN CARD of all the Transferees (For all listed Cos).
- (4) Other, Specify.....

**Stamps:**

**For Office use only:**

Checked by \_\_\_\_\_ Signature tallied by \_\_\_\_\_

Entered in the Register of Transfer on \_\_\_\_\_ vide Transfer No. \_\_\_\_\_

Approval Date \_\_\_\_\_ Power of Attorney/Probate/Death Certificate/Letter of Administration  
registered on \_\_\_\_\_ at Number (No.) \_\_\_\_\_

## ACKNOWLEDGEMENT

### For Physical Shares

Received from Mr./Ms./Mrs./M/s. \_\_\_\_\_  
I / We, holding Equity Shares in the physical form, accept the Offer and enclose duly filled signed and or stamped the original share certificate(s), transfer deed(s) and Form of Acceptance in "market" mode, duly acknowledged by me/us in respect of my shares as detailed below:

Sl. No.	Folio No.	Certificate No.	Distinctive No.		No. of Equity Shares
			From	To	
Total Number of Equity Shares					

### For Demat Shares

Received from Mr. / Ms. / Mrs. / M/s. \_\_\_\_\_  
I / We, holding Equity Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "market" mode, duly acknowledged by my/our Depository Participant in respect of my shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

Stamp of Collection Centre	Signature of Official	Date of Receipt

### **Instructions:**

- i. Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance cum Acknowledgement.
- ii. The Form of Acceptance cum Acknowledgement should be filled-up in English only.

Note: All future correspondence, if any should be addressed to the Registrar to the Offer:

### **CAMEO CORPORATE SERVICES LIMITED**

*Unit: Kandagiri Spinning Mills Limited– Open Offer*

Subramanian Building,

No.1 Club Road, Chennai 600 002.

**Telephone:** 044 4002 0700 / 2846 0390

**E-mail:** [priya@cameoindia.com](mailto:priya@cameoindia.com)

**Contact Person:** Ms. K. Sreepriya

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