

Date: June 10, 2021

To,  
BSE Limited,  
P.J. Towers, Dalal Street,  
Mumbai – 400 001

Respected Sir/ Madam,

**Subject: OPEN OFFER BY SHOBHA ANANT HEGDE, ELECTREX INTERNATIONAL PVT LTD AND ELECTREX POWER TOOLS PVT LTD (HEREINAFTER COLLECTIVELY REFERRED TO AS “ACQUIRERS”) TO THE SHAREHOLDERS OF SPARC SYSTEMS LIMITED (SPARC) TO ACQUIRE FROM THEM UPTO 12,71,140 EQUITY SHARES OF RS. 10/- EACH REPRESENTING 26% OF THE EQUITY AND VOTING SHARE CAPITAL OF SPARC @ RS. 4.00 PER FULLY PAID-UP EQUITY SHARE**

We are pleased to inform you that we have been appointed as the “Manager to the Offer” by the Acquirers for the above-mentioned Open Offer. The Equity Shares of SPARC are listed on the BSE Limited (“BSE”).

We would further like to inform you that the Acquirers have entered into a Share Purchase Agreement dated May 31, 2021 with the present Promoters of the Target Company for acquisition of 7,23,083 Equity Shares constituting 14.79% of the total equity and voting share capital of the Target Company.

In the light of the above, we would like to inform you that the Draft Letter of Offer has been dispatched to SEBI in respect of the above captioned matter. We are enclosing herewith a copy of the Draft Letter of Offer for your necessary perusal.

Kindly acknowledge the same.

Thanking you,

Yours faithfully,  
For CapitalSquare Advisors Private Limited

*Tannoy Banerjee*  
Mr. Tannoy Banerjee  
(Vice President)



Encl: As Above

**CAPITAL SQUARE ADVISORS PRIVATE LIMITED**

## 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 **SPARC SYSTEMS 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.

<b>OPEN OFFER (“OFFER”)</b>			
<b>BY</b>			
Name	Address	Contact No.	Email Id
Shobha Anant Hegde (“Acquirer 1”)	601, Raheja Grand, Turner Road, Opp Fab India, Bandra West, Mumbai – 400 050, Maharashtra, India	+91 98195 12345	<a href="mailto:hegdeav@yahoo.com">hegdeav@yahoo.com</a>
Electrex International Private Limited (“Acquirer 2”)	Office No.503, 5th Floor, Plot-213, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021, Maharashtra, India.	+91 85912 44903	<a href="mailto:electrexinternational@gmail.com">electrexinternational@gmail.com</a>
Electrex Power Tools Private Limited (“Acquirer 3”)	602, Raheja Grand, Turner Road, Bandra West, Mumbai – 400 050, Maharashtra, India.	+91 85912 44903	<a href="mailto:electrexpowertools@gmail.com">electrexpowertools@gmail.com</a>

(Hereinafter referred to as “**The Acquirers**”)

**TO THE EXISTING SHAREHOLDERS OF SPARC SYSTEMS LIMITED**  
 (“**SPARC**” or the “**Target Company**”)  
 (CIN: L72100MH1989PLC053467)

**Registered Office:** Plot No. 11, Survey No. 118/1-2, Village Pundhe, At Post Athgaon, Thane – 421 301, Maharashtra, India  
**Tel No.:** 022 2779 2481/022-2779 2473/022-2779 2478; Fax No.: 022 2779 2481;  
**Website:** [www.sparcsys.com](http://www.sparcsys.com); **Email Id:** [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in)

**For the acquisition of up to 12,71,140 (Twelve Lakhs Seventy-One Thousand One Hundred Forty) fully paid-up equity Shares of Rs.10.00/- each representing 26.00% of paid-up equity and voting share capital of the Target Company, at a price of Rs. 4.00/- (Rupees Four only) per equity share (the “Offer Price”) payable in cash (“Offer” or “Open Offer”).**

**Please Note:**

- This Offer is being made by the Acquirers pursuant to Regulations 3(1) & (4) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto (“**SEBI (SAST) Regulations**”) for substantial acquisition of shares/ voting rights accompanied with change in control and management of the Target Company.
- As on the date of this Draft Letter of Offer, there are no other statutory approvals are required to acquire the equity shares that are validly tendered pursuant to this Offer. If any statutory approval becomes applicable prior to the completion of the Offer, this Offer would also be subject to such other statutory approval(s). For more details regarding the statutory and other approvals for the Offer, please see paragraph 6.8.1 (Statutory approvals and conditions of the Offer) at page 18 of this Draft Letter of Offer.
- 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. July 20, 2021, 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. If the Offer is withdrawn pursuant to Regulation 23, 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.
- This is not a **competitive offer as per Regulation 20 of the SEBI (SAST) Regulations.**
- If there is a competitive bid, the Public Offer under all subsisting bids shall open and close on the same date.**
- The Public Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement/ Detailed Public Statement/Draft Letter of Offer (DLoO), shall not be entitled to withdraw such acceptance during the tendering period.
- The Offer is not subject to a minimum level of acceptance by the shareholders of SPARC and is not a conditional offer.
- The Procedure for acceptance is set out in Para 7 of this DLoO.
- The Public Announcement, Detailed Public Statement and Draft Letter of Offer would also be available on website of SEBI at ([www.sebi.gov.in](http://www.sebi.gov.in)).

 <p><b>MANAGER TO THE OFFER</b>  <b>CAPITALSQUARE ADVISORS PRIVATE LIMITED</b>  <b>SEBI REGN NO:</b> INM000012219  <b>Contact Person:</b> Mr. Tanmoy Banerjee                  208, 2nd Floor, AARPEE Center, MIDC Road No 11, CTS 70, Andheri (E), Mumbai – 400 093, Maharashtra, India  <b>Phone No:</b> +91-22-6684 9999/9874283532  <b>Email:</b> <a href="mailto:tanmoy.banerjee@capitalsquare.in">tanmoy.banerjee@capitalsquare.in</a> / <a href="mailto:mb@capitalsquare.in">mb@capitalsquare.in</a>  <b>Website:</b> <a href="http://www.capitalsquare.in">www.capitalsquare.in</a></p>	 <p><b>REGISTRAR TO THE OFFER</b>  <b>PURVA SHAREREGISTRY (INDIA) PRIVATE LIMITED</b>  <b>SEBI REGN. NO.</b> INR000001112  <b>Contact Person:</b> Ms. Deepali Dhuri                  Unit No. 9, Ground Floor, Shiv Shakti Ind. Estt, J. R. Boricha Marg, Lower Parel East, Mumbai – 400 011, Maharashtra, India  <b>Phone No:</b> +91-22-2301 2518 / 8261  <b>E-mail:</b> <a href="mailto:support@purvashare.com">support@purvashare.com</a>  <b>Website:</b> <a href="http://www.purvashare.com">www.purvashare.com</a></p>
<b>OFFER OPENS ON: JULY 22, 2021 (THURSDAY)</b>	<b>OFFER CLOSES ON: AUGUST 04, 2021 (WEDNESDAY)</b>

## TENTATIVE SCHEDULE OF ACTIVITY RELATING TO THE OFFER

Activities	Date	Day
Date of the PA	May 31, 2021	Monday
Last Date for Publication of Detailed Public Statement in newspapers	June 07, 2021	Monday
Last date of filing of the Draft Letter of Offer with the SEBI	June 14, 2021	Monday
Last date of Public Announcement for Competing Offer	June 28, 2021	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)	July 05, 2021	Monday
Identified Date*	July 07, 2021	Wednesday
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	July 14, 2021	Wednesday
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	July 19, 2021	Monday
Last date for revising the Offer Price / Offer Size	July 20, 2021	Tuesday
Offer Opening Public Announcement	July 20, 2021	Tuesday
Date of commencement of tendering period (Open Date)	July 22, 2021	Thursday
Date of closing of tendering period (Close Date)	August 04, 2021	Wednesday
Date by which all requirements including payment of consideration would be completed	August 20, 2021	Friday

*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 owners (registered or unregistered) of equity shares of the Target Company (except the Acquirers and the parties to the SPA) are eligible to participate in the Offer any time before the Closure of the Offer.*

### **RISK FACTORS:**

#### **A. RELATING TO THE TRANSACTION AND THE PROPOSED OFFER:**

1. The Offer involves an offer to acquire 26.00% of the paid-up equity and voting share capital of SPARC from the eligible persons for the Offer. In the case of oversubscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
2. 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, save and except as set out in paragraph 6.8. (Statutory Approvals and conditions of the Offer) of this DLoO. 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.
3. In the event that either (a) regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the public shareholders of SPARC whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders for the delay, as may be specified by SEBI.
4. Shareholders should note that shareholders who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance during the tendering period even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
5. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers under the Offer. The Acquirers may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 23 of the SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

#### **B. RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRERS:**

1. The Acquirers intend to acquire 12,71,140 (Twelve Lakh Seventy-One Thousand One Hundred Forty) fully paid-up equity Shares of Rs.10.00/- each representing 26.00% of the paid-up equity and voting share capital of the Target Company, at a price of Rs. 4.00/- (Rupees Four only) per equity share, payable in cash under the SEBI (SAST) Regulations. SPARC does not have any partly paid-up equity shares as on the date of PA. The equity shares and documents tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the shareholders will not be able to

trade such equity shares. Post this Offer, the Acquirers will have significant equity ownership & effective management control over the Target Company pursuant to regulation 3(1) & 4 of the SEBI (SAST) Regulations.

2. The Acquirers make no assurance with respect to the market price of the shares during the Offer period and upon the completion of the Offer and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer. The Acquirers make no assurance with respect to the financial performance of the Target Company.
3. The Acquirers and the Manager to the Offer accepts no responsibility for the statements made otherwise than in the Public Announcement, Detailed Public Statement, or this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirers and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

**The risk factors set forth above, pertain to the offer and not in relation to the present or future business or operations of SPARC 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 shareholder in the offer. Shareholders of SPARC are advised to consult their stockbrokers or investment consultants, if any for further risk with respect to their participation in the offer. Each 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 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

Acquirer 1	Shobha Anant Hegde
Acquirer 2	Electrex International Private Limited
Acquirer 3	Electrex Power Tools Limited
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 June 10, 2021 submitted to SEBI for its observations
DPS	Detailed Public Statement dated June 07, 2021
Tender Period	July 22, 2021 to August 04, 2021
ECS	Electronic Clearing Service
Escrow Banker	ICICI Bank Limited
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
LoO	Letter of Offer
Manager to the Offer	CapitalSquare Advisors Private Limited
NRI(s)	Non- Resident Indians
NSDL	National Securities Depository Limited
Offer Period	From May 31, 2021 (i.e., date of entering Memorandum of Understanding between Acquirers and Manager to the Offer) to August 20, 2021 (i.e., date of Payment Consideration)
Offer Price	Rs. 4.00/- (Rupees Four only) per equity share payable in cash
Offer/Open Offer	Cash Offer being made by the Acquirers to acquire 12,71,140 equity shares of Rs. 10.00/- each, representing 26.00 % of the paid-up equity and voting share capital at a price of Rs. 4.00/- (Rupees Four only) per equity share
PA	Public Announcement dated May 31, 2021
Paid-up equity and voting share capital	Rs. 48.89 Lakhs divided into 48,89,000 equity shares of Rs.10.00/- each
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of SPARC except the Acquirers and parties to the Share Purchase Agreement
RBI	Reserve Bank of India
Registrar to the Offer	Purva Shareregistry (India) Private Limited
Return on Net Worth	Profit After Tax/Net Worth

Sale Shares	7,23,083 equity shares of Rs.10.00/- each at a price of Rs. 3.00/- (Rupees Three Only) per equity share forming part of the SPA
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
Sellers or Present Promoters	Jude Terrence D'souza, Punit Manmohansingh Neb, Epsom Finance and Investments Private Limited
SPA or Agreement	Share Purchase Agreement dated May 31, 2021 entered between the Acquirers and the Sellers
Target Company / SPARC	Sparc Systems Limited

## 1. DISCLAIMER CLAUSE

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DL<sub>o</sub>O 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 EQUITY SHAREHOLDERS OF SPARC 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 CAPITALSQUARE ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 10, 2021 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE 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 PROPOSED OFFER.”**

## 2. DETAILS OF THE OFFER

### 2.1. Background of the Offer:

- 2.1.1 This Open Offer (“**Offer**”) is being made by Shobha Anant Hegde (“**Acquirer 1**”), Electrex International Private Limited (“**Acquirer 2**”), Electrex Power Tools Private Limited (“**Acquirer 3**”), (herein after collectively referred to as “**Acquirers**”) in compliance with regulation 3(1) & 4 of the SEBI (SAST) Regulations, to the shareholders of Sparc Systems Limited (hereinafter referred to as “**Target Company**” or “**SPARC**”) a company incorporated and duly registered under the Companies Act, 1956 and having its registered office at Plot No. 11, Survey No. 118/1-2, Village Pundhe, At Post Athgaon, Thane – 421 301, Maharashtra, India. This Offer has been triggered upon the execution of the Share Purchase Agreement dated May 31, 2021, entered by and between Jude Terrence D'souza, Punit Manmohansingh Neb, Epsom Finance and Investments Private Limited (hereinafter referred to as the “**Sellers**”) and Shobha Anant Hegde (“**Acquirer 1**”), Electrex International Private Limited (“**Acquirer 2**”), Electrex Power Tools Private Limited (“**Acquirer 3**”) (herein after collectively referred to as “**Acquirers**”).
- 2.1.2 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.
- 2.1.3 There is no person acting in concert (“**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 12,71,140 fully paid-up Equity Shares of Rs.10.00/- each representing 26.00% of paid-up equity and voting share capital of the Target Company, at a price of Rs. 4.00/- (Rupees Four only) per equity share (the “**Offer Price**”) payable in cash, subject to the terms and conditions mentioned hereinafter.
- 2.1.5 The Acquirers have entered into a Share Purchase Agreement dated May 31, 2021, with the present Promoters of the Target Company viz, Jude Terrence D'souza, Punit Manmohansingh Neb and Epsom Finance and Investments Private Limited (hereinafter collectively referred to as the “**Sellers**”) to acquire in aggregate 7,23,083 equity shares of Rs. 10.00/- each representing 14.79% of the fully paid-up equity and voting share capital of the Target Company at a price of Rs. 3.00/- per

fully paid-up equity share payable in cash (“**Negotiated Price**”) for a total consideration of Rs. 21,69,249/- (Rupees Twenty-One Lakhs Sixty-Nine Thousand Two Hundred Forty-Nine Only).

The details of the Sellers are as under:

Sl. No.	Name & Address of Sellers	Nature	Part of the Promoter/Promoter Group (Yes/No)	Shares Holding of the Sellers			
				Pre-Transaction		Post Transactions	
				No of Share	% to paid Equity Shares	No of Share	% to paid Equity Shares
1.	Jude Terrence D’souza PAN: AACPD9301M Row House No. 16, Lovely CHS, Sector 2, Airoli, Navi Mumbai, Mumbai – 400 708, Maharashtra, India	Individual	Yes	4,49,400	9.19	Nil	Nil
2.	Punit Manmohansingh Neb PAN: ABSPN6916HB 1603, 16th Floor-1st, Plot-650, A2, Brothers CHS Ltd, Lt Dilip Gupte Marg, Near RBI Staff Quarters, Mahim, Mumbai – 400 016, Maharashtra, India	Individual	Yes	29,300	0.60	Nil	Nil
3.	Epson Finance and Investments Private Limited PAN: AAACE7492B House No. 1963/3A, Flat No. 103, Mangalmurti Apartments, Sector No. 1, Airoli, Navi Mumbai – 400 708, Maharashtra, India	Company	Yes	7,19,600	14.72	4,75,217	9.72
<b>TOTAL</b>				<b>11,98,300</b>	<b>24.51</b>	<b>4,75,217</b>	<b>9.72</b>

2.1.6 Apart from as mentioned above 7,23,083 (Seven Lakhs Twenty-Three Thousand Eighty-Three) equity shares of Rs.10.00/- each representing 14.79% of the fully paid-up equity and voting share capital of the Target Company which the Acquirers have agreed to acquire pursuant to SPA dated May 31, 2021, the Acquirer 1 has acquired 6,02,655 equity shares representing 12.33% of the fully paid-up equity and voting share capital of the Target Company during the 52 weeks period prior to the date of the PA. The provisions of Chapter V of the SEBI (SAST) Regulations are applicable to the Acquirer 1 and the Acquirer 1 has complied with the same.

2.1.7 The Manager to the Offer i.e., CapitalSquare Advisors Private Limited does not hold any Equity Shares in the Target Company as on the date of this DLoO. The Manager to the Offer further declared and undertakes that they shall not deal in the Equity Shares of the Target Company on their own account during the offer period.

2.1.8 The Offer is not a result of global acquisition resulting in indirect acquisition of SPARC.

2.1.9 The Salient features of the Share Purchase Agreement are as follows:

- a. The Sellers hold 11,98,300 Equity shares of the Target Company aggregating to 24.51% of the present paid up Equity and voting share capital of the Target Company.
- b. The Sellers have agreed to sell, and the Acquirers have agreed to acquire in aggregate 7,23,083 fully paid-up Equity shares of Rs. 10.00/- each (“**Sale shares**”) representing 14.79% of the present paid up Equity and voting share capital of the Target Company at a price of Rs. 3.00/- per share for cash aggregating to Rs. 21,69,249/- (“**Purchase Price**”).
- c. The Sale Shares are free from all charges, encumbrances, pledge, liens, attachments, litigations and are not subjects to any lock in period.
- d. The aggregate purchase consideration for the sale shares i.e., Rs. 21,69,249/- shall be payable to the Sellers as follows:
  - i.) A sum of Rs. 5,00,000 (Rupees Five Lakhs Only) would be payable to the Sellers on the date of signing of SPA.

ii.) A sum of Rs. 5,00,000 (Rupees Five Lakhs Only) after the SEBI Approval.

iii.) Balance amount of Rs. 11,69,249/- (Rupees Eleven Lakh Sixty-Nine Thousand Two Forty-Nine) would be paid after the completion of the open offer formalities.

- e. The Sellers shall sell, convey, and deliver to the Acquirers, Sale shares and the Acquirers shall purchase, acquire, and accept from the Sellers.
- f. That the Acquirers and the Sellers agree to abide by its obligations as contained in the SEBI (SAST) Regulations.
- g. That in case of non-compliance of any provisions of the SEBI (SAST) Regulations; the Agreement for such sale shall not be acted upon by the Sellers or the Acquirers.

2.1.10 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.

2.1.11 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.

2.1.12 No other persons/individuals/entities are acting in concert with the Acquirers for the purpose of this Offer in terms of Regulation 2 (1) (q) of the SEBI (SAST) Regulations.

2.1.13 During the Financial Years 2017-18, 2019-2020 and 2020-2021, the Promoters and Promoter Group have failed to make necessary disclosure under Regulations 10(6), 10(7), 29(2) and 31(4) of the SEBI (SAST) Regulations within the due dates. The details of the same is presented below:

Sr. No.	Financial Year	Regulation	Name of the Promoter	Date of Transaction and No. of Shares	Due Date of filing Report	Actual Date of filing Report	No. of days delay
1.	2017-2018	10 (6)	Jude Terrence D'souza	03/10/2017 and 20,900 shares	October 09, 2017	January 01, 2018	Delay of 84 days
2.		10 (7)		03/10/2017 and 20,900 shares	November 03, 2017	January 18, 2018	Delay of 76 days
3.		29 (2)		03/10/2017 and 20,900 shares	October 06, 2017	January 04, 2018	Delay of 90 days
4.				30/12/2017 and 3,77,300 shares	January 02, 2018		Delay of 2 days
5.	2019-2020	31 (4)	NA	NA	June 01, 2020	July 01, 2020	Delay of 30 days
6.	2020-2021	31 (4)	NA	NA	April 12, 2021	May 14, 2021	Delay of 32 days

**Due to the aforesaid violations, SEBI may initiate appropriate action against the Promoters and Promoter Group for the aforesaid violation in terms of the SEBI (SAST) Regulations and provisions of the SEBI Act.**

## 2.2. Details of the proposed Offer:

2.2.1. The Acquirers have made a Public Announcement on May 31, 2021, to SEBI, BSE, Target Company and Detailed Public Statement dated June 04, 2021, which was published in the following newspapers on June 05, 2021, in accordance with the Regulation 14 (3):

Publication	Language	Edition
Financial Express	English	All Editions
Jansatta (Hindi)	Hindi	All Editions
Mumbai Lakshadweep	Marathi	Mumbai Edition



The Detailed Public Statement is also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), website of BSE at [www.bseindia.com](http://www.bseindia.com) and the website of Manager to the Offer [www.capitalsquare.in](http://www.capitalsquare.in).

- 2.2.2. The Acquirers propose to acquire from the existing equity shareholders of SPARC (except the parties to the SPA) 12,71,140 equity shares of Rs.10.00/- each representing 26.00% of the paid-up equity and voting share capital of the Target Company, at a price of Rs. 4.00/- (Rupees Four only) (the “Offer Price”) per Equity share payable in cash (the “Offer” of “Open Offer”) 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 Draft Letter of Offer.
- 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 accept all the Equity shares of SPARC those that are tendered in valid form in terms of this Open Offer up to a maximum of 12,71,140 fully paid-up Equity shares of Rs.10.00/- each representing 26.00% of the paid-up equity and voting share capital of the Target Company.
- 2.2.5. Since the date of the PA to the date of this DLoO, the Acquirers have not acquired any Equity shares of SPARC.
- 2.2.6. 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 is not a competitive bid in terms of the Regulation 20 of SEBI (SAST) Regulations.
- 2.2.9. The offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.
- 2.2.10. 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.
- 2.2.11. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirers have appointed CapitalSquare Advisors Private Limited as the Manager to the Offer.
- 2.2.12. As per Regulation 38 of SEBI (LODR) Regulations, read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended (‘SCRR’), the Target Company is required to maintain at least 25% Public Shareholding, on continuous basis for listing. Pursuant to completion of this Offer, assuming full acceptance, the Public Shareholding in the Target Company will not fall below the minimum public shareholding requirement as per SCRR as amended and the SEBI (LODR) Regulations.
- 2.2.13. Upon completion of the Offer, assuming full acceptances in the Offer, Acquirers will hold 25,96,878 (Twenty-Five Lakhs Ninety-Six Thousand Eight Hundred and Seventy-Eight) Equity Shares constituting 53.12% of the present paid-up share capital of the Target Company.

### **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 Acquirers propose to continue existing business of the Target Company and may diversify its business activities in future with prior approval of the shareholders. The main purpose of takeover is to expand the Company’s business activities in same/diversified line through exercising effective control over the Target Company. However, no firm decision in this regard has been taken or proposed so far.
- 2.3.3. The Acquirers do not have any plans to dispose off or otherwise encumber any significant assets of SPARC 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.
- 2.3.4. 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.

- 2.3.5. This Open Offer is for acquisition of 26.00% of paid-up equity and voting share capital of the Target Company. After the completion of this Open Offer and pursuant to transfer of Equity shares so acquired under SPA, the Acquirers shall hold majority of the Equity Shares.

### 3. BACKGROUND OF THE ACQUIRERS

#### 3.1. Shobha Anant Hegde (“Acquirer 1”):

- 3.1.1. W/o Anant Hegde, aged 63 years having PAN: AATPH1707N and residing at 601, Raheja Grand, Turner Road, Opp Fab India, Bandra West, Mumbai – 400 050, Maharashtra, India. Her email id is [hegdeav@yahoo.com](mailto:hegdeav@yahoo.com) and her contact no. is +91 98195 12345.
- 3.1.2. She is an undergraduate and has around three decades of experience in manufacturing and trading of electronic power tools.
- 3.1.3. She is Director of Anshoit Engineers Private Limited and Electrex Power Tools Private Limited (Acquirer 3). She is also Additional Director of Easy Power Tools Private Limited and Electrex International Private Limited (Acquirer 2).
- 3.1.4. The Net worth of Shobha Anant Hegde as on May 29, 2021, is Rs. 1,729 Lakhs and the same is certified by CA S M Bhat, Proprietor of S M Bhat & Associates, Chartered Accountants, (Membership No. 030696), Firm Registration No. 131347W, having its office at Office No. 101, Mickey Heritage, 7<sup>th</sup> Road, Above HDFC Bank, Santacruz (East), Mumbai – 400 055, Maharashtra, India, Tel. No. 022 – 2615 0520; Email: [bhat30696@yahoo.in](mailto:bhat30696@yahoo.in).

#### 3.2. Electrex International Private Limited (“Acquirer 2”):

- 3.2.1. Acquirer 2 is a private limited company incorporated on March 16, 2012, under the Companies Act, 1956 bearing corporate identity number U29305MH2012PTC228270. There has been no change in the name of the Acquirer 2 since its incorporation. The email id of Acquirer 2 is [electrexinternational@gmail.com](mailto:electrexinternational@gmail.com) and contact no. is +91 85912 44903.
- 3.2.2. The registered office of the Acquirer 2 is located at Office No.503, 5th Floor, Plot-213, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai – 400 021, Maharashtra, India.
- 3.2.3. The Acquirer 2 is primarily engaged in the business of manufacturing of electric components and power tools.
- 3.2.4. The shares of the Acquirer 2 are not listed on any stock exchanges.
- 3.2.5. As on date of this Draft Letter of Offer, the Board of Directors of the Acquirer 2 consist of:

Name of the Director	DIN	Age	Date of Appointment	Qualification and Experience
Shobha Anant Hegde	02191801	63 years	April 19, 2019	She is an undergraduate. She has more than 30 years of experience in the business of manufacturing of electric components and power tools.
Shobith Ganesh Hegde	02211021	39 years	January 11, 2021	He has completed B.Com from Mumbai University. He has also completed Business Management Degree from the University of Greenwich (U.K) & Masters in Business Law from the University of Kingston (U.K). He has more than 10 years of experience in Factory Management.

- 3.2.6. The issued and paid-up share capital of the Acquirer 2 as on date of this DPS is Rs. 20,00,000/- comprising of 2,00,000 equity shares of Rs. 10.00/- each. Set out below is the shareholding pattern of the Acquirer 2:

Name of the Shareholder	No. of shares held	% of total issued shares
Shobha Anant Hegde	1,34,000	67.00%
Shobith Ganesh Hegde	66,000	33.00%

3.2.7. The key financial information of the Acquirer 2 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, is set out below:

#### Profit and Loss Statement

(Rs. In Lakhs)

Particulars	Year ended 31.03.2021 (Audited)	Year ended 31.03.2020 (Audited)	Year ended 31.03.2019 (Audited)
Income from operations	135.00	188.99	253.53
Other Income	20.00	18.00	35.75
<b>Total Income</b>	<b>155.00</b>	<b>206.99</b>	<b>289.28</b>
<b>Total Expenditure</b>	<b>136.18</b>	<b>197.25</b>	<b>272.85</b>
Profit Before Depreciation Interest and Tax	24.00	15.16	19.37
Depreciation	5.18	5.42	2.94
Interest	-	-	-
<b>Profit Before Tax</b>	<b>18.82</b>	<b>9.74</b>	<b>16.43</b>
Less: Provision for Tax	2.10	3.06	3.47
<b>Profit After Tax</b>	<b>16.72</b>	<b>6.68</b>	<b>12.96</b>

#### Balance Sheet

(Rs. in Lakhs)

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
	(Audited)	(Audited)	(Audited)
<b>(A) Sources of funds</b>			
Paid up share capital	20.00	10.50	1.00
Reserves & Surplus (excluding revaluation reserves)	44.60	25.78	16.04
Less: Miscellaneous Expenditure not written off	-	-	-
<b>Net Worth</b>	<b>64.60</b>	<b>36.28</b>	<b>17.04</b>
Non-Current Liabilities	126.77	73.28	260.97
Current Liabilities	25.25	36.25	33.46
<b>Total (A)</b>	<b>216.62</b>	<b>145.81</b>	<b>311.47</b>
<b>(B) Uses of funds</b>			
Net Fixed Assets	181.21	16.11	5.03
Investments	-	-	-
Other Non-Current Assets	-	67.25	48.49
Current Assets	35.41	62.45	257.95
<b>Total (B)</b>	<b>216.62</b>	<b>145.81</b>	<b>311.47</b>

### 3.3. Electrex Power Tools Private Limited (“Acquirer 3”):

3.3.1. Acquirer 3 is a private limited company incorporated on August 25, 2011, under the Companies Act, 1956 bearing corporate identity number U29253MH2011PTC221271. There has been no change in the name of the Acquirer 3 since its incorporation. The email id of Acquirer 3 is [electrexpowertools@gmail.com](mailto:electrexpowertools@gmail.com) and contact no. is +91 85912 44903.

3.3.2. The registered office of the Acquirer 3 is located at 602, Raheja Grand, Turner Road, Bandra West, Mumbai – 400 050, Maharashtra, India.

3.3.3. The Acquirer 3 is primarily engaged in the business of manufacturing of electric components and power tools.

3.3.4. The shares of the Acquirer 3 are not listed on any stock exchanges.

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

Name of the Director	DIN	Age	Date of Appointment	Qualification and Experience
Shobha Anant Hegde	02191801	63 years	April 19, 2019	She is an undergraduate. She has more than 30 years of experience in the business of manufacturing of electric components and power tools.
Shobith Ganesh Hegde	02211021	39 years	January 11, 2021	He has completed B.Com from Mumbai University. He has also completed Business Management Degree from the University of

Name of the Director	DIN	Age	Date of Appointment	Qualification and Experience
				Greenwich (U.K) & Masters in Business Law from the University of Kingston (U.K). He has more than 10 years of experience in Factory Management.

3.3.5. The issued and paid-up share capital of the Acquirer 3 as on date of this DPS is Rs. 1,00,000/- comprising of 10,000 equity shares of Rs. 10.00/- each. Set out below is the shareholding pattern of the Acquirer 3:

Name of the Shareholder	No. of shares held	% of total issued shares
Shobha Anant Hegde	6,700	67.00%
Shobith Ganesh Hegde	3,300	33.00%

3.3.6. 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, is set out below:

#### Profit and Loss Statement

(Rs. In Lakhs)

Particulars	Year ended 31.03.2021 (Audited)	Year ended 31.03.2020 (Audited)	Year ended 31.03.2019 (Audited)
Income from operations	5.75	2.30	2.10
Other Income	5.35	3.32	2.30
<b>Total Income</b>	<b>11.10</b>	<b>5.62</b>	<b>4.40</b>
<b>Total Expenditure</b>	<b>6.26</b>	<b>3.27</b>	<b>3.17</b>
Profit Before Depreciation Interest and Tax			
Depreciation	0.02	0.02	0.02
Interest	-	-	-
<b>Profit Before Tax</b>	<b>4.84</b>	<b>2.35</b>	<b>1.23</b>
Less: Provision for Tax	1.21	0.70	0.28
<b>Profit After Tax</b>	<b>3.63</b>	<b>1.65</b>	<b>0.95</b>

#### Balance Sheet

(Rs. in Lakhs)

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
	(Audited)	(Audited)	(Audited)
<b>(A) Sources of funds</b>			
Paid up share capital	5.00	1.00	1.00
Reserves & Surplus (excluding revaluation reserves)	6.91	3.28	0.93
Less: Miscellaneous Expenditure not written off	-	-	-
<b>Net Worth</b>	<b>11.91</b>	<b>4.28</b>	<b>1.93</b>
Non-Current Liabilities	-	-	-
Current Liabilities	3.99	2.38	1.48
<b>Total (A)</b>	<b>15.90</b>	<b>6.66</b>	<b>3.41</b>
<b>(B) Uses of funds</b>			
Net Fixed Assets	-	-	-
Investments	-	-	-
Other Non-Current Assets	0.04	0.05	0.07
Current Assets	15.86	6.61	3.34
<b>Total (B)</b>	<b>15.90</b>	<b>6.66</b>	<b>3.41</b>

#### 3.4. CONFIRMATIONS BY THE ACQUIRERS:

3.4.1. Acquirer 1 is the Director and Promoter/Shareholder of the Acquirer 2 and 3.

3.4.2. The Acquirers do not belong to any group.

3.4.3. None of the Acquirers have been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other Regulation made under the SEBI Act.

- 3.4.4. The Acquirers have confirmed that they are not categorized as a “Wilful Defaulter” in terms of Regulation (1)(ze) of the SEBI (SAST) Regulations. They have further confirmed that they are not appearing in the wilful defaulters list of the Reserve Bank of India.
- 3.4.5. As on the date, the Acquirers have confirmed that they are not declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- 3.4.6. The Acquirers are not forming part of the present Promoter group of the Target Company. As on date of this DPS, there is/are no nominee(s) of the Acquirers on the Board of Directors of the Target Company.
- 3.4.7. Except the transaction contemplated in the SPA, the Acquirer 1 holds 6,02,655 equity shares representing 12.33% of the total paid-up share capital of the Target Company and Acquirers 2 and 3 do not have any other relationship/interest in the Target Company.
- 3.4.8. 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.
- 3.4.9. The Acquirers undertake that they will not sell the Equity Shares of the Target Company, held, and acquired by them, if any, during the Offer period in terms of Regulation 25(4) of the SEBI (SAST) Regulations.

**4. BACKGROUND OF SPARC SYSTEMS LIMITED (“SPARC” or “TARGET COMPANY”)**

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

- 4.1. SPARC was incorporated on September 14, 1989, under the provisions of The Companies Act, 1956 with the Registrar of Companies, Maharashtra. The Corporate Identification Number of Target Company is L72100MH1989PLC053467. The Target Company is having its registered office at Plot No. 11, Survey No. 118/1-2, Village Pundhe, At Post Athgaon, Thane – 421 301, Maharashtra, India.
- 4.2. The Authorised Share Capital of SPARC is Rs. 6,00,00,000/- (Rupees Six Crores only) comprising of 60,00,000 Equity Shares of Rs. 10.00/- each. The Paid-up Share Capital of SPARC is Rs. 4,88,90,000/- (Rupees Four Crores Eighty-Eight Lakhs Ninety Thousand Only) comprising of 48,89,000 Equity Shares of Rs. 10.00/- each.
- 4.3. As on date of the Draft Letter of Offer, the capital structure of the Target Company is as follows:

<b>Paid up Equity Shares of Target Company</b>	<b>No. of Shares / Voting Rights</b>	<b>% of Equity Shares/voting rights</b>
<b>Authorized Equity Shares</b>	60,00,000 Equity Shares of Rs.10.00 each	100%
Fully Paid-up Equity Shares	48,89,000 Equity Shares of Rs.10.00 each	100%
Partly Paid-up Equity Shares	Nil	Nil
<b>Total Paid-up Equity Shares</b>	48,89,000 Equity Shares of Rs.10.00 each	100%
Total voting rights in the Target Company	48,89,000 Equity Shares of Rs.10.00 each	100%

- 4.4. As on date 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.
- 4.5. The entire Equity Shares Capital of SPARC is listed at BSE Limited, Mumbai having ISIN INE960B01015. The equity shares of the Target Company are placed under Group ‘XT’ having a scrip code of “531370” & Scrip ID: SPARCSYS on the BSE. The equity shares of SPARC are not frequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations. The Target Company has already established connectivity with Central depositories Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).
- 4.6. There has been no merger / demerger or spin off during the last 3 years.
- 4.7. The Target Company is in compliance with the SEBI (LODR) Regulations and as on date of this DLoO, no penal action has been taken by the stock exchange against the target company.
- 4.8. The present Board of Directors of SPARC are as follows:

<b>Sr. No.</b>	<b>Name</b>	<b>DIN</b>	<b>Designation</b>	<b>Date of Appointment</b>
1.	Jude Terrence D'souza	00958844	Chairman & Managing Director	September 14, 1989
2.	Punit Manmohansingh Neb	01026300	Whole time Director	December 01, 2012
3.	Ravikumar Byrapatna Channappa	06595061	Independent Director	June 27, 2020
4.	Kajal Ashok Jain	08129655	Independent Director	March 30, 2019

#### 4.9. Financial Information:

The financial details of SPARC as per the audited accounts for the three financial years ended March 31, 2021, March 31, 2020, and March 31, 2019, are as follows:

##### Profit & Loss Statement

(Rs. in Lakhs)

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
	(Audited)	(Audited)	(Audited)
Income from Operations	-	0.46	0.92
Other Income	4.91	8.40	22.92
<b>Total Income</b>	<b>4.91</b>	<b>8.86</b>	<b>23.84</b>
<b>Total Expenditure</b>	<b>205.70</b>	<b>10.06</b>	<b>12.92</b>
Profit/ (Loss) before Interest, Depreciation and Tax	(200.94)	(1.07)	12.30
Depreciation	0.14	0.13	1.38
Interest	-	-	-
Exceptional Items	-	-	-
<b>Profit/ (Loss) before Tax</b>	<b>(200.80)</b>	<b>(1.20)</b>	<b>10.92</b>
Less: Tax Expense	(0.53)	-	-
<b>Profit/ (Loss) After tax</b>	<b>(200.26)</b>	<b>(1.20)</b>	<b>10.92</b>

##### Balance Sheet

(Rs. in Lakhs)

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
	(Audited)	(Audited)	(Audited)
<b>(A) Sources of funds</b>			
Paid up share capital	496.85	496.85	496.85
Reserves & Surplus (excluding revaluation reserves)	(353.14)	(152.88)	(151.67)
Less: Miscellaneous Expenditure not written off			
<b>Net Worth</b>	<b>143.71</b>	<b>343.97</b>	<b>345.18</b>
Non-Current Liabilities	-	-	-
Current Liabilities	15.15	6.94	8.65
<b>Total (A)</b>	<b>158.86</b>	<b>350.91</b>	<b>353.83</b>
<b>(B) Uses of funds</b>			
Net Fixed Assets	12.4	12.54	12.68
Investments	-	-	-
Other Non-Current Assets	8.64	203.10	12.00
Current Assets	137.82	135.27	329.15
<b>Total (B)</b>	<b>158.86</b>	<b>350.91</b>	<b>353.83</b>

##### Other Financial Data

For the Year Ended	31-Mar-21	31-Mar-20	31-Mar-19
	(Audited)	(Audited)	(Audited)
Dividend (%)	-	-	-
Earnings Per Share (Rs)	(4.10)	(4.10)	0.22
Return on Net worth (%)	(139.35)	(0.34)	3.16
Book Value Per Share (Rs)	2.94	7.04	7.06

##### Note:

- (1) Prepared as per Indian Accounting Standards (IndAS)
- (2)  $EPS = \text{Profit after tax} / \text{number of outstanding equity shares at the close of the year/ period}$
- (3)  $\text{Return on Net Worth} = \text{Profit after Tax} / \text{Net Worth}$
- (4)  $\text{Book Value per Share} = \text{Net Worth} / \text{No. of equity shares}$
- (5) Source: Audited Annual Reports/ Audited Financial Statements/ Limited Review Report

#### 4.10. Pre- and Post-Offer Shareholding Pattern of SPARC (based on Issued, Subscribed & Paid-up Equity and Voting Share Capital) is as under:

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	%
<b>1. Promoters and Promoter Group</b>								
<b>(a) Parties to the Agreement:</b>								
Jude Terrence D'souza	4,49,400	9.19	(4,49,400)	(9.19)	-	-	-	-
Punit Manmohansingh Neb	29,300	0.60	(29,300)	(0.60)	-	-	-	-
Epson Finance and Investments Private Limited (Company)	7,19,600	14.72	(2,44,383)	5.00	-	-	-	-
<b>Total</b>	<b>11,98,300</b>	<b>24.51</b>	<b>(7,23,083)</b>	<b>(14.79)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(b) Promoters other than (a) above</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Total 1 (a+b)</b>	<b>11,98,300</b>	<b>24.51</b>	<b>(7,23,083)</b>	<b>(14.79)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Acquirers</b>								
Shobha Anant Hegde	6,02,655	12.33	5,73,083	11.72	10,07,380	20.60	21,83,118	44.66
Electrex International Pvt Ltd	-	-	1,00,000	2.04	1,75,800	3.60	2,75,800	5.64
Electrex Power Tools Pvt Ltd	-	-	50,000	1.02	87,960	1.80	1,37,960	2.82
<b>Total 2</b>	<b>6,02,655</b>	<b>12.33</b>	<b>7,23,083</b>	<b>14.79</b>	<b>12,71,140</b>	<b>26.00</b>	<b>25,96,878</b>	<b>53.12</b>
<b>3. Parties to Agreement other than 1(a) &amp; 2</b>	-	-	-	-	-	-	-	-
<b>4. Public (other than Parties to Agreement and Acquirers)</b>								
a. FIs/MFs/FIIs/Banks/SFIs (Indicate names)	-	-	-	-	-	-	-	-
b. Others	-	-	-	-	-	-	-	-
c. Other than parties to SPA from Promoter and Promoter Group	-	-	-	-	-	-	-	-
d. Public Category	30,88,045	63.16	-	-	(12,71,140)	(26.00)	22,92,122 (Refer note iv below)	46.88
<b>Total (4) (a+b+c+d)</b>	<b>30,88,045</b>	<b>63.16</b>	<b>-</b>	<b>-</b>	<b>(12,71,140)</b>	<b>(26.00)</b>	<b>22,92,122 (Refer note iv below)</b>	<b>46.88</b>

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	%
<b>GRAND TOTAL (1+2+3+4)</b>	<b>48,89,000</b>	<b>100.00</b>	-	-	-	-	<b>48,89,000</b>	<b>100.00</b>

**Notes:**

- No Equity Shares are subject to lock in.
- Face value of Equity Shares of Target Company is Rs. 10.00/- each.
- The Acquirers have not acquired any shares from the date of PA till the date of this Draft Letter of Offer.
- After completion of the Open Offer, Epson Finance and Investments Private Limited will hold 4,75,217 fully paid equity shares representing 9.72% of the fully paid-up equity and 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.
- After completion of the Open Offer, Jude Terrence D'souza, Punit Manmohansingh Neb and Epson Finance and Investments Private Limited shall be de-notified as the promoters and relinquish management control of the Target Company in favor of the Acquirers.

## 5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 5.1 Justification of Offer Price:

5.1.1 The Equity Shares of the Target Company are listed at the BSE Limited (BSE) only. The shares are placed under Group 'XT' having a scrip code of "531370" & Scrip Id: SPARCSYS on the BSE.

5.1.2 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 (May 01, 2020 to April 30, 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	4,23,676	48,89,000	8.67%

5.1.3 Based on the above information, Equity Shares of SPARC are not frequently traded within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations.

5.1.4 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	Rs. 3.00/-
2.	The Volume Weighted Average Price paid or payable for acquisitions by the Acquirers for 52 weeks immediately preceding the date of PA	Rs. 4.00/-
3.	Highest price paid or payable for acquisitions by the Acquirers for 26 weeks immediately preceding the date of PA	Rs. 4.00/-
4.	The Volume Weighted Average Market Price of shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period	Not Applicable
5.	Other Financial Parameters as on March 31, 2021:	
	(a) NAV per Equity share	Rs. 2.89/-
	(b) Price Earning Capacity Value per Equity Share	NA
	(c) Market Based Value	NA

CA Bhavesh Rathod, Membership No. 119158, Proprietor, M/s Bhavesh Rathod & Co., Chartered Accountants. Firm Registration No. 142046W having its office at A/101, Shelter CHSL, CSC Road, Dahisar (East), Mumbai – 400 068,



Maharashtra, India, Tel: +91 97691 13490, E-mail: info.cabhavesh@gmail.com vide valuation certificate dated May 31, 2021, has calculated the fair value of the Equity Shares of Target Company as Rs. 2.89/- per share.

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 Rs. 4.00/- per equity share being the highest of the prices mentioned above is justified in terms of Regulation 8 (2) of the SEBI (SAST) Regulations.

- 5.1.5 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.
- 5.1.6 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 shareholders.
- 5.1.7 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.
- 5.1.8 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, 2009, 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 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 S M Bhat, Proprietor of S M Bhat & Associates, Chartered Accountants, (Membership No. 030696), Firm Registration No. 131347W, having its office at Office No. 101, Mickey Heritage, 7<sup>th</sup> Road, Above HDFC Bank, Santacruz (East), Mumbai – 400 055, Maharashtra, India, Tel. No. 022 – 2615 0520; Email: [bhat30696@yahoo.in](mailto:bhat30696@yahoo.in) have certified vide certificate dated May 31, 2021 that sufficient resources are available with the Acquirers for fulfilling the obligations under this ‘Offer’ in full.
- 5.2.2 The maximum consideration payable by the Acquirers to acquire 12,71,140 fully paid-up Equity Shares at the Offer Price of Rs. 4.00/- (Rupees Four only) per equity share, assuming full acceptance of the Offer would be Rs. 50,84,560/- (Rupees Fifty Lakhs Eighty-Four Thousand Five Hundred Sixty only). In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirers have opened an Escrow Account under the name and style of “**SSL - OPEN OFFER ESCROW ACCOUNT**” with ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400 020, Maharashtra, India (“**Escrow Banker**”) and have deposited Rs. 14,20,000/- (Rupees Fourteen Lakhs Twenty Thousand only) being more than 25% of the total consideration payable in the Open Offer, assuming full acceptance.
- 5.2.3 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 The Letter of Offer will be mailed to all those shareholders of SPARC (except the Acquirers and the parties to the SPA) whose name appear on the Register of Members and to the beneficial owners of the shares of the SPARC whose names appear on the beneficial records of the Depository Participant, at the close of business hours on July 07, 2021 (“**Identified Date**”).
- 6.2 All owners of the shares Registered or Unregistered (except the Acquirers and the parties to the SPA) who own the shares any time prior to the Closing of the Offer is eligible to participate in the Offer as per the procedure set out in Para 7 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. No indemnity is required from the unregistered owners.
- 6.3 Accidental omission to dispatch the LoO or the non-receipt or delayed receipt of the LoO will not invalidate the Offer in anyway.
- 6.4 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.
- 6.5 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.
- 6.6 **Locked-in Shares:**
- There are no locked-in shares in SPARC.
- 6.7 **Eligibility for accepting the Offer:**
- 6.7.1 The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the present promoter group shareholders and Acquirers) whose names appear in register of Target Company as on July 07, 2021, the Identified Date.
- 6.7.2 This Offer is also open to persons who own Equity Shares in Target Company but are not registered Shareholders as on the Identified date.
- 6.7.3 All Equity Shareholders/Beneficial Owners (except the present promoter group Shareholders, 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.
- 6.7.4 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](mailto:support@purvashare.com). The Contact Person is Ms. 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.
- 6.7.5 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](http://www.sebi.gov.in). In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the website of SEBI for applying in the Offer.
- 6.7.6 Unregistered Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Shareholders.
- 6.7.7 The acceptance of this Offer by the Equity Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.
- 6.7.8 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s)/beneficial owner(s) of Target Company.
- 6.7.9 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.

- 6.7.10 The acceptance of Shares tendered in the Offer will be made by the Acquirers in consultation with the Manager to the Offer.
- 6.7.11 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

**6.8 Statutory Approvals and conditions of the Offer:**

- 6.8.1 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.
- 6.8.2 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.
- 6.8.3 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.
- 6.8.4 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.

**7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER**

- 7.1 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.
- 7.2 BSE Limited shall be the designated stock exchange for the purpose of tendering Equity Shares in the Open Offer.
- 7.3 The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE, which shall be the Designated Stock Exchange, in the form of a separate window (“**Acquisition Window**”).
- 7.4 For implementation of the Open Offer, the Acquirers have appointed Harjivandas Nemidas Securities Private Limited (the “**Buying Broker**”) through whom the purchases and settlements on account of the Open Offer would be made by the Acquirers. The contact details of the Buying Broker are as follows:

<b>Name</b>	<b>Harjivandas Nemidas Securities Private Limited</b>
<b>Address</b>	G12/13, Hilife Mall, P. M. Road, Santacruz West, Mumbai - 400 054, Maharashtra, India
<b>Contact No.</b>	+91 98200 81141
<b>Email Id</b>	<a href="mailto:kartik@hnspl.com">kartik@hnspl.com</a> / <a href="mailto:kartik.broker1234@gmail.com">kartik.broker1234@gmail.com</a>
<b>Contact Person</b>	Kartik Broker

- 7.5 All 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.
- 7.6 The Acquisition Window provided by BSE shall facilitate placing of sell orders. The Selling Brokers can enter orders for dematerialized equity shares only.
- 7.7 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 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. In accordance with the Frequently Asked Questions issued by SEBI, “FAQs – Tendering of physical shares in buyback offer /open offer/exit offer/delisting” dated February 20, 2020, and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020, issued by SEBI Shareholders holding securities in physical form are allowed to tender shares in Open Offer through Tender Offer route. However, such tendering shall be as per the provisions of respective regulations.

7.9.2. 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.

7.9.3. 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 “**SPARC 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.

7.9.4. 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.

7.9.5. 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.

7.9.6. 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.

7.9.7. 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 Transaction Registration slip (“TRS”) generated by the Exchange Bidding System to the shareholder. TRS will contain details of order submitted like Bid ID No. DP ID, Client ID, No of 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](http://www.sebi.gov.in)) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the equity shares of the Target Company.
- 9.4. The Letter of Offer along with the Form of Acceptance would also be available at website of SEBI, [www.sebi.gov.in](http://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 paragraph 8. 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 finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the Buying Broker's pool account.
- 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 Buyer 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 Income Tax Act, 1961 ("IT Act").

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

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

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

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

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

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

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

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

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

### 13. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered office of the Manager to the Offer, CapitalSquare Advisors Private Limited 208, 2nd Floor, AARPEE Center, MIDC Road No 11, CTS 70, Andheri (E), Mumbai 400 093, Maharashtra, India on any working day between 10.00 a.m. and 5.00 p.m. during the period the Offer is open i.e., from July 22, 2021 to August 04, 2021.

- i) Memorandum and Articles of Association and Certificate of Incorporation of Sparc Systems Limited.
- ii) Memorandum of Understanding between Manager to Offer i.e., CapitalSquare Advisors 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 dated May 31, 2021 from CA S M Bhat, Proprietor of S M Bhat & Associates, Chartered Accountants, (Membership No. 030696), Firm Registration No. 131347W, having its office at Office No. 101, Mickey Heritage, 7<sup>th</sup> Road, Above HDFC Bank, Santacruz (East), Mumbai – 400 055, Maharashtra, India, Tel. No. 022 – 2615 0520; Email: [bhat30696@yahoo.in](mailto:bhat30696@yahoo.in) have certified vide certificate dated May 31, 2021 that sufficient resources are available with the Acquirers for fulfilling the obligations under this ‘Offer’ in full.
- v) Audited Financial Statements for the last three financial years ended, March 31, 2021, March 31, 2020 and March 31, 2019 of Sparc Systems Limited.

- vi) Bank Statement received from, ICICI Bank Limited for required amount kept in the escrow account and marked lien in favour of Manager to Offer.
- vii) The copy of Share Purchase Agreement dated May 31, 2021, between the Sellers and the Acquirers, which triggered the Open Offer.
- viii) Copy of the Public Announcement dated May 31, 2021, and published copy of the Detailed Public Statement dated June 05, 2021.
- ix) Copy of the recommendations dated [●] made by the Committee of Independent Directors of the Target Company.
- x) Copy of SEBI Observation letter no. [●] dated [●].
- xi) Escrow Agreement between Acquirers, ICICI Bank Limited and Manager to the Offer.

#### **14. DECLARATION BY THE ACQUIRERS**

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

#### **ON BEHALF OF THE ACQUIRERS:**

**Sd/-**

**Shobha Anant Hegde**

**Place:** Mumbai

**Date:** 10/06/2021