

- b) In absence of any specific provision under the I-T Act, Acquirer will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares. However, long term gain arising on such transfer would be chargeable to tax under Section 112 of the Indian Income tax Act (herein after the Act).
- c) Non-resident Shareholders (including FII) are required to submit their Permanent Account Number ("PAN") for income-tax purposes. In case of Non - Residents (including FII), if PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the I-T Act, whichever is higher in accordance with provisions of Section 206AA of the Act.
- d) In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted treating the shareholder as non-resident and at the rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire consideration payable to such Shareholder.
- e) Any shareholder claiming benefit under any Double Taxation Avoidance Agreement between India and any other foreign country should furnish 'Tax Residence Certificate' provided to him/it by the Income Tax Authority of such other foreign country of which he/it claims to be a tax resident.
- f) Under any circumstances, the acquirer will not accept any request from any shareholder for no deduction of tax at source or deduction of tax at lower rate on the basis of any self computation / computation by any tax consultant of capital gain and tax payable thereon.
- g) Securities transaction tax will not be applicable to the Shares accepted in delisting offer.
- h) The provisions contained under clause (c) and (f) above shall apply notwithstanding anything contrary contained in other paragraphs below.
- 2. Tax to be Deducted in Case of Non-resident Shareholders (other than FII)**
- a) While tendering Shares under the delisting offer, NRIs/OCBs/foreign shareholders shall be required to submit a certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act along with the Bid cum Acceptance Form, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such certificate.
- b) In case the aforesaid certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire consideration payable to such Shareholder.

- c) In case of an individual non - resident shareholder, who is either a citizen of India or a person of Indian Origin, who has himself / herself acquired equity shares of the target company with convertible foreign exchange and has also held such shares for at least twelve months prior to the date on which shares, if any, are accepted under the present delisting offer, the applicable rate of tax deduction at source would be 10.30%. However, to be eligible for this lower rate of tax deduction at source the shareholder will have to furnish copy of his / her demat a/c. clearly reflecting the fact that share held in that a/c. are in repatriable mode. Further, copy of the demat a/c. should also reflect that the shares were held for more than twelve months prior to the date on which shares, if any, are accepted under the present delisting offer. In case of shares held in physical mode the shareholder will have to furnish certificate from his / her bank to the effect that the purchase consideration of these shares was paid out of non resident external a/c of the shareholder concerned.
- 3. Withholding tax (TDS) implications for FII**
- a) As per provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to a FII as defined in section 115AD of the I-T Act.
- b) A FII should certify ("FII Certificate") the nature of its income arising from transfer of Shares in the Target Company as per the I-T Act by tick marking appropriate box in the Bid cum Acceptance Form.
- c) In the absence of FII Certificate to the effect that their income from transfer of Shares is in the nature of capital gains, the Acquirer will deduct tax at the rate applicable to the category to which such FII belongs on the entire consideration payable to such FII. Should FII submit a certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the I-T Act, the Acquirer will deduct tax in accordance with the same.
- 4. Declaration / Certification by Non - Residents**
- For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take actions based on the information submitted by the Non-Resident Shareholders. In case of unavailability of information with the Acquirer or any ambiguous, incomplete or conflicting information, the capital gain shall be assumed to be short-term in nature. The aforementioned categories of Non-Resident Shareholders should certify in the Bid cum Acceptance Form whether the equity shares are held by them on investment/ capital account or on trade account.
- 5. Issue of withholding tax certificate**
- The Acquirer will issue a certificate in the prescribed form to the Shareholders who

have been paid the consideration after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

Public Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy of such advice. The tax rates and other provisions may undergo changes.

22. CERTIFICATION BY BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors of the Company hereby certifies that -

- the Company has not raised capital by issuing securities during the five years preceding the date of this PA;
- all material information which is required to be disclosed under the provisions of the continuous listing requirement under the relevant Listing Agreement have been disclosed to the BSE and the NSE, as applicable.

23. COMPLIANCE OFFICER

The Compliance Officer of the Company is:
Ms. Amruta Avasare, Company Secretary; Phone: +91 22 2659 6222
Fax: +91 22 2659 6814 • Email: aavasare@carolinfoservices.com

24. DISCLAIMER CLAUSE OF THE BSE

It is to be distinctly understood that the permission given by BSE to use their electronic automated facilities and infrastructure for "Online reverse book building facility for delisting of securities" should not in any way be deemed or construed that the compliance with various statutory and other requirements by Carol Info Services Ltd. and the Manager to the Offer etc. are cleared or approved by BSE; nor does BSE in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does BSE have any financial responsibility or liability nor does BSE take responsibility in any way for the financial or other soundness of the Company, its promoter or its management. It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed to mean that the Public Announcement has been cleared or approved by BSE, nor does BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Public Announcement, nor does BSE warrant that the securities will be delisted. That every person who desires to avail of the exit opportunity may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE or against the Investor Protection Fund set up by BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such Offer and tender of securities through reverse book building process whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

25. GENERAL DISCLAIMER

Every person who desires to avail of the Offer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against KHIPL, the Manager to the Offer or the Company whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such offer and tender of securities through RBP.

This PA is issued on behalf of KHIPL by the Manager to the Offer. In case the Public Shareholders have any queries concerning the non-receipt of credit or payment for Offer Shares or on delisting processes and procedure, they may address the same to the Registrar to the Offer or the Manager to the Offer.

REGISTRAR TO THE OFFER

LINK INTIME
INDIA PVT LTD

Link Intime India Private Limited
Unit: Carol Info Services Limited - Delisting Offer
C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai - 400078
Tel: (022) 2596 0320 Fax: (022) 2596 0329
Contact Person: Mr. Pravin Kasare
Email: cisl.delisting@linkintime.co.in

MANAGER TO THE OFFER

JM FINANCIAL

JM FINANCIAL CONSULTANTS PRIVATE LIMITED
141, Maker Chambers III, Nariman Point, Mumbai-400 021
Tel: +91-22-6630 3030; Fax: +91-22-2204 7185
Contact Person: Ms. Lakshmi Lakshmanan
Email: lakshmi.lakshmanan@jmfinancial.in

For Khorakiwala Holdings and Investments Private Limited
(On behalf of the Board)

Sd/-
Dr. Habil F Khorakiwala
Chairman

Sd/-
Dr. Murtaza Khorakiwala
Director

Place: Mumbai, India
Date: January 1, 2012