

DRAFT LETTER OF OFFER

“This Document is important and requires your immediate attention”

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

OPEN OFFER BY

Name	Address	Contact No.	Email Id
Jolly Mayank Suresh (“Acquirer 1”)	904, Eden N, Godrej Garden City, Jagatpur, Ahmedabad - 382 470, Gujarat, India	+91 95123 13146	mayankjolly9@gmail.com
Irfan A Qureshi (“Acquirer 2”)	Railway Station Road, Ahamad Sidik Shop, Bhavnagar - 364 001, Gujarat, India	+91 98242 04433	ikureshi25@gmail.com
Nisha Securities Limited (“Acquirer 3”)	F/4, Vishal Commercial Centre, Near Dinesh Hall, Ashram Road, Ahmedabad - 380 009, Gujarat, India	+91 79 2658 5115	swapnilrajput@gmail.com

(Hereinafter collectively referred to as the “Acquirers”)

TO THE PUBLIC SHAREHOLDERS OF IO SYSTEM LIMITED

(Hereinafter referred to as the “IOS” / “Target Company” / “TC”)

(CIN: L65921UP1987PLC008764)

Registered Office: Upper Basement, Smart Bharat Mall Plot No. I-2, Sector - 25A,
Gautam Buddha Nagar, Noida - 201 301, Uttar Pradesh, India

Tel No.: 0120-2542717 / 3355131; **Website:** www.iosystem.in;

Email Id: iosystemltd@gmail.com

For the acquisition of up to 42,25,000 (Forty-Two Lakhs Twenty-Five Thousand) fully paid-up equity Shares of Rs. 10.00/- each representing 25.00%[#] of voting share capital of the Target Company, at a price of Re. 1.00/- (Rupees One only) per equity share (the “Offer Price”) payable in cash (“Offer” or “Open Offer”).

#As per the SEBI (SAST) Regulations, the Open Offer under Regulations 3(1) & 4 is required to be given for at least 26% of the voting share capital of the Target Company. However, the shareholding of the Public Shareholders, as on date of the Public Announcement, is 25.00% and therefore the Offer represent 25.00% of the voting share capital of the Target Company.

Please Note:

1. This Offer is being made by the Acquirers pursuant to and in compliance with Regulations 3(1) & (4) Read with other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto (“SEBI (SAST) Regulations”) for substantial acquisition of shares/ voting rights accompanied with change in control and management of the Target Company.
2. The Offer is subject to the receipt of statutory and other approval/s as mentioned in para 6.4 of this Draft Letter of Offer.
3. If there is any upward revision in the Offer Price/Size at any time up to one (1) working day prior to commencement of the tendering period viz. March 24, 2022, in terms of the SEBI (SAST) Regulations, the same would also be informed by way of a Public Announcement in the same newspapers where the original Detailed Public Statement had appeared. The same price shall be payable by the Acquirer for all the Equity Shares tendered anytime during the Open Offer.
4. 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 Detailed Public Statement had appeared.
5. **This is not a competitive offer as per Regulation 20 of the SEBI (SAST) Regulations.**
6. **There has been no competing offer as on the date of this Draft Letter of Offer.**
7. The Offer is not condition upon any minimum level of acceptance in terms of Regulation 19 of SEBI (SAST) Regulations.
8. The Public Announcement, Detailed Public Statement, Draft Letter of Offer and Letter of Offer (including Form of Acceptance cum Acknowledgment) would also be available on website of SEBI at (www.sebi.gov.in).



MANAGER TO THE OFFER
SHRENI SHARES PRIVATE LIMITED
Office No. 102, 1st Floor Sea Lord CHSL, 1/A, 1/B, Ram Nagar,
Borivali West, Mumbai - 400 092, Maharashtra, India
Tel No: +91-22-2808 8456/ +91 90077 87628
Website: www.shreni.in
Email Id: shrenishares@gmail.com / mb10@shreni.in
Contact Person: Kritika Rupda/ Krunal Pipalia
SEBI Registration No: INM000012759

OFFER OPENS ON: FRIDAY, MARCH 25, 2022



REGISTRAR TO THE OFFER
PURVA SHAREGISTRY (INDIA) PRIVATE LIMITED
Unit No. 9, Ground Floor, Shiv Shakti Ind. Estt, J. R. Boricha Marg,
Lower Parel East, Mumbai – 400 011, Maharashtra, India
Tel No: +91-22-2301 2518 / 8261
Website: www.purvashare.com
E-mail: support@purvashare.com
Contact Person: Deepali Dhuri
SEBI Registration No: INR000001112

OFFER CLOSES ON: THURSDAY, APRIL 07, 2022

TENTATIVE SCHEDULE OF ACTIVITY RELATING TO THE OFFER

Activities	Date	Day
Date of the PA	January 31, 2022	Monday
Last Date for Publication of Detailed Public Statement in newspapers	February 07, 2022	Monday
Last date of filing of the Draft Letter of Offer with the SEBI	February 14, 2022	Monday
Last date of Public Announcement for Competing Offer	February 28, 2022	Monday
Last Date for receiving comments from SEBI on the Draft Letter of Offer (In the event SEBI has not sort clarification or additional information from the Manager to the Offer)	March 08, 2022	Tuesday
Identified Date*	March 10, 2022	Thursday
Last Date by which Letter of Offer will be dispatched to the public shareholders whose name appears on the register of members on the Identified Date	March 17, 2022	Thursday
Last Date by which committee of the Independent Directors of the Target Company shall give its recommendation to the Public Shareholders of the Target Company for this Offer	March 23, 2022	Wednesday
Last date for revising the Offer Price / Offer Size	March 24, 2022	Thursday
Offer Opening Public Announcement	March 24, 2022	Thursday
Date of commencement of tendering period (Open Date)	March 25, 2022	Friday
Date of closing of tendering period (Close Date)	April 07, 2022	Thursday
Date by which all requirements including payment of consideration would be completed	April 25, 2022	Monday

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

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

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

RISK FACTORS:

RISKS RELATED TO THE TRANSACTION, THE PROPOSED OPEN OFFER AND THE PROBABLE RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRERS

A. RELATING TO THE TRANSACTION:

1. Acquisition of Shares pursuant to the SPA is subject to the applicable provisions of SEBI (SAST) Regulations and terms of the SPA. In case the provisions of the SEBI (SAST) Regulations or the terms of the SPA are not satisfactorily complied by Acquirers or the Seller, then the parties to the SPA shall not act upon the SPA and the transaction envisaged in the said SPA may not be consummated.
2. Regulation 23(1) of the SEBI (SAST) Regulations, lists the circumstances under which the offer may stand withdrawn. In the present case, as on the date of this Draft Letter of Offer, there are no apparent circumstances that may warrant a withdrawal of the Offer under Regulation 23(1) of the SEBI (SAST) Regulations. If at a later date, any other statutory or regulatory or other approval/s/ no objections are required, the Offer would become subject to receipt of such other statutory or regulatory or other approval/s/no objections.

B. RELATING TO THE OFFER:

1. As on the date of this Draft Letter of Offer, to the best of knowledge of the Acquirers, no statutory and other approval/s are required in relation to the Offer. However, the Offer will be subject to all statutory approval/s that may become applicable at a later date. The Acquirers reserve the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the SEBI (SAST) Regulations in the event the requisite statutory approval/s for the purpose of this Offer or those that may be necessary at a later date are refused/not granted.
2. In the event that (a) the regulatory approval/s (that may become applicable at a later date prior to completion of this Offer) are not received in a timely manner; or (b) there is any litigation to stay the Offer; or (c) SEBI instructs the Acquirers not to proceed with the Offer or to comply with certain conditions before proceeding with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Public Shareholders of the Target Company, whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirers, may be delayed.
3. In case of delay in receipt of any statutory approval/s, SEBI has the power to grant an extension of time to the Acquirers for making payment of consideration to the Public Shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if so, directed by SEBI, in terms of Regulation 18(11) read with Regulation 18(11A) of the SEBI (SAST) Regulations.

4. The Acquirers will not proceed with the Open Offer in the event statutory or other approval/s, if any, as may be required, are refused in terms of Regulation 23(1) of SEBI (SAST) Regulations.
5. The Equity Shares tendered in the Offer shall be held in the pool account of the broker/in trust by the Clearing Corporation /Registrar to the Offer until the completion of the Offer formalities and the 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 equity Shares in this offer and/or dispatch of payment consideration are delayed. Further, during such period, there may be fluctuations in the market price of the Equity Shares that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding their participation in this Offer and the Acquirers do not make any assurance with respect to the market price of the Equity Shares at any time, whether during or after the completion of the Offer, and disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.
6. Public Shareholders should note that once they have tendered their Equity Shares in the Offer, they will not be able to withdraw their Equity Shares from the Offer, even if the acceptance of Equity Shares under the Offer and dispatch of consideration is delayed. During such period, there may be fluctuations in the market price of the Equity Shares of the Target Company. The Public Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer and/or Clearing Corporation notwithstanding delay in acceptance of the Equity Shares in this Offer and dispatch of payment consideration. Accordingly, the Acquirers and Manager to the Offer make no assurance with respect to the market price of the Equity Shares of the Target Company 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 Public Shareholders on whether or not to participate in this Offer.
7. This Offer is subject to completion risks as would be applicable to similar transactions.
8. The Acquirers and the Manager to the Offer accept no responsibility for statements made otherwise than in the PA, DPS, DLOF, LOF or in the post offer advertisement or any corrigendum or any materials issued by or at the instance of the Acquirers or the Manager to the Offer in relation to the Offer, and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his / her / its own risk.
9. NRI and OCB holders of the Equity Shares must obtain all approval/s required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the RBI) and submit such approval/s along with the Form of Acceptance and other documents required to accept this Offer. In the event such approval/s are not submitted, the Acquirers reserve the right to reject such Equity Shares tendered in this Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, FIIs and FPIs) were required to obtain any approval/s (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 approval/s that they would have obtained for holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. If such previous approval/s and/or relevant documents are not submitted, the Acquirers reserve the right to reject such Equity Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Public Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or on non-repatriable basis.
10. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of the Letter of Offer, resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirers or the Manager to the Offer to any new or additional registration requirements.
11. The Public Shareholders are advised to consult their respective tax advisors for assessing the tax implications pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.

C. RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRERS:

1. The Acquirers and 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 Public Shareholders on whether or not to participate in the Offer.
2. The Acquirers make no assurance with respect to its investment/disinvestment decisions relating to its proposed shareholding in the Targe Company.

3. The Acquirers do not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Public Shareholder on whether to participate or not to participate in the Offer.
4. The Acquirers do not accept any responsibility for statements made otherwise than in the Letter of Offer (LoO)/Draft Letter of Offer (DLoO)/Detailed Public Statement (DPS)/Public Announcement (PA) and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his/her/its own risk.
5. The Acquirers do not accept the responsibility with respect to the information contained in the PA or DPS or DLoO or LoO that pertains to the Target Company and has been compiled from publicly available resources.

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

CURRENCY OF PRESENTATION

- In this DLoO, all references to “₹/Rs. /Rupees/Re/Rupee” are references to the official currency of India.
- In this DLoO, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/ or regrouping.

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DEFINITIONS/ABBREVIATIONS

Abbreviations	Particulars
Acquirer 1	Jolly Mayank Suresh
Acquirer 2	Irfan A Qureshi
Acquirer 3	Nisha Securities Limited
Acquirers	Acquirer 1, Acquirer 2, and Acquirer 3
Board	The Board of Directors of the Target Company
Book Value per Share	Net Worth/Number of shares
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
DLoO	Draft Letter of Offer dated February 09, 2022 submitted to SEBI for its observations
DPS	Detailed Public Statement dated February 04, 2022
ECS	Electronic Clearing Service
Escrow Account	A cash escrow account opened in the name and style of "IOSL - OPEN OFFER ESCROW ACCOUNT" with the Escrow Bank irrevocably and unconditionally empowering the Manager to the Offer to act in compliance with the SEBI (SAST) Regulations
Escrow Amount	Rs. 43,00,000/- (Rupees Forty-Three Lakhs only), an amount more than the 100% of the maximum consideration payable under the Open Offer assuming full acceptance of the Open Offer
Escrow Banker	Kotak Mahindra Bank Limited
Equity Shares	Equity Shares means the fully paid-up equity shares of the Target Company of face value of Rs.10.00/- (Rupees Ten only) each
FEMA	Foreign Exchange Management Act, 1999 including related Rules, amendments and Regulations
FIIs	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
Identified Date	Date for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent
INR/ Rs. / Rupees / ₹	Indian Rupees
IFSC	Indian Financial System Code
Income Tax Act / IT Act	The Income Tax Act, 1961, as amended
ISIN	International Securities Identification Number
LoO	Letter of Offer
Manager to the Offer	Shreni Shares Private Limited
NRI(s)	Non- Resident Indians
NSDL	National Securities Depository Limited
OCBs	Overseas Corporate Bodies
Offer Period	From January 31, 2022 (i.e., date of entering Memorandum of Understanding between Acquirers and Manager to the Offer) to April 25, 2022 (i.e., date of Payment Consideration)
Offer Price	Re. 1.00/- (Rupees One Only) per equity share payable in cash
Offer / Open Offer	Cash Offer being made by the Acquirers to acquire 42,25,000 equity shares of Rs. 10.00/- each, representing 25.00 % of the voting share capital of the Target Company at a price of Re. 1.00/- (Rupees One Only) per equity share
PA	Public Announcement dated January 31, 2022
PAT	Profit After Tax
PAC	Person acting in concert
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of IOS except the Acquirers and parties to the Share Purchase Agreement
Promoter Group	Veena Modi, O P Dani, R L Ahuja, A K Mittal, S K Jain, S K Sethi, S K Surana, Harkarwal Singh, Madan Gupta, R S Desikan, Bhagchand P Jain, Bhagchand Partiraj Jain, Om Prakash Kariwala and Suresh Kumar Jain
Public Shareholders / Public Shareholder	Means all the equity shareholders of the Target Company excluding: (i) the promoters and members of the promoter group of the Target Company; (ii) the Acquirers, the PACs and any persons deemed to be acting in concert with the Acquirers and the PACs; and (iii) the parties to the SPA and any persons deemed to be acting in concert with the parties to the SPA
RBI	Reserve Bank of India
Registrar to the Offer	Purva Shareregistry (India) Private Limited
Return on Net Worth	Profit After Tax/Net Worth

Abbreviations	Particulars
Sale Shares	Sale of 1,26,45,400 Equity Shares, representing 74.82% of the Voting Share Capital, by Smart Bharat Private Limited, existing promoter of the Target Company to the Acquirers, pursuant to the execution of an SPA, at a price of Re. 0.40/- (Forty Paise Only) per Equity Share (“ Negotiated Price ”) aggregating to an amount of Rs. 50,58,160/- (Rupees Fifty Lakhs Fifty-Eight Thousand One Hundred and Sixty Only)
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended
SEBI	Securities & Exchange Board of India
SEBI Act	The Securities & Exchange Board of India Act, 1992
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subsequent amendment thereto
SEBI (SAST) Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof
SEBI Stock Exchange Mechanism	SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 issued by the SEBI, and as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated 9 December 2016 issued by the SEBI
Seller / Promoter / Holding Company	Smart Bharat Private Limited
Share Purchase Agreement / SPA	Share Purchase Agreement dated January 31, 2022 entered between the Acquirers and the Seller for acquisition of Sale Shares
STT	Securities Transaction Tax
Target Company / TC	IO System Limited
Tendering Period	The period proposed to commence from Friday, March 25, 2022, and close on Thursday, April 07, 2022 both days inclusive
TRS	Transaction Registration Slip
Underlying Transaction	The transaction for sale and purchase of the Sale Shares as contemplated under the SPA
Voting Share Capital	Rs. 16,90,00,000/- (Rupees Sixteen Crores and Ninety Lakhs Only) divided into 1,69,00,000 (One Crore and Sixty-Nine Lakhs) equity shares of face value of Rs.10.00/- (Rupees Ten Only) each
Working Day	Working days of SEBI as defined in the SEBI (SAST) Regulations

Note: All terms beginning with a capital letter used in this DLoO, but not otherwise defined herein, shall have the meaning ascribed thereto in the SEBI (SAST) Regulations unless specified.

1. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE PUBLIC SHAREHOLDERS OF IO SYSTEM LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR FOR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, SHRENI SHARES PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 09, 2022 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

2. DETAILS OF THE OFFER

2.1. Background of the Offer:

- 2.1.1 This Open Offer is being made by the Acquirers in compliance with Regulations 3(1) & 4 read with other applicable provisions of the SEBI (SAST) Regulations, to the public shareholders of Target Company as a result of a direct acquisition of Equity Shares and control over the Target Company by the Acquirers upon the execution of the SPA.
- 2.1.2 On January 31, 2022 the Acquirers have entered into a SPA with the Seller for acquisition of an aggregate of 1,26,45,400 (One Crore Twenty-Six Lakhs Forty-Five Thousand Four Hundred) Equity Shares, constituting 74.82% of the Voting Share Capital of the Target Company at price of Re. 0.40/- (Forty Paise only) for a total consideration of Rs. 50,58,160/- (Rupees Fifty Lakhs Fifty-Eight Thousand One Hundred and Sixty Only).
- 2.1.3 There is no PAC with the Acquirers within the meaning of regulation 2(1)(q) of the SEBI (SAST) Regulations.
- 2.1.4 The Acquirers are making an Open Offer to acquire 42,25,000 fully paid-up Equity Shares of Rs.10.00/- each representing 25.00% of Voting Share Capital of the Target Company, at a price of Re. 1.00/- (Rupees One Only) per equity share payable in cash, subject to the terms and conditions mentioned hereinafter.
- 2.1.5 Apart from 1,26,45,400 (One Crore Twenty-Six Lakhs Forty-Five Thousand and Four Hundred) equity shares of Rs.10.00/- each representing 74.82% of Voting Share Capital of the Target Company which the Acquirers have agreed to acquire pursuant to SPA dated January 31, 2022, the Acquirers have not acquired any Equity Shares of the Target Company during the 52 (Fifty-Two) week's period prior to the date of the Public Announcement.
- 2.1.6 The Offer is not a result of global acquisition resulting in indirect acquisition of Target Company.
- 2.1.7 The Salient features of the SPA are as follows:
- i. The Acquirers have entered into a SPA on January 31, 2022 with the Seller for the acquisition of an aggregate of 1,26,45,400 Equity Shares constituting 74.82% of the Voting Share Capital of the Target Company held by the Seller of the Target Company at a price of Re. 0.40/- (Forty Paise Only) per Equity Share ("**Negotiated Price**"). The Negotiated Price is payable by Acquirers to the Seller.
 - ii. The Purchase Consideration Rs. 50,58,160/- (Rupees Fifty Lakhs Fifty-Eight Thousand One Hundred and Sixty Only) shall be payable by the Acquirers to the Seller in cash as follows:
 - a) The Acquirers will pay a sum of Rs. 12,50,000/- (Rupees Twelve Lakhs Fifty Thousand only) at the date of signing of the agreement.
 - b) The Acquirers shall pay an amount of Rs. 28,08,160/- (Rupees Twenty-Eight Lakhs Eight Thousand One Hundred Sixty Only) to the Seller towards purchase consideration at any time before the completion/issue of the Open Offer formalities.
 - c) A sum of Rs. 10,00,000 (Rupees Ten Lakhs Only) out of the Total Consideration shall be retained by the Acquirers as security for the purpose of settling any charges or fees/additional fees or fines or penalties or damages or valid claims which may occur by any order or penal action against the Company in relation to matters under SEBI (LODR) Regulations, Companies Act 2013, Takeover Regulations or any other laws and shall be released immediately after completion of Open Offer.
 - iii. The Acquirers shall make an Open Offer in the manner required under the SEBI (SAST) Regulations and shall comply with all provisions of the SEBI (SAST) Regulations, as may be applicable.
- 2.1.8 Pursuant to acquisition of the Equity Shares in terms of the SPA, the collective shareholding of the Acquirers would exceed the threshold limit prescribed under Regulation 3(1) of the SEBI (SAST) Regulations, accordingly, this Offer is being made under Regulation 3(1) of the SEBI (SAST) Regulations. Further, in terms of the SPA and post successful completion of the Open Offer, the Acquirers will also acquire control over the Target Company, hence Offer is also being made under Regulation 4 of the SEBI (SAST) Regulations.
- 2.1.9 The Acquirers have not been prohibited by SEBI from dealing in the securities, in terms of direction issued under Section 11B of SEBI Act, as amended or under any other Regulations made under the SEBI Act.
- 2.1.10 The Acquirers have indicated their intention to take over the management and control of the Target Company along with acquisition of shares pursuant Accordingly, in terms of Regulation 22(2) of the SEBI (SAST) Regulations, the Acquirers have deposited the entire consideration payable under the Open Offer (assuming full acceptance), in the purpose of the Open Offer. The Acquirers shall act on the SPA and complete the acquisition of shares or voting rights in, and will also change the Board of the Target Company to assume control over the Target Company as contemplated hereinabove, after expiry of 21 working days from the date of the DPS, i.e., Tuesday, March 08, 2022.

- 2.1.11 As per Regulations 26(6) and 26(7) of SEBI (SAST) Regulations, the Board of the Target Company is required to constitute a committee of Independent Directors who would provide its written reasoned recommendation on the Offer to the Shareholders of the Target Company and such recommendations shall be published at least two working days before the commencement of the Tendering Period in the same newspaper where the DPS of the Offer was published.

2.2. Details of the proposed Offer:

- 2.2.1. The Acquirers have made PA on January 31, 2022, to SEBI, BSE, Target Company and DPS dated February 04, 2022, which was published in the following newspapers on February 04, 2022, in accordance with the Regulation 14 (3):

Publication	Language	Edition
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Naya India	Hindi	Noida Edition
Mumbai Lakshdeep	Marathi	Mumbai Edition

The DPS is also available on the website of SEBI at www.sebi.gov.in, website of BSE at www.bseindia.com and the website of Manager to the Offer at www.shreni.in.

- 2.2.2. The Acquirers are making an offer to acquire up to 42,25,000 equity shares of Rs.10.00/- each representing 25.00% of Voting Share Capital of the Target Company, at a price of Re. 1.00/- (Rupees One Only) per Equity share payable in cash in accordance with Regulation 9(1)(a) of SEBI (SAST) Regulations, and subject to the terms and conditions set out in the PA, the DPS and this DLoO.
- 2.2.3. The Target Company does not have any partly paid-up shares. There are no outstanding warrants or option or similar instrument, convertible into equity shares at a later stage. No shares are subject to any lock- in obligations.
- 2.2.4. The Acquirers will acquire up to 42,25,000 Equity shares of Target Company that are validly tendered in accordance with the terms of the Offer at the Offer Price.
- 2.2.5. Since the date of the PA to the date of this DLoO, the Acquirers have not acquired any Equity shares of Target Company.
- 2.2.6. This Offer is not a competing offer in terms of the Regulation 20 of SEBI (SAST) Regulations and no competitive bid has been received as on date of this Draft Letter of Offer.
- 2.2.7. There is no differential pricing in this Open Offer.
- 2.2.8. This Offer is not conditional upon any minimum level of acceptance in terms of the Regulation 19 (1) of SEBI (SAST) Regulations and.
- 2.2.9. The Equity Shares of the Target Company will be acquired by Acquirers free from all liens, charges, and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 2.2.10. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirers have appointed Shreni Shares Private Limited as the Manager to the Offer.
- 2.2.11. Upon completion of the Offer, assuming full acceptance in the offer, pursuant to the SPA, Acquirers will hold 1,68,70,400 Equity Shares of Rs. 10/- (Rupees Ten only) equity shares constituting 99.82% of the Voting Share Capital of the Target Company. In terms of Regulation 38 of the SEBI (LODR) Regulations read with Rule 19A of SCCR, the Target Company is required to maintain at least 25% public shareholding on a continuous basis for listing. Pursuant to the completion of this Offer, assuming full acceptance, in the event the Public Shareholding in the Target Company falls below the minimum public shareholding requirement as per SCRR and SEBI (LODR) Regulations, the Acquirers undertake to bring down the non-public shareholding in the Target Company to the level specified within the time prescribed in the SCRR, SEBI (SAST) Regulations and as per applicable SEBI guidelines.

2.3. Object of the Offer:

- 2.3.1. The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change in control and management of the Target Company.
- 2.3.2. The main object of this acquisition is to acquire complete management control of the Target Company. The Acquirers may diversify/change the business activities in future with the prior approval of shareholders. 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 Acquirers cannot ascertain the repercussions, if any, on the employees and locations of the business place of the Target Company.

- 2.3.3. In the event the shareholding of the Acquirers exceeds maximum permissible non-public shareholding, pursuant to an open offer, as mentioned under Para 2.2.11 above, then in terms of Regulation 7(5) of the SEBI (SAST) Regulations, the Acquirers shall not be eligible to make a voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, unless a period of 12 (twelve) months has elapsed from the date of the completion of the offer period. It may however be noted that the Acquirers, do not have any intention to delist the Target Company for the next 1 (one) year after the closure of the Offer.
- 2.3.4. The Acquirers do not have any plans to dispose off or otherwise encumber any significant assets of IOS in the succeeding two years from the date of closure of the Open Offer, except (a) in the ordinary course of business of the Target Company and (b) on account of regulatory approvals or conditions or compliance with any law that is binding on or applicable to the Target company. In the event any substantial asset of the Target Company is to be sold, disposed off or otherwise encumbered other than in the ordinary course of business, the Acquirers undertake that it shall do so only upon the receipt of the prior approval of the shareholders of the Target Company through special resolution in terms of regulation 25(2) of the SEBI (SAST) Regulations and subject to the provisions of applicable law as may be required.
- 2.3.5. The Acquirers reserve the right to streamline/ restructure, pledge/ encumber its holding in the Target Company and/ or the operations, assets, liabilities and/ or businesses of the Target Company and/ or its subsidiary through arrangements, reconstructions, restructurings, mergers (including but not limited to merger with or between its subsidiary), demergers, sale of assets or undertakings and/ or re-negotiation or termination of existing contractual/ operating arrangements, at a later date in accordance with applicable laws. Such decisions will be taken in accordance with procedures set out under applicable law, pursuant to business requirements and in line with opportunities or changes in economic circumstances, from time to time.
- 2.3.6. Upon completion of the Open Offer, and subject to compliance with Regulation 31A of the SEBI (LODR) Regulations, the Acquirers shall be inducted as the Promoters of the Target Company and they shall exercise control over the Target Company.
- 2.3.7. The Promoter Group of the Target Company other than the Seller who are not parties to the SPA have provided their intention as regards not continuing as the Promoter Group of the Target Company, post the completion of the acquisition of Equity Shares by the Acquirers under the SPA and has accordingly requested the Target Company that they be reclassified as Public Shareholders post the completion of the acquisition by the Acquirers.

3. BACKGROUND OF THE ACQUIRERS

3.1. JOLLY MAYANK SURESH (“Acquirer 1”):

- 3.1.1. Jolly Mayank Suresh, S/o Suresh Baldevraj Jolly, aged around 29 years, an Indian resident having PAN: AORPJ6592D and residing at 904, Eden N, Godrej Garden City, Jagatpur, Ahmedabad - 382 470, Gujarat, India. His email id is mayankjolly9@gmail.com and his contact no. is +91 95123 13146. He holds degree in Bachelor in Hotel Management and has more than five years of experience in field of Business Development, Project Management, Finance and Leadership.
- 3.1.2. The Net worth of Acquirer 1 as on December 31, 2021 is Rs. 69.94 Lakhs and the same is certified by CA Niranjana Jain, Proprietor of M/s Niranjana Jain & Co., Chartered Accountants, (Membership No. 47811), Firm Registration No. 113913W having its office at 307-308, Shital Varsha Arcade, Opp. Girish Cold Drinks, C. G. Road, Ahmedabad – 380 009, Gujarat, India, Tel. No. 079 – 2644 0427; Email: niranjana.jainco156@yahoo.co.in, vide its certificate dated January 31, 2022.
- 3.1.3. As on date of this DLoO, Acquirer 1 is Additional Director in Upwise Business Consultants Private Limited and Nisha Securities Limited (“Acquirer 3”). Further, Acquirer 1 does not hold directorship in any listed Company and is not acting as a Whole Time Director in any Company.
- 3.1.4. As on date of this DLoO, Acquirer 1 does not hold any Equity Shares of the Target Company, neither he is director on the board of the Target Company. Acquirer 1 is deemed to be interested in the Target Company to the extent of the proposed acquisition of control over the Target Company.
- 3.1.5. As on date of this DLoO, Acquirer 1 does not belong to any group.

- 3.1.6. Acquirer 1 has confirmed and declared that, he has not been categorized nor appearing in Wilful Defaulter in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations neither he has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act, or under any other regulation made under SEBI Act.
- 3.1.7. Acquirer 1 has further confirmed and declared, he is not declared as Fugitive Economic Offender under Section 12 of Fugitive Economic Offenders Act, 2018.
- 3.1.8. Acquirer 1 has confirmed that there are no persons acting in concert in relation to the offer within the meaning of 2(1)(q)(1) of the SEBI (SAST) Regulations.

3.2. IRFAN A QURESHI (“Acquirer 2”):

- 3.2.1. Irfan A Qureshi, S/o A A Qureshi, aged around 37 years, an Indian resident having PAN: AADPQ3520Q and residing at Railway Station Road, Ahamad Sidik Shop, Bhavnagar - 364 001, Gujarat, India. His email id is ikureshi25@gmail.com and his contact no. is +91 98242 04433. He is an undergraduate and is engaged in the business of contracting and sub-contracting for more than 10 years. He owns a Proprietary firm, Taj Enterprise.
- 3.2.2. The Net worth of Acquirer 2 as on December 31, 2021 is Rs. 133.98 Lakhs and the same is certified by CA Niranjan Jain, Proprietor of M/s Niranjan Jain & Co., Chartered Accountants, (Membership No. 47811), Firm Registration No. 113913W having its office at 307-308, Shital Varsha Arcade, Opp. Girish Cold Drinks, C. G. Road, Ahmedabad – 380 009, Gujarat, India, Tel. No. 079 – 2644 0427; Email: niranjanjainco156@yahoo.co.in, vide its certificate dated January 31, 2022.
- 3.2.3. As on date of this DLoO, Acquirer 2 does not hold directorship in any listed Company. Further, Acquirer 2 is not acting as a Whole Time Director in any Company.
- 3.2.4. As on date of this DLoO, Acquirer 2 does not hold any Equity Shares of the Target Company, neither he is director on the board of the Target Company. Acquirer 2 is deemed to be interested in the Target Company to the extent of the proposed acquisition of control over the Target Company.
- 3.2.5. As on date of this DLoO, Acquirer 2 does not belong to any group.
- 3.2.6. Acquirer 2 has confirmed and declared that, he has not been categorized nor appearing in Wilful Defaulter in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations neither he has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act, or under any other regulation made under SEBI Act.
- 3.2.7. Acquirer 2 has further confirmed and declared, he is not declared as Fugitive Economic Offender under Section 12 of Fugitive Economic Offenders Act, 2018.
- 3.2.8. Acquirer 2 has confirmed that there are no persons acting in concert in relation to the offer within the meaning of 2(1)(q)(1) of the SEBI (SAST) Regulations.

3.3. NISHA SECURITIES LIMITED (“Acquirer 2”):

- 3.3.1. Acquirer 3 is a Public Unlisted Company incorporated on October 20, 1994, under the Companies Act, 1956 bearing corporate identity number U51100GJ1994PLC023360. Acquirer 3 has applied for name change to Sunsource Capital Services India Limited with RoC, Ahmedabad and the same is pending for approval as on the date of this DPS. The email id of Acquirer 3 is swapnilrajput@gmail.com and contact no. is 079 2658 5115. The registered office of the Acquirer 3 is located at F/4, Vishal Commercial Centre, Near Dinesh Hall, Ashram Road, Ahmedabad - 380 009, Gujarat, India.
- 3.3.2. Acquirer 3 is primarily engaged in the business of consultancy services and textile trading.
- 3.3.3. The equity shares of the Acquirer 3 are not listed on any stock exchanges.
- 3.3.4. The Authorised Share Capital of Acquirer 3 as on December 31, 2021 is Rs. 10,00,00,000/- (Rupees Ten Crores Only) comprising of 1,00,00,000 Equity Shares of Rs.10.00/- each. The issued and paid-up share capital of the Acquirer 3 as on December 31, 2021 is Rs. 3,40,20,000/- comprising of 34,02,000 equity shares of Rs. 10/- each.
- 3.3.5. Set out below is the shareholding pattern of the Acquirer 3:

Shareholder's category	No. of shares held	% of shares held
Promoters	34,02,000	100.00%
FII/ Mutual-Funds/ FIs/Banks	-	-
Public	-	-
Total	34,02,000	100.00%

3.3.6. As on date of this Draft Letter of Offer, the Board of Directors of the Acquirer 3 consist of:

Name of the Director	DIN	Designation	Age	Date of Appointment	Qualification and Experience
Swapnil Surendrasingh Rajput	00794524	Director	38 years	August 01, 2008	He has completed his Master's in Business Administration from Nirma University, Ahmedabad and has experience of more than 10 years in the field of Business Administration and Management.
Mitesh Surendrasingh Rajput	06772154	Additional Director	32 years	December 01, 2021	He has completed his Master's in Business Administration from University of Texas, Arlington, Texas, USA and has experience of more than 10 years in the field of Business Administration and Management.
Jolly Mayank Suresh ("Acquirer 1")	09366175	Additional Director	29 years	December 01, 2021	He is holding degree in Bachelor in Hotel Management and has more than five years of experience in field of Business Development, Project Management, Finance and Leadership.

3.3.7. The Acquirer 3 does not belong to any group.

3.3.8. Acquirer 1 is Additional Director on Board of Acquirer 3.

3.3.9. As on date of this DLoO, Acquirer 3 does not have any interest / relationship in the Target Company nor do they hold any Equity Shares of the Target Company. Acquirer 3 is deemed to be interested in the Target Company to the extent of the proposed acquisition of control over the Target Company.

3.3.10. Acquirer 3 has confirmed and declared that, it has not been categorized nor appearing in Wilful Defaulter in terms of Regulation 2(1)(ze) of the SEBI (SAST) Regulations neither it has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act, or under any other regulation made under SEBI Act.

3.3.11. As on the date, the Acquirer 3 has confirmed that it's Boards of Directors, key employees and persons in control, have not been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

3.3.12. The key financial information of the Acquirer 3 based on its audited standalone financial statements as of and for the financial years ended March 31, 2019, March 31, 2020, and March 31, 2021, and unaudited financials for 9 months period ended December 31, 2021 is set out below:

Profit and Loss Statement

(Rs. In Lakhs)

Particulars	31-Dec-2021	31-Mar-2021	31-Mar-2020	31-Mar-2019
	Unaudited	Audited	Audited	Audited
Income from operations	-	-	0.24	0.31
Other Income	-	1.80	-	-
Total Income	-	1.80	0.24	0.31
Total Expenditure	84.94	0.77	0.26	0.39
Profit/Loss Before Depreciation, Interest and Tax	-	1.09	0.01	0.04
Depreciation	-	0.06	0.03	0.12
Interest	-	-	-	-
Profit Before Tax	(84.94)	1.03	(0.02)	(0.03)

Particulars	31-Dec-2021	31-Mar-2021	31-Mar-2020	31-Mar-2019
	Unaudited	Audited	Audited	Audited
Less: Provision for Tax	-	0.29	-	-
Profit After Tax	(84.94)	0.74	(0.02)	(0.03)

Balance Sheet

(Rs. In Lakhs)

Particulars	31-Dec-2021	31-Mar-2021	31-Mar-2020	31-Mar-2019
	Unaudited	Audited	Audited	Audited
(A) Sources of funds				
Paid up share capital	340.20	340.20	340.20	340.20
Reserves & Surplus (excluding revaluation reserves)	(197.90)	(112.96)	(113.71)	(113.68)
Less: Miscellaneous Expenditure not written off	-	-	-	-
Net Worth	142.30	227.24	226.49	226.52
Non-Current Liabilities	-	31.10	31.11	31.11
Current Liabilities	-	0.29	0.43	0.43
Total (A)	142.30	258.63	258.03	258.05
(B) Uses of funds				
Net Fixed Assets	-	7.88	7.94	7.97
Investments	-	-	-	-
Other Non-Current Assets	-	152.64	152.64	152.64
Current Assets	142.30	98.11	97.45	97.44
Total (B)	142.30	258.63	258.03	285.05

Other Financial Data

For the Year Ended	31-Dec-2021	31-Mar-2021	31-Mar-2020	31-Mar-2019
	(Unaudited)	(Audited)	(Audited)	(Audited)
Dividend (%)	-	-	-	-
Earnings Per Share (Rs.)	(2.50)	0.02	0.001	0.001

3.3.13. The Net worth of Acquirer 3 as on December 31, 2021 is Rs. 142.30 Lakhs and the same is certified by CA Biral N Patel, Partner of M/s N A B & Co., Chartered Accountants, (Membership No. 146600), Firm Registration No. 134377W having its office at K/203, Rudra Square, Judges Bunglow Cross Road, Bodakdev, Ahmedabad – 380 015, Gujarat, India, Tel. No. 92288 96116; Email: cabiralpatel@gmail.com, vide its certificate dated January 31, 2022.

3.3.14. There is no Contingent Liabilities of Acquirer 3 during the above stated period.

3.3.15. Acquirer 1 has confirmed that there are no persons acting in concert in relation to the offer within the meaning of 2(1)(q)(1) of the SEBI (SAST) Regulations.

4. BACKGROUND OF IO SYSTEM LIMITED

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

4.1. The Target Company was incorporated as a public limited company under the name “GBC Hi-Tech (India) Limited” on May 25, 1987 under the provisions of The Companies Act, 1956 with the Registrar of Companies, Kanpur. Thereafter the name of the Target Company was changed to “Modi GBC Limited” pursuant to the approval of the shareholders at a general meeting dated January 31, 1992, and a fresh Certificate of Incorporation dated July 09, 1999, was issued by Registrar of Companies, Kanpur. Further, the name of the Target Company was again changed to “GBC Modicorp Limited” pursuant to the approval of the shareholders at a general meeting dated June 20, 2000, and a fresh Certificate of Incorporation dated July 13, 2000, was issued by Registrar of Companies, Kanpur. The name of the Target Company was again changed to “Spice Systems Limited” pursuant to the approval of the shareholders at a general meeting dated November 25, 2002, and a fresh Certificate of Incorporation dated January 01, 2003, was issued by Registrar of Companies, Kanpur. Finally, the name of the Target Company was again changed to “IO System Limited” pursuant to the approval of the shareholders at a general meeting and a fresh Certificate of Incorporation dated August 14, 2007, was issued by Assistant Registrar of Companies, Kanpur. The Corporate Identification Number of Target Company is L65921UP1987PLC008764. The Target Company is having its registered office at Upper Basement, Smart Bharat Mall Plot No. I-2, Sector - 25A, Gautam Buddha Nagar, Noida - 201 301, Uttar Pradesh, India.

- 4.2. In terms of the Main Objects clause of its Memorandum of Association, presently the Target Company is inter-alia permitted to carry on the business of industrial machinery.
- 4.3. The Authorised Share Capital of the Target Company is Rs. 25,00,00,000/- (Rupees Twenty- Five Crores Only) comprising of 2,00,00,000 Equity Shares of Rs.10.00/- each and 5,00,000 (Five Lakhs) Preference shares of Rs.100.00/- (Rupee Hundred only) each. The Paid-up Share Capital of the Target Company is Rs.16,90,00,000/- (Rupees Sixteen Crores Ninety Lakhs Only) comprising of 1,69,00,000 Equity Shares of Rs.10.00/- each. As on date of this DLoO, the Target Company does not have any partly paid equity shares. There are no outstanding warrants or options or similar instruments, convertible into equity shares at a later stage. No shares are subject to any lock in obligations.
- 4.4. As on date of the DLoO, the capital structure of the Target Company is as follows:

Paid up Equity Shares of Target Company	No. of Shares / Voting Rights	% of Shares/voting rights
Fully Paid-up Equity Shares	1,69,00,000 Equity Shares of Rs.10.00 each	100%
Partly Paid-up Equity Shares	Nil	Nil
Total Paid-up Equity Shares	1,69,00,000 Equity Shares of Rs.10.00 each	100%
Total voting rights in the Target Company	1,69,00,000 Equity Shares of Rs.10.00 each	100%

- 4.5. The Voting Share Capital of Target Company is listed at BSE having ISIN: INE502D01011. The Equity Shares of the Target Company are placed under Group “XT” having a scrip code of “523752” & Scrip Id: “IOSYSTEM” on the BSE.
- 4.6. There has been no merger, demerger or spin off during the last 3 years.
- 4.7. In past, penal actions have been taken by BSE for non-compliance with the SEBI (LODR) Regulations, such as delayed submission of Statement of Investor’s Complaint for the quarter ended December 31, 2018 and imposed fine of Rs. 1,180/- and delayed submission of Corporate Governance report for the quarter ended September 30, 2018 and imposed fine of Rs. 2,17,120/-. However, BSE has waived off the fines.
- 4.8. The present Board of Directors of the Target Company are as follows:

Sr. No.	Name	DIN	Designation	Date of Appointment
1.	Arun Seth	00007895	Chairman & Non-Executive Director	30/09/2002
2.	Kamalapati Kashyap	02359002	Non-Executive Director	21/07/2019
3.	Vidya Chhabra	03386692	Non-Executive Director	21/07/2019
4.	Seema Salwan	06944301	Independent Director	14/08/2019
5.	Siddheshwar Kumar Upadhyay	07871728	Independent Director	28/09/2019

- 4.9. The financial information of Target Company as per the audited accounts for the three financial years ended March 31, 2021, March 31, 2020, and March 31, 2019, and limited reviewed unaudited financials for six months period ended September 30, 2021 is as follows:

Profit & Loss Statement

(Rs. in lakhs)

Particulars	30-Sept-21	31-Mar-21	31-Mar-20	31-Mar-19
	(Unaudited – 6 months ended)	(Audited)	(Audited)	(Audited)
Income from Operations	-	-	-	-
Other Income	-	0.02	501.67	8.28
Total Income	-	0.02	501.67	8.28
Total Expenditure	39.30	73.49	104.84	100.45
Profit/ (Loss) before Interest, Depreciation and Tax	(21.42)	(43.73)	450.51	(37.18)
Depreciation	0.06	0.12	0.04	0.20
Interest	17.82	29.62	53.65	54.78
Exceptional Items	-	-	-	-
Profit/ (Loss) before Tax	(39.30)	(73.47)	396.83	(92.16)
Less: Tax Expense	-	-	-	-
Profit/ (Loss) After tax	(39.30)	(73.47)	396.83	(92.16)

Balance Sheet

(Rs. in lakhs)

Particulars	30-Sept-21	31-Mar-21	31-Mar-20	31-Mar-19
	(Unaudited – 6 months ended)	(Audited)	(Audited)	(Audited)
(A) Sources of funds				
Paid up share capital	1,690.00	1,690.00	1,690.00	1,690.00
Reserves & Surplus (excluding revaluation reserves)	(2,081.30)	(2,042.01)	(1,968.53)	(2,365.36)
Less: Miscellaneous Expenditure not written off	-	-	-	-
Net Worth	(391.30)	(352.01)	(278.53)	(675.36)
Non-Current Liabilities	405.96	337.80	286.19	636.35
Current Liabilities	20.24	31.92	9.33	57.57
Total (A)	34.90	17.71	16.99	18.56
(B) Uses of funds				
Net Fixed Assets	0.27	0.33	0.33	0.12
Investments	-	-	-	-
Other Non-Current Assets	15.87	15.87	15.87	15.87
Current Assets	18.76	1.51	0.79	2.57
Total (B)	34.90	17.71	16.99	18.56

Other Financial Data

For the Year Ended	30-Sept-21	31-Mar-21	31-Mar-20	31-Mar-19
	(Unaudited – 6 months ended)	(Audited)	(Audited)	(Audited)
Dividend (%)	-	-	-	-
Earnings Per Share (Rs.)	(0.23)	(0.43)	2.35	(0.55)

 Source: Annual Reports and financial results of the Target Company as available on the website of BSE, i.e., www.bseindia.com.

4.10. As on the date of this DLoO, shareholding in the Target Company before and after the Offer (assuming full acceptances in the Offer) is given in the table below:

Shareholders' Category	Shareholding/voting rights prior to the SPA/ acquisition and Offer		Shares/voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding /voting rights after Acquisition and Offer (A+B+C)	
	(A)		(B)		(C)		= (D)	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1. Promoters and Promoter Group								
(a) Parties to the SPA:								
Smart Bharat Private Limited	1,26,45,400	74.82	(1,26,45,400)	(74.82)	-	-	-	-
Total	1,26,45,400	74.82	(1,26,45,400)	(74.82)	-	-	-	-
(b) Promoter Group other than (a) above	29,600	0.18	-	-	-	-	-	-
Total (1) (a+b)	1,26,75,000	75.00	(1,26,45,400)	(74.82)	-	-	-	-
2. Acquirers								
Jolly Mayank Suresh	-	-	31,61,350	18.71	10,56,250	6.25	42,17,600	24.96
Irfan A Qureshi	-	-	32,87,804	19.45	10,98,500	6.50	43,86,304	25.95
Nisha Securities Limited	-	-	61,96,246	36.66	20,70,250	12.25	82,66,496	48.91
Total (2)	Nil	NA	1,26,45,400	74.82	42,25,000	25.00	1,68,70,400	99.82
3. Parties to SPA other than (1) & (2)	-	-	-	-	-	-	-	-
4. Public (other than Parties to SPA and Acquirers)								

Shareholders' Category	Shareholding/voting rights prior to the SPA/ acquisition and Offer		Shares/voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding /voting rights after Acquisition and Offer (A+B+C)	
	(A)		(B)		(C)		= (D)	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
a. FIs/MFs/FILs/Banks/ SFIs	-	-	-	-	-	-	-	-
b. Others	42,25,000	25.00	-	-	(42,25,000)	(25.00)	29,600 (Refer note iii below)	0.18
Total (4) (a+b+c+d)	42,25,000	25.00	-	-	(42,25,000)	(25.00)	29,600 (Refer note iii below)	0.18
GRAND TOTAL (1+2+3+4)	1,69,00,000	100.00	-	-	-	-	1,69,00,000	100.00

Notes:

- Based on shareholding pattern of the Target Company as on December 31, 2021 as available on the website of BSE.
- No Equity Shares are subject to lock in.
- After completion of the Open Offer, Promoter Group of the Target Company will continue to hold 29,600 fully paid-up equity shares representing 0.18% of voting share capital of the Target Company and will be reclassified as public category shareholder subject to the compliances of the provisions of Regulation 31A of SEBI (LODR) Regulations.

4.11. During the Financial Years 2013-14 to 2020-21, promoter group of the target company, i.e., O P Dani, R L Ahuja, A K Mittal, S K Jain, S K Sethi, S K Surana, Harkarwal Singh, Madan Gupta, R S Desikan, Bhagchand P Jain, Bhagchand Partiraj Jain, Om Prakash Kariwala and Suresh Kumar Jain have failed to make necessary disclosure under Regulations 30 (1), 30 (2) and Regulation 31 (4) of the SEBI (SAST) Regulations within the due dates. The details of the same is presented below:

Sr. No.	Financial Year	Regulation	Due Date of filing Report	Actual Date of filing Report	No. of days delay
1.	2013-14	Regulations 30 (1), 30 (2)	April 10, 2014	Not filed yet	Not filed yet
2.	2014-15		April 13, 2015		
3.	2015-16		April 12, 2016		
4.	2016-17		April 12, 2017		
5.	2017-18		April 10, 2018		
6.	2018-19		April 09, 2019		
7.	2019-20		June 01, 2020		
8.	2020-21		April 12, 2021		
9.	2019-20	Regulation 31 (4)	June 01, 2020	Not filed yet	Not filed yet
10.	2020-21		April 12, 2021		

Further, during the Financial Years 2013-14, 2019-20 and 2020-21, Smart Bharat Private Limited and Veena Modi have failed to make necessary and timely disclosure under Regulations 30 (1), 30 (2) and Regulation 31 (4) of the SEBI (SAST) Regulations within the due dates. The details of the same is presented below:

Sr. No.	Financial Year	Regulation	Due Date of filing Report	Actual Date of filing Report	No. of days delay
1.	2013-14	Regulations 30 (1), 30 (2)	April 10, 2014	Not filed yet	Not filed yet
2.	2019-20	Regulation 31 (4)	June 01, 2020	January 20, 2022	Delay of 598 days
3.	2020-21		April 12, 2021		Delay of 283 days

Due to the aforesaid violations, SEBI may initiate appropriate action against the above-mentioned Promoter Group in terms of the SEBI (SAST) Regulations and provisions of the SEBI Act.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price:

5.1.1 This Open Offer is pursuant to Direct Acquisition.

5.1.2 The Equity Shares of the Target Company are listed at the BSE only. The shares are placed under Group “XT” having a scrip code of “523752” & Scrip Id: “IOSYSTEM” on the BSE.

5.1.3 The total trading turnover in the Equity Shares of the Target Company on the BSE based on trading volume during the twelve calendar months prior to the month of PA (i.e., January 01, 2021 to December 31, 2021) is as given below:

Stock Exchange	Total No. of Equity Shares traded during the Twelve calendar months prior to the month of PA	Total No. of paid-up listed equity shares of the Target Company	Total Trading Turnover (as % of paid-up equity shares listed)
BSE	13,34,059	1,69,00,000	7.89%

Source: www.bseindia.com

5.1.4 Based on the above information, Equity Shares of the Target Company are not frequently traded within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.

5.1.5 The Offer Price has been determined considering the parameters as set out under regulation 8 (2) of the SEBI (SAST) Regulations, as under:

Sr. No.	Particulars	Price (In Rs. per share)
1.	Negotiated Price under the SPA	0.40/-
2.	The Volume Weighted Average Price paid or payable for acquisitions by the Acquirers during 52 weeks immediately preceding the date of PA	N.A.
3.	Highest price paid or payable for acquisitions by the Acquirers during 26 weeks immediately preceding the date of PA	N.A.
4.	The Volume Weighted Average Market Price of Equity Shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the Stock Exchange where the maximum volume of trading in the Equity Shares of the Target Company are recorded during such period	N.A.
5.	Other Financial Parameters as on September 30, 2021:	
	-NAV per Equity share	(2.32)/-
	-Price Earning Capacity Value per Equity Share	N.A.
	-Market Based Value	N.A.

AAA Valuation Professionals (I) LLP, Registered Valuer (Registration No. IBBI/RV-E/02/2019/104), vide valuation certificate dated January 31, 2022 has calculated the fair value of the Equity Shares of Target Company as Rs. (2.32)/- per equity share.

5.1.6 In view of the parameters considered and presented in the table above, in the opinion of the Acquirers and Manger to the Offer, the Offer Price of Re. 1.00/- per equity share is justified in terms of Regulation 8 (2) of the SEBI (SAST) Regulations.

5.1.7 As on date there is no revision in Open Offer price or Open Offer size. In case of any revision in the Open Offer price or Offer Size, the Acquirers shall comply with Regulation 18 of SEBI (SAST) Regulations and all other applicable provisions of the SEBI (SAST) Regulations.

5.1.8 If there is any revision in the offer price on account of future purchases / competing offers, it will be done only up to the period prior to one (1) working day before the date of commencement of the tendering period and would be notified to the public shareholders.

5.1.9 If the Acquirers, acquire or agree to acquire any Equity Shares or Voting Rights in the Target Company during the offer period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price shall stand revised to the highest price paid or payable for any such acquisition in terms of Regulation 8(8) of SEBI (SAST) Regulations. Provided that no such acquisition shall be made after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period. Further, in accordance with Regulations 18(4) and 18(5) of the SEBI (SAST) Regulations, in case of an upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, the Acquirers shall (i) make public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously notify to SEBI, BSE, and the Target Company at its registered office. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations.

5.1.10 If the Acquirers, acquire Equity Shares of the Target Company during the period of twenty-six weeks after the tendering period at a price higher than the Offer Price, the Acquirers shall pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in the Offer within sixty days from the date of such acquisition. However, no such difference shall be paid if such acquisition is made under another Open Offer under 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 exchanges, not being negotiated acquisition of shares of the Target Company in any form.

5.2 Financial Arrangements:

5.2.1 The maximum consideration payable by the Acquirers to acquire 42,25,000 fully paid-up Equity Shares at the Offer Price of Re.1.00/- (Rupees One only) per equity share, assuming full acceptance of the Offer would be Rs. 42,25,000/- (Rupees Forty-Two Lakhs and Twenty-Five Thousand Only).

5.2.2 In terms of Regulation 25(1) of the SEBI (SAST) Regulations, the Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full out of their own sources/ Net worth and no borrowings from any Bank and/ or Financial Institutions are envisaged. CA Niranjn Jain, Proprietor of M/s Niranjn Jain & Co., Chartered Accountants, (Membership No. 47811), Firm Registration No. 113913W having its office at 307-308, Shital Varsha Arcade, Opp. Girish Cold Drinks, C. G. Road, Ahmedabad – 380 009, Gujarat, India, Tel. No. 079 – 2644 0427; Email: niranjnainco156@yahoo.co.in, have certified vide certificate dated January 31, 2022 that sufficient resources are available with the Acquirers 1 & 2 and CA Biral N Patel, Partner of M/s N A B & Co., Chartered Accountants, (Membership No. 146600), Firm Registration No. 134377W having its office at K/203, Rudra Square, Judges Bungalow Cross Road, Bodakdev, Ahmedabad – 380 015, Gujarat, India, Tel. No. 92288 96116; Email: cabiralpatel@gmail.com, have certified vide certificate dated January 31, 2022 that sufficient resources are available with the Acquirer 3 for fulfilling the obligations under this “Offer” in full.

5.2.3 In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirers and the Manager to the Offer have entered into an escrow agreement dated January 31, 2022 with Kotak Mahindra Bank Limited, 5 C/ II, Mittal Court, 224, Nariman Point, Mumbai – 400 021, Maharashtra, India, in terms of which the Acquirers have opened Escrow Account in the name and style of “**IOSL - Open Offer Escrow Account**” and have deposited Rs. 43,00,000/- (Rupees Forty-Three Lakhs Only) being more than 100% of the total consideration payable in the Open Offer, assuming full acceptance. The Manager to the Offer is authorized to operate the above-mentioned Escrow Account to the exclusion of all others and been duly empowered to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

5.2.4 Based on the aforesaid financial arrangements and on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager to the Offer is satisfied about the ability of the Acquirers to fulfill its obligation in respect of this Offer in accordance with the SEBI (SAST) Regulations.

5.2.5 In case of upward revision of the Offer Price and/or the Offer Size, the Acquirers shall deposit additional appropriate amount into an Escrow Account to ensure compliance with Regulation 18(5) of the SEBI (SAST) Regulations, prior to effecting such revision.

6. TERMS AND CONDITIONS OF THE OFFER

6.1 Operational Terms and Conditions:

6.1.1 The Offer is not conditional and is not subject to minimum level of acceptances.

6.1.2 This Letter of Offer specifying the detailed terms and conditions of this Offer, along with the Form of Acceptance-cum-Acknowledgement, is being sent by speed post to all the Public Shareholders, whose names appear on the register of members of the Target Company, at the close of business hours on Thursday, March 10, 2022 i.e., the Identified Date, being registered equity Public Shareholders as per the records of NSDL and CSDL, and registered Public Shareholders holding Equity Shares in physical form as per the records of the Target Company. In addition to this, the Public Shareholders whose email ids are registered with the Depositories/ the Target Company/ Registrar to the Offer shall dispatch the LoO through electronic means. The last date by which the individual Letter of Offer (by physical as well as electronic mode) would be dispatched to each of the Public Shareholders of the Target Company is Thursday, March 17, 2022.

6.1.3 Accidental omission to dispatch the LoO or the non-receipt or delayed receipt of the LoO will not invalidate the Offer in anyway.

- 6.1.4 Subject to the conditions governing this Offer, as mentioned in the LoO, the acceptance of this Offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.
- 6.1.5 In terms of the Regulation 18(9) of the SEBI (SAST) Regulations, Public Shareholders who tender their Equity Shares in the Offer shall not be entitled to withdraw such acceptance.
- 6.1.6 All Public Shareholders (except the present Promoter and promoter group and the Acquirers) who own Equity Shares of Target Company any time before the closure of the Offer is eligible to participate in the Offer.
- 6.1.7 The Form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, Purva Sharegistry (India) Private Limited, having office at Unit No. 9, Ground Floor, Shiv Shakti Ind. Estt, J. R. Boricha Marg, Lower Parel East, Mumbai – 400 011, Maharashtra, India, Tel No.: 022 2301 2518 / 8261, E-mail: support@purvashare.com. The Contact Person is Deepali Dhuri from 10:00 a.m. to 5:00 p.m. on working days (except Saturdays, Sundays, and all public holidays), during the period the Offer is open.
- 6.1.8 The Public Announcement, the Detailed Public Statement, the Letter of Offer, and the Form of Acceptance will also be available on the website of SEBI at: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Public Shareholders including unregistered Public Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the website of SEBI for applying in the Offer.
- 6.1.9 Unregistered Public Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Public Shareholders.
- 6.1.10 The acceptance of this Offer by the Public Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
- 6.1.11 The acceptance of this Offer is entirely at the discretion of the Public Shareholders of Target Company.
- 6.1.12 The Acquirers, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms and Share Transfer Deed etc. during transit and the Equity Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
- 6.1.13 The acceptance of Shares tendered in the Offer will be made by the Acquirers in consultation with the Manager to the Offer.
- 6.1.14 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.
- 6.1.15 The Acquirers in terms of Regulation 23 of SEBI (SAST) Regulations will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which the DPS had appeared.
- 6.2 **Locked-in Shares:** To the best of the knowledge of the Acquirers, as on the date of this DLOF, there are no locked in shares in the Target Company.
- 6.3 **Persons eligible to participate in the Offer:**
- 6.3.1 All Public Shareholders, are eligible to participate in the Offer any time before the closure of the Offer.
- 6.3.2 In accordance with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020 read with para 58 of FAQs on SEBI (SAST) Regulations dated July 02, 2020, the public shareholders holding securities in physical form are allowed to tender shares in an open offer. Such tendering shall be as per the provisions of the SEBI (SAST) Regulations. The procedure for tendering to be followed by the Public Shareholders holding Equity Shares in the physical form is detailed in para 7.9.
- 6.4 **Statutory Approvals and conditions of the Offer:**
- 6.4.1 To the best of knowledge and belief of the Acquirers, as of the date of this DLoO, there are no other statutory approvals required for this Open Offer. However, if any other statutory approvals are required prior to completion of this offer, this offer would be subject to the receipt of such other statutory approvals that may become applicable later.

- 6.4.2 If the holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required & received any approvals (including from the RBI, the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirers reserve the right to reject such Equity Shares tendered in this Offer.
- 6.4.3 Subject to the receipt of statutory and other approval/s, and/or consent, if any, the Acquirers shall complete all requirements relating to this Offer including payment to the shareholders who have accepted the Open Offer within 10 (ten) working days from the date of closure of the Tendering Period.
- 6.4.4 In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by SEBI, in terms of Regulation 18(11) of SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable to forfeiture.
- 6.4.5 If any of the statutory approval/s, which may become applicable at a later stage (if any) are not met for reasons outside the reasonable control of the Acquirers, or in the event the statutory approval/s are refused, the Acquirers, 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 (two) working days of such withdrawal, in the same newspapers in which the DPS was published and such announcement will also be sent to SEBI, BSE and the Target Company.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 7.1 The Target Company is presently having connectivity with Central Depository Services (India) Limited ('CDSL') and National Securities Depositories Limited ('NSDL'). The ISIN of the Target Company is INE502D01011.
- 7.2 The Open Offer will be implemented by the Acquirers through Stock Exchange Mechanism as provided under the SEBI (SAST) Regulations and the SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 and circular no. CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 issued by SEBI and on such terms and conditions as may be permitted by law from time to time.
- 7.3 BSE shall be the designated stock exchange for the purpose of tendering Equity Shares in the Open Offer.
- 7.4 The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE, in the form of a separate window ("**Acquisition Window**").
- 7.5 For implementation of the Open Offer, the Acquirers have appointed Shreni Shares Private Limited ("**Buying Broker**") for the Open Offer through whom the purchase and settlement of the Offer Equity Shares tendered in the Open Offer shall be made. The contact details of the Buying Broker are as mentioned below:

Name	Shreni Shares Private Limited
Address	A-102, Sea Lord CHS, Above Axis Bank, Ram Nagar, Borivali West, Mumbai, Maharashtra – 400 092, India
Contact No.	+91-22-2808 8456
Email Id	shrenisharespvtltd@yahoo.in
Contact Person	Hitesh Punjani

- 7.6 All Public Shareholders who desire to tender their Shares under the Open Offer would have to approach their respective stockbrokers ("**Selling Broker**"), during the normal trading hours of the secondary market during the Tendering Period.
- 7.7 The Selling Brokers can enter orders for both physical as well as dematerialised Equity Shares. The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
- 7.8 Public Shareholders can tender their shares only through a broker with whom the shareholder is registered as client (KYC Compliant).
- 7.9 **Procedure for Equity Shares held in physical form:**

- 7.9.1. Public Shareholders who are holding physical Equity Shares and intend to participate in the Open Offer shall approach Selling Broker. 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 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.
- 7.9.2. After placement of order, the Selling Broker(s)/ Eligible Shareholders must ensure delivery of the Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein the along with the complete set of documents for verification procedures to be carried out (a) original share certificate(s), (b) valid share transfer form(s) duly filled and signed by the transferors (i.e., by all registered shareholders in same order and as per the specimen signatures registered with the Target Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Target Company, (c) self-attested copy of the shareholder's PAN Card, and (d) TRS, any other relevant documents such as power of attorney, corporate authorization (including board resolution/ specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable 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 superscripted as "**IOS - 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.
- 7.9.3. In addition, if the address of the Public Shareholder has undergone a change from the address registered in the register of members of the Target Company, the relevant Public Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: (a) valid Aadhar Card; (b) Voter Identity Card; or (c) Passport.
- 7.9.4. 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 Equity Shares for the Open Offer shall be subject to verification by the RTA. On receipt of the confirmation from the RTA, the bid will be accepted else rejected and accordingly the same will be depicted on the exchange platform.
- 7.9.5. Public Shareholders who have sent the Equity Shares held by them for dematerialization need to ensure that the process of dematerialization is completed in time for the credit in the Escrow Demat Account, to be received on or before the closure of the Tendering Period or else their application will be rejected.
- 7.9.6. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):
- a. Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired.
 - b. Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - c. No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien, or encumbrance.

7.10 Procedure for Equity Shares held in Demat Form:

- 7.10.1 The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their Selling Broker, indicating details of Shares they wish to tender in Open Offer.
- 7.10.2 The Selling Broker shall provide early pay-in of demat shares (except for Custodian Participant orders) to the Clearing Corporation before placing the bids / orders and the same shall be validated at the time of order entry.
- 7.10.3 For Custodian Participant, orders for demat equity shares early pay-in is mandatory prior to confirmation of order by the Custodian. The Custodians shall either confirm or reject orders not later than close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
- 7.10.4 The details of settlement number for early pay-in of equity shares shall be informed in the issue opening circular that will be issued by BSE / Clearing Corporation, before the opening of the Offer.

- 7.10.5 Upon placing the bid, the seller member(s) shall provide TRS generated by the Exchange Bidding System to the shareholder. TRS will contain details of order submitted like Bid ID No. DP ID, Client ID, No of Equity Shares tendered etc.
- 7.10.6 The Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Open Offer.

8. ACCEPTANCE OF SHARES

- 8.1 Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.
- 8.2 In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirers shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Public Shareholder shall not be less than the minimum marketable lot.

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

- 9.1. Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.
- 9.2. A Shareholder may participate in the Offer by approaching their broker / Selling Broker and tender Shares in the Open Offer as per the procedure mentioned in the Letter of Offer.
- 9.3. The Letter of Offer along with acceptance form will be dispatched to all the eligible shareholders of the Target Company, as appearing in the list of members of the Target Company. In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the website of SEBI (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the equity shares of the Target Company.
- 9.4. The Letter of Offer along with the Form of Acceptance would also be available at website of SEBI, www.sebi.gov.in and shareholders can also apply by downloading such forms from the said website.
- 9.5. Alternatively, in case of non-receipt of the Letter of Offer, the Eligible Public Shareholders holding the Equity Shares may participate in the Offer by providing their application in plain paper in writing signed by all shareholder(s), stating name, address, number of Equity Shares held, client ID number, DP name, DP ID number, number of Equity Shares tendered, and other relevant documents as mentioned in para 7. Such Eligible Public Shareholders must ensure that their order is entered in the electronic platform of BSE which will be made available by BSE before the closure of the Tendering Period.

10. SETTLEMENT PROCESS

- 10.1. On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list shall be provided to the Stock Exchanges to facilitate settlement based on Shares transferred to the Clearing Corporation.
- 10.2. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favor of Clearing Corporation.
- 10.3. The direct credit of shares shall be given to the demat accounts of the Acquirers indicated by the Acquirers' Buying Broker. The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's bank account as per the prescribed schedule.
- 10.4. For the same, the existing facility of client direct payout in the capital market segment shall be available.
- 10.5. Buying Broker would also issue a contract note to the Acquirers for the Equity Shares accepted under the Offer.
- 10.6. Once the basis of acceptance is finalized, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the Buying Broker's pool account.

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

11. SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

11.1. For Equity Shareholders holding Equity Shares in demat:

- 11.1.1. The settlements of fund obligation for demat shares shall be affected by clearing corporation. For the equity shares accepted under the open offer, the payment will be made by the Clearing Corporation to the shareholders directly to their bank account.
- 11.1.2. The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Public Shareholder will receive funds payout in their settlement bank account.
- 11.1.3. The funds received from Buying Broker by the Clearing Corporation will be released directly, to Public Shareholder.
- 11.1.4. Shareholders who intend to participate in the Offer should consult their respective Seller Broker for payment to them of any cost, charges, and expenses (including brokerage) that may be levied by the Seller Broker upon the Selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling Shareholders from their respective Seller Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirers accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.
- 11.1.5. In case of delay in receipt of any statutory approval(s), the SEBI may, if satisfied that such delay in receipt of the statutory approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirers to diligently pursue such approval, and subject to such terms and conditions as specified by the SEBI (including payment of interest in accordance with Regulation 18(11) of the SEBI SAST Regulations) grant an extension of time to the Acquirers pending receipt of such statutory approval(s) to make the payment of the consideration to the Eligible Public Shareholders whose Equity Shares have been accepted in the Offer.

12. NOTE ON TAXATION

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

Gains arising from the transfer of shares may be treated either as "capital gains" or as "business income" for income-tax purposes, depending upon whether such shares were held as a capital asset or business asset (i.e., stock-in-trade).

The IT Act also provides for different income-tax regimes/ rates applicable to the gains arising from the tendering of Equity Shares under the Open Offer, based on the period of holding, residential status, classification of the shareholder and nature of the income earned, etc. Any applicable surcharge and education cess would be in addition to such applicable tax rates.

Based on the provisions of the IT Act, the shareholders would be required to file an annual income-tax return, as may be applicable to different category of persons, with the Indian income tax authorities, reporting their income for the relevant year.

The summary of income-tax implications on tendering of Equity Shares on the recognized stock exchange and chargeable to STT is set out below.

Taxability of Capital Gain in the hands of the Public Shareholders:

- i. The Finance Act, 2018, vide Section 112A, has imposed an income tax on long-term capital gains at the rate of 10% (Ten percent only) on transfer of equity shares that are listed on a recognized stock exchange, which have been held for more than 1 (one) year and have been subject to STT upon both acquisition and sale (subject to certain transactions, yet to be notified, to which the provisions of applicability of payment of STT upon acquisition shall not be applicable).

Under this provision the capital gains tax would be calculated on gains exceeding INR 100,000 (Indian Rupees One Lakh only) (without any indexation and foreign exchange fluctuation benefits). It may also be noted that any capital gains arising up to January 31, 2018 are grandfathered under this provision. The cost of acquisition for the long-term capital asset acquired on or before January 31, 2018 will be the actual cost. However, if the actual cost is less than the fair market value of such asset (lower of consideration on transfer) as on January 31, 2018, the fair market value will be deemed to be the cost of acquisition.

- ii. As per section 111A of the Act, short-term capital gains arising from transfer of listed shares on which STT is paid would be subject to tax at the rate of 15% (Fifteen percent only) for Public Shareholders (except certain specific categories).
- iii. Any applicable surcharge and education cess would be in addition to above applicable rates.
- iv. In case of resident Public Shareholders, in absence of any specific provision under the IT Act, the Acquirers shall not deduct tax on the consideration payable to resident Public Shareholders pursuant to the Offer. However, in case of non-resident Public Shareholders, since the Offer is through the recognized stock exchange, the responsibility to discharge the tax due on the gains (if any) is on the non-resident Public Shareholders. It is therefore recommended that the non-resident Public Shareholder may consult their custodians/authorized dealers/ tax advisors appropriately.

The tax implications are based on provisions of the IT Act as applicable as on date of this Draft Letter of Offer. In case of any amendment made effective prior to the date of closure of this Offer, then the provisions of the IT Act as amended would apply.

Notwithstanding the details given above, all payments will be made to the Public Shareholders subject to compliance with prevailing tax laws. The final tax liability of the Public Shareholder shall remain of such Public Shareholder and the said Public Shareholder will appropriately disclose the amounts received by it, pursuant to this Offer, before the Indian income tax authorities.

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

13. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered office of the Manager to the Offer, Shreni Shares Private Limited, Office No. 102, 1st Floor Sea Lord CHSL, 1/A1/B, Ram Nagar, Borivali West, Mumbai - 400 092, Maharashtra, India on any working day between 9.00 a.m. and 7.00 p.m. during the period the Offer is open i.e., from March 25, 2022 to April 07, 2022.

- i) Memorandum and Articles of Association and Certificate of Incorporation of Target Company.
- ii) Memorandum of Understanding between Manager to Offer i.e., Shreni Share Private Limited and the Acquirers.
- iii) Copy of Agreement between the Registrar to the offer i.e., Purva Sharegistry (India) Private Limited and the Acquirers.
- iv) Certificate from AAA Valuation Professionals (I) LLP, Registered Valuer (Registration No. IBBI/RV-E/02/2019/104), certifying the fair value of the Equity Shares of Target Company.
- v) Certificate from CA Niranjn Jain, Proprietor of M/s Niranjn Jain & Co., Chartered Accountants, (Membership No. 47811), Firm Registration No. 113913W, certifying the net worth of the Acquirers 1 & 2 and confirming that the Acquirers 1 & 2 have adequate financial resources available for meeting their obligation under the Open Offer.
- vi) Certificate from CA Biral N Patel, Partner of M/s N A B & Co., Chartered Accountants, (Membership No. 146600), Firm Registration No. 134377W certifying the net worth of the Acquirer 3 and confirming that the Acquirer 3 have adequate financial resources available for meeting their obligation under the Open Offer.

- vii) Annual Reports for the last three financial years ended, March 31, 2021, March 31, 2020 and March 31, 2019 of Target Company.
- viii) Bank Statement received from, Kotak Mahindra Bank Limited for required amount kept in the escrow account and marked lien in favour of Manager to Offer.
- ix) The copy of Share Purchase Agreement dated January 31, 2022, between the Seller and the Acquirers, which triggered the Open Offer.
- x) Copy of the Public Announcement dated January 31, 2022, and published copy of the Detailed Public Statement dated February 04, 2022.
- xi) Copy of the recommendations dated [●] made by the Committee of Independent Directors of the Target Company.
- xii) Copy of SEBI Observation letter no. [●] dated [●].
- xiii) Escrow Agreement between Acquirers, Kotak Mahindra Bank Limited and Manager to the Offer.

14. DECLARATION BY THE ACQUIRERS

The Acquirers, and their respective Trustees/Sponsors/Directors accepts full responsibility for the information contained in this DLoO and also for ensuring the compliance with the obligations of the Acquirers as laid down in the SEBI (SAST) Regulations.

The Acquirers have made all reasonable inquiries, accept full responsibility and confirms that this DLoO is in compliance with the SEBI (SAST) Regulations, and that it contains all information with regard to the Offer, which is material in the context of the issue, that the information contained in this DLoO 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.

The Manager to the Offer hereby states that the person(s) signing this DLoO are the Acquirers and/or its duly Authorised Representatives.

ON BEHALF OF THE ACQUIRERS:

Sd/-

Jolly Mayank Suresh

Place: Mumbai

Date: February 09, 2022