

LETTER OF OFFER ("LOF")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as Equity Shareholder(s) of Combat Drugs Limited ("Target Company"). If you require any clarifications about the action to be taken, you may consult your stock broker or an investment consultant or the Manager to the Offer (as defined herein below) or the Registrar to the Offer (as defined herein below). In the event you have sold your Equity Shares in the Target Company, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, and the transfer deed to the purchaser of the Equity Shares or the member of the stock exchange through whom the said sale was effected.

OPEN OFFER BY

JANAKIRAM AJJARAPU ("Acquirer")

Address: 1, Tiffany Way, Warren, New Jersey, 07059

To the Shareholder(s) of

COMBAT DRUGS LIMITED ("Target Company")

Registered Office: 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppall (V),
Ranga Reddy District, Hyderabad, Rangareddy-500039, Telangana, India.

Tel: 040 - 66200100/65523363; **Email:** investorinfo@combatdrugs.in **Website:** www.combatdrugs.in;

Company Identification Number: L24230TG1986PLC006781

To acquire upto **20,80,000** (Twenty Lacs Eighty Thousand Only) Equity Shares of the face value of ₹ 10 each ("Offer Shares"), representing **26%** of the total Voting Share Capital of the Target Company on a fully diluted basis, as of the tenth working day from the closure of the tendering period of the open offer ("Voting Share Capital"), from the eligible shareholders of the Target Company for cash at a price of ₹ 6 per equity share ("Offer Price").

Please Note:

1. This Offer is being made by the Acquirer pursuant to regulations 3(1) & 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("Takeover Regulations").
2. This Open Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of Takeover Regulations.
3. This Open Offer is not a competing offer in terms of regulation 20 of the Takeover Regulations.
4. **There has been no competing offer as on the date of this Letter of Offer.**
5. To the best of the knowledge of the Acquirer, there are no statutory approvals required for the purpose of this Offer. If any statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such statutory approvals.
6. If there is any upward revision in the Offer Price or the number of Shares sought to be acquired under the Open Offer by the Acquirer, at any time prior to the commencement of the last three working days before the commencement of the tendering period i.e. August 08, 2017 the same would be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement appeared. Such revision in the Open Offer Price would be payable by the Acquirer for all the shares validly tendered anytime during the Tendering Period of the Open Offer.
7. A copy of the Public Announcement, the Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgment) are also available on SEBI's website: www.sebi.gov.in.

	
SAFFRON CAPITAL ADVISORS PRIVATE LIMITED 605, Sixth Floor, Centre Point, J .B. Nagar, Andheri (East), Mumbai - 400 059, India; Tel. No.: +91 22 4082 0914/906; Fax No.: +91 22 4082 0999; Email id: openoffers@saffronadvisor.com ; Website: www.saffronadvisor.com ; Investor grievance: investorgrievance@saffronadvisor.com ; SEBI Registration Number: INM 000011211; Contact Person: Amit Wagle/Harshika Thakkar	VENTURE CAPITAL & CORPORATE INVESTMENTS PRIVATE LIMITED 12-10-167, Bharat Nagar, Hyderabad-500018, Telangana Tel. No.: +91 40 23818475 / 23868023 (D); Fax No.: +91 40-23868024; E-mail: info@vccilindia.com ; Website: www.vccilindia.com ; Investor Grievance: info@vccilindia.com SEBI Registration Number: INR000001203; Contact Person: P V Srinivasa Rao

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Day and Date [Original]	Day and Date [Revised]
Public Announcement (PA)	Thursday, April 20, 2017	Thursday, April 20, 2017
Publication of DPS in the newspapers	Thursday, April 27, 2017	Thursday, April 27, 2017
Filing of the draft letter of offer with SEBI	Friday, May 05, 2017	Friday, May 05, 2017
Last date for a competitive bid	Monday, May 22, 2017	Monday, May 22, 2017
Last date for SEBI observations on draft letter of offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Monday, May 29, 2017	Wednesday, July 26, 2017
Identified Date*	Wednesday, May 31, 2017	Friday, July 28, 2017
Letter of Offer to be dispatched to shareholders	Wednesday, June 07, 2017	Friday, August 04, 2017
Last date for revising the Offer price/ number of shares	Friday, June 09, 2017	Tuesday, August 08, 2017
Last Date by which the committee of the independent directors of the Target Company shall give its recommendation	Monday, June 12, 2017	Wednesday, August 09, 2017
Date of publication of Offer Opening Public Announcement	Tuesday, June 13, 2017	Thursday, August 10, 2017
Date of commencement of Tendering Period (Offer Opening Date)	Wednesday, June 14, 2017	Friday, August 11, 2017
Date of Expiry of Tendering Period (Offer Closing Date)	Wednesday, June 28, 2017	Tuesday, August 29, 2017
Last Date for completion of all requirements including payment of consideration	Wednesday, July 12, 2017	Tuesday, September 12, 2017

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

RISK FACTORS

I. RISK FACTORS RELATING TO THE TRANSACTION

- In accordance with the Share Purchase Agreement, the transaction under the Share Purchase Agreement shall be completed upon the fulfillment of conditions precedent agreed between the Acquirer and the Sellers in the Share Purchase Agreement.

- To the best of the knowledge and belief of the Acquirer, no statutory or regulatory approvals are required by the Acquirer to complete this Open Offer. However, in case of any statutory or regulatory approvals being required by the Acquirer at a later date, this Open Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such approvals. In case of delay in receipt of any such statutory or regulatory approvals, as per Regulation 18(11) of the Takeover Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Open Offer, subject to the Acquirer agreeing to pay interest to the Public Shareholders for delay beyond 10th Working Day from the date of Closure of Tendering Period, at such rate as may be specified by SEBI. Where the statutory or regulatory approvals extend to some but not all the Public Shareholders, the Acquirer shall have the option to make payment of the consideration to such Public Shareholders in respect of whom no statutory or regulatory approvals are required in order to complete this Offer in respect of such Public Shareholders.

- In terms of and in accordance with Regulation 23(1) of the Takeover Regulations, if the conditions precedent and other conditions as stated in paragraph VII (B) are not satisfactorily complied with for reasons beyond the control of the Acquirer, the Open Offer would stand withdrawn. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the Takeover Regulations in the event the requisite statutory approvals that may be necessary at a later date are refused.

- If at a later date, any other statutory or regulatory or other approvals / no objections are required, the Open Offer would become subject to receipt of such other statutory or regulatory or other approvals / no objections.

II. RISKS RELATING TO THE OFFER

- This Open Offer is an offer to acquire not more than 26% of the Voting Share Capital of the Target Company from the Eligible Shareholders. In the case of Equity Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Eligible Shareholders in the Open Offer will be accepted.

- In the event that either: (a) regulatory approvals are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer from performing his obligations hereunder, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer may get delayed. In case the delay is due to non-receipt of statutory approval(s), then in accordance with Regulation 18(11) of the Takeover Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the validly tendering Shareholders.

- The Equity Shares tendered in the Offer and documents will be held in the special account of the Clearing Corporation till the process of acceptance of tenders and the payment of

consideration is completed. The Shareholders will not be able to trade in such Equity Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares. The Acquirer makes no assurance with respect to the market price of the Equity Shares both during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

- The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, or the Manager to the Offer) would be doing so at his/her/their own risk.
- Shareholders should note that the Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.
- This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.
- The Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Letter of Offer.
- This Offer is subject to completion risks as would be applicable to similar transactions.

III. Risks relating to Acquirer and the Target Company

- Acquirer makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirer cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and the Acquirer expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

The risk factors set forth above are limited to the Offer and not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative and are not exhaustive. The risk factors do not relate to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by a Shareholder. The Shareholders are advised to consult their stockbroker, or tax advisor or investment consultant, if any, for further risks with respect to their participation in the Offer.

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I. KEY DEFINITIONS

Acquirer	Mr. Janakiram Ajarapu residing at 1, Tiffany Way, Warren, New Jersey, 07059
Agreement/ Share Purchase Agreement/ SPA	Share Purchase Agreement dated April 20, 2017 entered into between the Acquirer and the Sellers
Board of Directors	Board of directors of the Target company
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) as amended, substituted or replaced from time to time.
Depositories	CDSL and NSDL
Detailed Public Statement/ DPS	Detailed Public Statement dated April 26, 2017 issued by the Manager to the Offer, on behalf of the Acquirer, in relation to the Offer and published in all editions of Financial Express (English), Jansatta (Hindi) Mumbai Lakshadeep (Marathi) and Nav Telangana (Telugu) on April 27, 2017 in accordance with the regulations 3(1) and 4 read with Regulations 13(4), 14 and 15(2) and other applicable regulations of the Takeover Regulations.
DP	Depository participant
Equity Share(s)/ Share(s)	The fully paid up equity share(s) of the Target Company having a face value of ₹ 10 (Rupees ten) per equity share
Equity Share Capital / Voting Share Capital	The Issued, Subscribed and Paid Up Equity Share Capital of the Target Company is ₹ 800,00,000 comprising of 80,00,000 Equity Shares of face value ₹ 10 each.
Escrow Agreement	Escrow Agreement entered between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank / Escrow Agent	ICICI Bank Limited
FEMA	The Foreign Exchange Management Act, 1999, as amended or modified from time to time
FII(s)	Foreign Institutional Investor(s), as defined under Section 115AD of the Income Tax Act, which includes sub-accounts of FIIs and if any Foreign Institutional Investor(s) have been reorganized as Foreign Portfolio Investors, such Foreign Portfolio Investors
FIPB	Foreign Investment Promotion Board
Form of Acceptance-cum-Acknowledgment	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Identified Date	Friday, July 28, 2017 i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent
Letter of Offer/ LOF	The Letter of Offer, duly incorporating SEBI's comments on the Letter of Offer, including the Form of Acceptance-cum-Acknowledgement
LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Manager to the Offer	Saffron Capital Advisors Private Limited
NECS	National Electronic Clearing System
NEFT	National Electronic Funds Transfer
NRI	Non-Resident Indian as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000

Offer/Open Offer	The Offer being made by the Acquirer for acquiring upto 20,80,000 (Twenty Lacs Eighty Thousand Only) Equity Shares representing 26% of the Voting Share Capital, from the Public Shareholders at the Offer Price payable in cash.
Offer Consideration	The maximum consideration payable under this Offer, assuming full acceptance, is ₹ 1,24,80,000 (Rupees One Crore Twenty Four Lacs Eighty Thousand Only)
Offer Period	Period commencing from April 20, 2017 till the date on which the payment of consideration to the Public Shareholders who have accepted the Offer is made, or the date on which Offer is withdrawn, as the case may be.
Offer Price	₹ 6 (Rupees Six Only) per Equity Share
Offer Size	Up to 20,80,000 (Twenty Lacs Eighty Thousand Only) Equity Shares representing 26% of the Voting Share Capital of the Target Company.
Public Announcement/PA	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on April 20, 2017 in accordance with Takeover Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Venture Capital & Corporate Investments Private Limited
Sale Shares	38,39,917 fully paid up Equity Shares, representing 48% of the Voting Share Capital, proposed to be acquired by the Acquirer from the Sellers pursuant to the SPA
SCRR	Securities Contract (Regulations) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992, as amended
Sellers	Collectively, Seller 1 to Seller 4
Seller 1	Sushant Mohanlal holding 20,60,491 Equity Shares
Seller 2	Suchit Mohanlal holding 24,64,289 Equity Shares
Seller 3	Anita Mathur holding 7,15,337 Equity Shares
Seller 4	Ankita Mathur holding 55,000 Equity Shares
Stock Exchange	BSE Limited
Target Company	Combat Drugs Limited having its registered office at 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppall (V), Ranga Reddy District, Hyderabad, Rangareddy-500039, Telangana, India.
Tendering Period	Friday, August 11, 2017 to Tuesday, August 29, 2017
Working Day	Working days of SEBI

II. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF COMBAT DRUGS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 04, 2017 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

III. DETAILS OF THE OFFER

A) Background of the Offer

1. This mandatory offer (the “Offer” or “Open Offer”) is being made by the Acquirer in compliance with Regulations 3(1) and 4 of and other applicable provisions of the Takeover Regulations, to acquire 26% of the voting rights accompanied with management control of the Target Company.
2. Acquirer has entered into a Share Purchase Agreement dated April 20, 2017 (“SPA”) with the existing promoters of the Target Company having its registered office at 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppall (V), Ranga Reddy District, Hyderabad, Rangareddy-500039, Telangana, India, comprising Suchit Mohanlal, Sushant Mohanlal, Anita Mathur, Ankita Mathur, (“Sellers”), for the acquisition of **38,39,917** Equity Shares (“Sale Shares”) of face value ₹ 10/- each representing **48%** of the Voting Share Capital of the Target Company for cash at a price of ₹ **4.25** (Four Rupees Twenty Five Paise Only) per Sale Share aggregating to ₹ **1,63,19,647** (Rupees One Crore Sixty Three Lacs Nineteen Thousand Six Hundred and Forty Seven Only) payable in cash (“Transaction”).
3. The Acquirer hereby makes this Offer to Public Shareholders of the Target Company (other than the Promoter and Promoter Group members and the Acquirer) to acquire Offer Shares, representing in aggregate 26% of the Voting Share Capital of the Target Company at a price of ₹ 6 (Rupees Six only) per fully paid up equity share (“Offer Price”) payable in cash subject to the terms and conditions mentioned in the PA and in the letter of offer that will be circulated to the shareholders in accordance with the Takeover Regulations (“Letter of Offer”).
4. A summary of some of the salient features of the SPA which are all subject to detailed terms in the SPA, is as follows:
 - a) The Sellers are presently possessed of 52,95,117 (Fifty Two Lacs Ninety Five Thousand One Hundred and Seventeen) fully paid-up equity shares of Rs.10/- each, aggregating to 66.19% of the total Paid Up Equity Share Capital of the Target Company
 - b) The Acquirer intends to buy from the Sellers and the Sellers intend to sell to the Acquirer 38,39,917 (Thirty Eight Lacs Thirty Nine Thousand Nine Hundred and Seventeen) fully paid up equity shares constituting 48% of the total Voting Share Capital of the Target Company at ₹ 4.25 (Rupees Four and Twenty Five Paise only) per share, aggregating to an total consideration of ₹ 1,63,19,647 (One Crore Sixty Three Lacs Nineteen Thousand Six Hundred and Forty Seven Only) (“SPA Consideration”) through an off market transaction.
 - c) The Acquirer shall reserve the right to further acquire up to 18.19% shareholding from the Sellers on the same terms and conditions mentioned the SPA, in case the actual tender of shares by the Public Shareholders in the Open Offer is less than 26% of the total Paid Up Equity Share Capital of the Target Company. This is however subject to the Acquirer maintaining his shareholding within the limits prescribed for the minimum public shareholding in the Target Company and the sectoral cap for investment by an NRI/PIO as mentioned under FEMA.
 - d) The Sellers unequivocally and unconditionally represent to the Acquirer that the Sellers’ title to the Sale Shares is clear and free from encumbrances, litigations, any possible restrictions and liens and no party or person(s) whatsoever has any right, title, succession, interest, claim or demand whatsoever in respect of or anything relating to or connected with the Sale Shares and no amount whatsoever is either due or payable by the Sellers to any person(s) or institution(s) or to any one in respect of the Sale Shares offered to be transferred.
 - e) The Sellers agree and confirm that the Sale Shares agreed to be acquired by the Acquirer as per the SPA shall not be withdrawn by them except in the events envisaged in Clause 13 of the SPA.

5. This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is not a conditional offer.
6. This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal.
7. The Acquirer confirms that he is not prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.
8. Upon the completion of the sale and purchase of the Sale Shares under the SPA, the Sellers, except Mr. Sushant Mohanlal shall not hold any shares in the Target Company. Mr. Sushant Mohanlal shall continue to hold 14,55,200 equity shares representing 18.19% of the Voting Share Capital of the Target Company. Mr. Sushant Mohanlal, has irrevocably and unconditionally undertaken to continue as Promoter of the Target Company in case he is unable to reduce his shareholding in accordance with regulation 31A of LODR Regulations. However the Acquirer reserves the right to acquire upto 14,55,200 shares from Mr. Sushant Mohanlal on the same terms and conditions as mentioned in the SPA dated April 20, 2017 in case the actual tender of shares by the Public Shareholder in the Open Offer is less than 26% of the total paid up capital of the Target Company, subject to the Acquirer maintaining his shareholding within the limits prescribed for the sectoral cap for investment by an NRI/PIO as mentioned under FEMA and the public shareholding in the Target Company being maintained at atleast 25%.
9. The Sellers shall cease to be the Promoters of Target Company and relinquish the management control of the Target Company in favor of the Acquirer. The Acquirer will acquire control of the Target Company, and be classified as promoter subject to the approval of the shareholders of the Company by way of a special resolution in accordance with the provisions of Regulation 31A of the LODR Regulations. The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the LODR Regulations, being more specifically, that the exiting promoters and persons acting in concert with them shall not hold more than ten per cent of the Paid Up Equity Share capital of the Target Company, post completion of Open Offer. They shall not have any special rights through formal or informal arrangements and they or their relatives shall not act as key managerial personnel for a period of more than three years from the date of shareholders' approval.
10. The Committee of Independent Directors on the Board of the Target Company, will come out with their recommendations for the Offer and the same shall be published in the newspapers where the Detailed Public Statement appeared latest by Wednesday, August 09, 2017.

B) Details of the proposed Offer:

1. The Acquirer has published the DPS on April 27, 2017 which appeared in the following newspapers:

<i>Sr. no.</i>	<i>Newspapers</i>	<i>Language</i>	<i>Editions</i>
1	Financial Express	English	All Editions
2	Jansatta	Hindi	All Editions
3	Mumbai Lakshadeep	Marathi	Mumbai
4	Nav Telangana	Telugu	Hyderabad- Registered office of the target company

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

2. Pursuant to the Open Offer, the Acquirer proposes to acquire **20,80,000** Equity Shares representing 26% of the fully paid up Voting Share Capital of the Target Company, as of the tenth (10th) working day from the closure of the tendering period, at the Offer Price of ₹ 6, (Rupees Six only) per Equity Share, to be paid in cash, in accordance with the Takeover Regulations and subject to the terms and conditions set out in the Letter of Offer.
3. Upon completion of Transaction under the SPA and relinquishment of control by the Promoter and Promoter Group of the Target Company, the Acquirer will acquire control of the Target Company and be classified as a promoter subject to the approval of the shareholders of the Company by way of a special resolution in accordance with the provisions of Regulation 31A of the LODR Regulations. The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of LODR Regulations, being more specifically, that the exiting promoters and persons acting in concert with them shall not hold more than ten per cent of the Paid Up Equity Share Capital of the Target Company. They shall not have any special rights through formal or informal arrangements and they or their relatives shall not act as key managerial personnel for a period of more than three years from the date of shareholders' approval.
4. The Offer is being made to all the Public Shareholders of the Target Company (other than the Promoter and Promoter Group Members and the Acquirer). All Equity Shares validly tendered in the Open Offer will be acquired by the Acquirer in accordance with the terms and conditions set forth in this Letter of Offer. There shall be no discrimination in the acceptance of locked-in and non locked-in Equity Shares in the Offer. The Equity Shares to be acquired under the Offer must be free from all liens, charges and encumbrances, and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
5. There are no partly paid-up Equity Shares in the Target Company.
6. The Offer is not a competing offer in terms of Regulation 20 of the Takeover Regulations.
7. The Manager to the Offer does not hold any Equity Shares as on the date of this Letter of Offer. The Manager to the Offer further declares and undertakes that it will not deal on its own account in the Equity Shares of the Target Company during the Offer Period.
8. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the Takeover Regulations.
9. As on the date of this Letter of Offer, the Acquirer does not hold any Equity Shares in the Target Company
10. The Acquirer confirms that he has not acquired any Equity Shares of Target Company after the date of PA i.e. April 20, 2017, and up to the date of this Letter of Offer.

11. In the event that the Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, the acquisition of Shares from the Eligible Shareholders will be on a proportionate basis, as detailed in paragraph VIII of this Letter of Offer.
12. In case, post open offer, the joint shareholding of the Acquirer and Mr. Sushant Mohanlal exceeds 75% of the total paid up capital of the Target Company, the Acquirer and Mr. Sushant Mohanlal have jointly and severally undertaken to reduce their shareholding required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957. Assuming full acceptances, the shareholding of the Acquirer along with Mr, Sushant Mohanlal shall be 92.19% of the paid up capital of the Target Company and shall be in compliance of the overall FDI sectorial cap for investment under FEMA.

IV. OBJECT OF THE ACQUISITION/ OFFER

1. The Acquirer does not have any plans to make major changes to the existing line of the business of the Target Company except in ordinary course of business. The Acquirer may continue to support the existing business of the Target Company. However, in case the Acquirer intends to build new business it shall be subject to the prior approval of the shareholders. Upon completion of the Open Offer, the Acquirer may reorganize the present Capital structure of the Target Company and also further strengthen the Board.
2. The Acquirer does not have any plans to alienate any significant assets of the Target Company whether by way of sale, lease, encumbrance or otherwise for a period of two years except in the ordinary course of business. The Target Company's future policy for disposal of its assets, if any, within two years from the completion of Offer will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders through Special Resolution passed by way of postal ballot in terms of Regulation 25 (2) of Takeover Regulations.
3. The object of acquisition is to acquire substantial shares/voting rights accompanied with change in management and control of the Target Company.
4. In case, post open offer, the joint shareholding of the Acquirer and Mr. Sushant Mohanlal exceeds 75% of the total paid up capital of the Target Company, the Acquirer and Mr. Sushant Mohanlal have jointly and severally undertaken to reduce their shareholding required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957. Assuming full acceptances, the shareholding of the Acquirer along with Mr, Sushant Mohanlal shall be 92.19% of the paid up capital of the Target Company and shall be in compliance of the overall FDI sectorial cap for investment under FEMA.

V. BACKGROUND OF THE ACQUIRER

A. JANAKIRAM AJJARAPU (“Acquirer ”)

- (a) Acquirer, aged 49 years, S/o Mr. Satya Seshagiri Rao Ajarapu, is residing at 1, Tiffany Way, Warren, New Jersey, 07059, **Email:** ram@intlcap.net; **Tel:** (267)-888-1001; **Fax:** (212)-202-3628.
- (b) Acquirer is a Person of Indian Origin (PIO Card No. PO442638) and a Non Resident Indian.
- (c) Acquirer holds a Master’s degree in Business Administration from University of South Florida with a major in Finance. He has an experience of about 20 years in the fields of Finance, Sales, Marketing, Administration, Information Technology and Mergers & Acquisitions.
- (d) Acquirer is holding a Permanent Account Number- ACAPA0374P
- (e) The details of the ventures promoted/controlled/managed by Acquirer in India as well as in the United States of America are as given hereunder:

Sr. No.	Name of the Company	Country of incorporation	Nature of Interest
1	Global Information Technology Inc.	USA	Shareholder & Executive Director
2	Virgo Inc.	USA	Shareholder & Executive Director
3	Isync Solutions Inc.	USA	Shareholder & Executive Director
4	Adil Business Systems Inc.	USA	Shareholder & Executive Director
5	Aliron International Inc.	USA	Shareholder & Executive Director
6	Synapse Technologies LLC	USA	Executive Director
7	Advanced Research Institute Inc.	USA	Shareholder & Non Executive Director
8	Izeen Pharma Inc.	USA	Shareholder & Executive Director
9	JR Healthcare Associates LLC	USA	Exercising Control
10	International Capital Partners LLC	USA	Shareholder & Executive Director
11	RACA Investors LLC	USA	Shareholder & Executive Director
12	Medical Billing and Management Services Inc.	USA	Shareholder & Executive Director
13	Park Irmat Drug Corp.	USA	Shareholder & Executive Director
14	Gideons Drugs Inc.	USA	Shareholder & Executive Director
15	EZ Rx Club Inc.	USA	Shareholder & Executive Director
16	Izen Biosciences Pvt. Ltd.	India	Shareholder
17	International Capital Partners (India) Ltd.	India	Shareholder & Executive Director
18	Izeen Pharma Ltd.	India	Exercising Control

- (f) Acquirer does not hold a position on the Board of Directors of any Indian listed company. (Source: www.mca.gov.in)
- (g) Acquirer has confirmed that he is not categorized as “willful defaulters” in terms of regulation 2(1)(ze) of the Takeover Regulations.
- (h) The Networth of Acquirer as on March 31, 2017 is USD 38,324,241 [equivalent to ₹ 248,48,90,132.50 (Indian Rupees Two Forty Eight Crores Forty Eight Lacs Ninety Thousand One Hundred & Thirty Two and Fifty Paise Only)][^] and the same is certified by Mr. Timothy M. Griffiths, Certified Public Accountant, member of the American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants, having office at 904 W, Waters Avenue, Suite D, Tampa, Florida 33604; vide certificate dated April 19, 2017
^{(^Note: The date of Conversion of Currency from USD to INR is March 31, 2017. The prevailing rate on the said date was 1 USD= 64.8386 INR) (Source: www.rbi.org.in)}

- (i) Acquirer undertakes not to sell the equity shares of the Target Company held by him during the “Offer Period” in terms of Regulation 25(4) of the Takeover Regulations.
- (j) Acquirer does not belong to any group.
- (k) Acquirer confirms that he is not related to the Promoters, Directors or key employees of the Target Company in any manner.

VI. BACKGROUND OF THE TARGET COMPANY

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

1. The Target Company was incorporated on September 17, 1986 under the Companies Act 1956 as Combat Drugs Private Limited. It was converted to public company and upon conversion, a fresh certificate of incorporation was issued on June 11, 1992. Thereafter the name of the company was changed to Combat Drugs & Softech Limited on March 30, 2000. The name of the company was further changed to Combat Drugs Limited on February 1, 2007. There has been no change in the name of the Target Company during the last three years.
2. The registered office of the Target Company is situated at 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppall (V), Ranga Reddy District, Hyderabad, Rangareddy-500039, Telangana, India, **Email:** combatdrugs@gmail.com, **Website:** www.combatdrugs.in *(Source: www.bseindia.com and www.mca.gov.in).*
3. Company Identification Number of the Target Company is L24230TG1986PLC006781. *(Source: www.mca.gov.in)*
4. The main object of the Target Company as per its Memorandum of Association inter-alia includes:-
 - i. To carry on the business in all or any of their branches of manufacture, production, processing, re-packing, job work, wholesale or retail trade, agents, dealers, distributors, marketing, import and export, warehousing, storage, depot operations, consignees, contractors, collaborators, either on its own or on behalf of others of drugs, pharmaceuticals chemicals, formulations, medical compositions and formulations, intravenous solutions, proprietary medicines, food supplements, proteins, vitamins and enzymes, compounds, restoratives, vaccines, including those suitable or deemed suitable for infants, invalids and convalescent, toilet requisites, cosmetic perfumes and scents, broths, herb extracts, preparations, compounds, liquids, pastes, and such other articles or things, whether patented or not having restorative, medicinal, pharmaceutical, chemical, cosmetic or industrial use
 - ii. To carry on the business in all or any of their branches of manufacture, production, processing, packing, repacking, job work, whole sale or retail trade, agents, dealers, distributors, marketing, import and export, warehousing, storage, depot operations, consignees, contractors, collaboration, either on its own behalf or on behalf of others of feeding and other nipples, feeding bottles, contraceptives aerosols, bandages, slings, syringes, needles, loads and tubes, gausses, gloves, masks, whether disposable or not including all such articles or things used in medical and or infant care, die tie foods for infants and tonics, beverages and other restoratives food stuffs all description whether patented or not for human animal use
 - iii. To carry on the business of vialling, bottling, packing, repacking and processing of capsules, syrups, tablets, injectables, arcoles and ointments.
5. The Authorized Share Capital of the Target Company is ₹ 800 Lacs comprising of 80 Lacs Equity Shares of face value ₹ 10 each. The Issued, Subscribed and Paid Up Equity Share Capital of the Target Company is ₹ 800 Lacs comprising of 80 Lacs Equity Shares of face value ₹ 10 each. *(Source: www.bseindia.com).*
6. There are no outstanding partly paid up shares or any other convertible instruments to be converted into Equity Shares of the Target Company at a future date.

7. The Equity Shares of the Target Company were initially listed on Hyderabad Stock Exchange Limited (“HSE”) and BSE pursuant to the maiden Public Issue. Subsequently, HSE got derecognized as a Stock Exchange vide SEBI Order dated January 25, 2013 and the equity shares of the Target Company are currently listed only on BSE (Scrip Code: 524752) (Source: www.bseindia.com)
8. In 2011, a composite Scheme of Arrangement (“Scheme”) under Section 391 to Section 394 of the Companies Act, 1956 read with sections 100 to 103 and Section 78 of the Companies Act, 1956 read with relevant rules, between Combat Drugs Limited, its shareholders and unsecured creditors was sanctioned by Hon’ble High Court of Andhra Pradesh vide order dated July 26, 2011. The synopsis of the Scheme is as under:
- The Target Company’s Paid up Capital was reduced by 90% from ₹ 3,23,14,000 consisting of 32,31,400 Equity Shares of face value ₹ 10 each to ₹ 32,31,400 consisting of 32,31,400 Equity Shares of face value ₹ 1 each.
 - 10 Equity Shares of face value ₹ 1 each were consolidated into 1 Equity Share of face value ₹ 10 each.
 - Authorised Capital of the Target Company was increased from ₹ 4,00,00,000 to ₹ 8,00,00,000.
 - Subsequently, 40,80,000 Equity Shares of face value ₹ 10 each at a premium of ₹ 5.50 each and 35,96,860 Equity Shares of face value ₹ 10 each at par were allotted on preferential basis.
 - Target Company’s accumulated losses were set off against the amount resulting from the reduction in Paid up Capital and Security Premium received by the Target Company pursuant to allotment of Equity Shares on preferential basis.
9. The Equity Shares of the Target Company are infrequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the Takeover Regulations. (Source: www.bseindia.com).
10. The trading in the Equity Shares of the Target Company was suspended on BSE vide BSE Notice dated May 02, 2006 for non-payment of listing fees. The suspension was revoked by BSE with effect from July 27, 2009 vide notice dated July 21, 2009.
11. The trading in the Equity Shares of the Target Company was again suspended with effect from August 26, 2015 vide BSE notice dated August 21, 2015 due to being non-existent at the registered office address. The suspension was revoked with the effect from January 27, 2016 vide BSE notice dated January 21, 2016. The company is currently compliant with the key regulations of the LODR Regulations.
12. The capital structure of the Target Company as of the date of this Letter of Offer is:

Issued and Paid-up Equity Share Capital	Number of Equity Shares (Face Value - ₹ 10/-)/Voting Rights	Percentage of Equity Shares/Voting Rights
Fully paid-up equity shares	80,00,000	100
Partly paid-up equity shares	NIL	NIL
Total paid-up equity shares	80,00,000	100
Total Voting Rights in Target Company	80,00,000	100

13. As on the date of this Letter of Offer, the composition of the Board of Directors of the Target Company is as follows:

Sr. No.	Name, PAN and Address	Designation	DIN	Date of Appointment
1.	Sushant Mohanlal PAN: AKXPM8796N Address: 502, Ridgewood Residency, Plot No. 110, Street No. 3, West Marredpally, Secunderabad –500026, Telangana.	Director	01227151	19.05.2006
2.	Suchit Mohanlal PAN: AAQPL5646K Address: 502, Ridgewood Residency, Plot No. 110, Street No. 3, West Marredpally, Secunderabad –500026, Telangana.	Managing Director	01227165	17.09.1986
3.	Vemuri Shilpa PAN: FTMPS1693P Address:631100/4/E, Ayyappa Temple Lane, Begumpet, Hyderabad- 500016	Director	07140155	30.3.2015
4.	Bhupendralal Waghay PAN: AAFPW8657C Address: 15578, Road No.3, New Maruthi Nagar, Kothapet Saroor Nagar, Rangareddy Dist. Hyderabad-500035, Telangana, India	Director	07337149	14.11.2015

(Source: www.mca.gov.in)

14. None of the members on the Board of Directors of the Target Company represent the Acquirer.
15. No merger / demerger / spin off have taken place in the Target Company during the last three years.
16. SEBI may initiate appropriate action against the Promoter and Promoter Group of the Target Company in terms of Takeover Regulations for non compliances of Chapter II of SEBI (SAST) Regulations, 1997.
17. Brief financial details of the Target Company, as obtained from its audited standalone financial statements as at and for the financial years ended March 31, 2016, March 31, 2015 and March 31, 2014 and the unaudited standalone financials for the nine month period ended December 31, 2016 are as follows:

(Amount ₹)

Profit & Loss Statement	Unaudited Financials for Nine Months Ended on December 31, 2016	Audited Financials for the year ended March 31, 2016	Audited Financials for the year ended March 31, 2015	Audited Financials for the year ended March 31, 2014
Total Income	28,22,727	22,84,449	18,40,499	7,43,383
Total Expenditure	47,46,656	1,42,06,282	28,81,224	37,00,353
Profit Before Depreciation Interest and Tax	(19,23,929)	(1,19,21,833)	(10,40,725)	(29,56,970)
Depreciation	-	8,56,050	23,20,759	20,80,129
Interest	-	-	-	-
Profit / (Loss) before Exceptional items and Tax	(19,23,929)	(1,27,77,883)	(33,61,484)	(50,37,099)
Exceptional Items	-	-	3,34,76,960	29,48,760
Profit Before Tax	(19,23,929)	(1,27,77,883)	(3,68,38,444)	(79,85,859)
Provision for Tax	-	-	-	-
Profit After Tax	(19,23,929)	(1,27,77,883)	(3,68,38,444)	(79,85,859)
Balance Sheet Statement	Unaudited Financials for Nine Months Ended on December 31, 2016	Audited Financials for the year ended March 31, 2016	Audited Financials for the year ended March 31, 2015	Audited Financials for the year ended March 31, 2014
Paid up share capital	8,00,00,000	8,00,00,000	8,00,00,000	8,00,00,000
Reserves and Surplus	(6,07,02,344)	(5,87,78,415)	(4,60,00,532)	(91,62,088)
Networth	1,92,97,656	2,12,21,585	3,39,99,468	7,08,37,912
Secured loans	3,00,000	-	-	5,18,073
Trade Payables	45,54,062	39,26,561	25,42,936	61,96,472
Other Current Liabilities	24,17,364	9,24,489	19,97,811	17,34,642
Total Liabilities	72,71,426	48,51,050	45,40,747	84,49,187
Net fixed assets	-	-	85,88,724	4,05,96,443
Long Term Loans & Advances	2,21,95,388	2,21,65,388	2,21,65,388	2,21,65,388
Inventories	13,75,926	2,10,394	50,15,609	87,90,609
Trade Receivables	19,38,487	7,18,179	8,05,338	37,23,490
Cash and Bank Balances	67,527	27,894	9,76,368	14,294
Other Current Assets	9,91,754	10,58,780	9,88,788	39,96,875
Total Assets	2,65,69,082	2,60,72,635	3,85,40,215	7,92,87,099
Other Financial Data	Unaudited Financials for Nine Months Ended on December 31, 2016	Audited Financials for the year ended March 31, 2016	Audited Financials for the year ended March 31, 2015	Audited Financials for the year ended March 31, 2014
Dividend (%)	-	-	-	-
Earnings Per Share (Rs.)	(0.24)	(1.60)	(4.60)	(1.00)
Return on Net worth (%)*	(9.07)	(37.58)	(52.00)	(10.15)
Book Value per share (Rs.)	2.41	2.65	4.25	8.85

(*On the basis of Opening Networth)

18. Pre and Post Offer Shareholding Pattern of the Target Company as on date of this Letter of Offer is and shall be as follows:

Shareholders' Category	Shareholding & voting rights prior to the acquisition (SPA) and Open Offer		Equity Shares/voting rights agreed to be acquired which has triggered the Regulations		Equity Shares/voting rights to be acquired in Open Offer (Assuming full acceptances)		Shareholding / voting rights after the SPA and Open Offer (Assuming full acceptances)	
	(A)		(B)		(C)		(D) = (A) + (B) + (C)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter/promoter group								
a. Parties to agreement, if any	52,95,117	66.19	-	-	-	-	14,55,200	18.19
b. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total (1)	52,95,117	66.19	-	-	-	-	14,55,200	18.19
(2) Acquirer	-	-	38,39,917	48	20,80,000	26	59,19,917	74
(3) Parties to Agreements other than (1) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, Acquirer)	27,04,883	33.81	-	-	-	-	6,24,883	7.81
Total (2+3+4)	27,04,883	33.81	38,39,917	48	20,80,000	26	65,44,800	81.81
Grand Total (1+2+3+4)	80,00,000	100.00	38,39,917	48	20,80,000	26	80,00,000	100.00

Note 1: The Shareholding of Mr. Sushant Mohanlal, post completion of Open Offer and subject to compliance with regulation 31A of LODR Regulations, shall be classified and disclosed under the 'Public Category'. Mr. Sushant Mohanlal, has irrevocably and unconditionally undertaken to continue as Promoter of the Target Company in case he is unable to reduce his shareholding in accordance with regulation 31A of LODR Regulations.

Note 2: The Sellers currently hold 66.19% of the total paid up capital of the Target Company. As per the SPA dated April 20, 2017, the Acquirer shall acquire at least 48% shareholding and shall reserve the right to acquire further up to 18.19% shareholding from the Sellers on the same terms and conditions mentioned in the SPA, in case the actual tender of shares by the Public Shareholders in the Open Offer is less than 26% of the total paid up capital of the company. This further acquisition will however be subject to Acquirer maintaining his shareholding within the limits prescribed for the sectoral cap for investment by an NRI/PIO as mentioned under FEMA and the public shareholding in the Target Company being maintained at 25%.

Note 3: The Acquirer shall be classified after the completion of the open offer formalities/consummation of the SPA as the promoters of the Target Company subject to the approval of the shareholders of the Target Company by way of a special resolution in accordance with the provisions of Regulation 31A of the LODR Regulations. The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the LODR Regulations, being more specifically, that the exiting promoters and persons acting in concert with them shall not hold more than ten per cent of the paid-up equity capital of the Company, they shall not have any special rights through formal or informal arrangements and they or their relatives shall not act as key managerial personnel for a period of more than three years from the date of shareholders' approval.

19. OFFER PRICE AND FINANCIAL ARRANGEMENTS

A) JUSTIFICATION FOR THE OFFER PRICE

- The equity shares of the Target Company are listed on BSE only.
- The annualized trading turnover in the Equity Shares of the Target Company on BSE based on trading volume during the twelve calendar months prior to the month of PA is as given below:

Stock Exchange	Total no. of equity shares traded during the twelve calendar months prior to the month of PA	Total no. of listed equity shares	Annualized trading turnover (as % of shares listed)
BSE	1,98,853	80,00,000	2.49

(Source: www.bseindia.com)

- Based on the information provided in point above, the Equity Shares of the Target Company are **infrequently traded** on the BSE within the meaning of explanation provided in regulation 2(1)(j) of the Takeover Regulations.
- The Offer Price of ₹ 6 (Rupees Six only) is justified in terms of regulation 8 of the Takeover Regulations, **being the highest of the following:**

a)	Highest negotiated price per share for acquisition under the SPA;	₹ 4.25
b)	The volume-weighted average price paid or payable for acquisition(s), whether by the Acquirer or by any person(s) acting in concert, during the fifty-two weeks immediately preceding the date of public announcement;	Not Applicable
c)	The highest price paid or payable for any acquisition, whether by the Acquirer or by any person(s) acting in concert, during the Twenty-six weeks immediately preceding the date of the Public Announcement	Not Applicable
d)	The volume-weighted average market price of shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period	Not Applicable
e)	Where the shares are not frequently traded, the price determined by the Acquirer and the Manager to the Open Offer taking into account valuation parameters per Share including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares	₹ 4.60 [#]
	Other Financial Parameters as at March 31, 2016	
	Return on Networth (%)	(60.21)
	Book Value per share (₹)	2.65
	Earnings per share (Diluted) (₹)	(1.60)

CA Nikhil Vyas, partner of Nikhil Vyas & Associates, Chartered Accountants (Membership No. 231899; FRN: 015076S) having office at No. 19-1-879, Inside Devi Bagh Temple, Bahadurpura, Hyderabad, Telangana-500064; Email id: canikhilvyas@gmail.com, vide certificate dated April 20, 2017, has certified that he has in terms of Supreme Court decision in the case of Hindustan Lever Employee Union V/s. Hindustan Lever Limited (1995) (83 Companies Cases 30), considered the (i) Net Assets Value ("NAV") Method and (ii) Market Price Method and accorded weights of 2 and 1 respectively to the values arrived at under each methodology for the purpose of arriving at the fair value for the Shares of the Target Company. As per the certification given, the Fair Value has been arrived at Rs. 4.60 per Equity Share.

The Open Offer is being made at a price of ₹ 6 which is more than the higher of the Fair Market Valuation arrived and the negotiated price, hence, justified.

5. In view of the above parameters considered and in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹ 6 per equity share is justified in terms of regulation 8 of the Takeover Regulations.
6. There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.
7. There has been no revision in the Offer Price or to the size of this Offer as on the date of this Letter of Offer.
8. An upward revision in the Offer Price or to the size of this Offer, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last three working days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the Takeover Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts, as more particularly set out in paragraph V(4) of the DPS; (ii) make a public announcement in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE and the Target Company at its registered office of such revision.

B) FINANCIAL ARRANGEMENTS

1. Assuming full acceptance, the total funds requirements to meet this Offer is ₹1,24,80,000/ (Rupees One Crore Twenty Four Lacs Eighty Thousand Only).
2. The Networth of Acquirer as on March 31, 2017 is USD 38,324,241 [equivalent to ₹ 248,48,90,132.50 (Indian Rupees Two Forty Eight Crores Forty Eight Lacs Ninety Thousand One Hundred & Thirty Two and Fifty Paise Only)][^] and the same is certified by Mr. Timothy M. Griffiths, Certified Public Accountant, member of the American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants, having office at 904 W, Waters Avenue, Suite D, Tampa, Florida 33604; vide certificate dated April 19, 2017.
([^]Note: The date of Conversion of Currency from USD to INR is March 31, 2017. The prevailing rate on the said date was 1 USD= 64.8386 INR). (Source: www.rbi.org.in)
3. In accordance with Regulation 17(1) of the Takeover Regulations, the Acquirer has opened an escrow cash account bearing Account No. 000405114159 (“Escrow Cash Account”) with ICICI Bank Limited, a banking company duly incorporated under the Companies Act, 1956 and registered as a banking company within the meaning of the Banking Regulation Act, 1949 and having its registered office at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara-390007, Gujarat, India and acting for the purpose of this agreement through its branch situated at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai - 400020, and have made a cash deposit of ₹ 34,00,000 (Rupees Thirty Four Lacs Only) in the Escrow Cash Account. The cash deposited in Escrow Cash Account represents 27.24% of the total consideration payable to the Equity Shareholders under this Offer. Escrow Bank vide email dated April 10, 2017 has confirmed the credit balance of ₹ 34,00,000 (Rupees Thirty Four Lacs Only) as on April 10, 2017. The Acquirer has empowered the Manager to the Offer to operate and to realize the value of the Escrow Account in terms of the Takeover Regulations.
4. In case of any upward revision in the Offer Price or the size of this Offer, the value in cash of the Escrow Amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the Takeover Regulations.
5. The funds required in relation to the Offer have been met from the own funds of the Acquirer.

6. Based on the above, Saffron Capital Advisors Private Limited, Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to implement the offer in full accordance with the Takeover Regulations.

VII. TERMS AND CONDITIONS OF THE OFFER

1. The tendering period will commence on Friday, August 11, 2017 and will close on Tuesday, August 29, 2017.
2. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.
3. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.
4. The Identified date for this Offer is Friday, July 28, 2017.
5. Target Company has signed agreements with Depositories for offering Shares in dematerialized form. The ISIN Number is INE643N01012. (Source: www.bseindia.com)
6. The Marketable lot for the Shares of the Target Company for the purpose of this Offer shall be 01. (Source: www.bseindia.com)
7. None of the Equity Shares are subject to Lock-in.

A) ELIGIBILITY FOR ACCEPTING THE OFFER

1. The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the present promoter group shareholders, parties to the Agreements and Acquirer) whose names appear in register of Target Company as on Friday, July 28, 2017, the Identified Date.
2. This Offer is also open to persons who own Equity Shares in Target Company but are not registered Shareholders as on the Identified date.
3. All Equity Shareholders/Beneficial Owners (except the present Promoter Group, parties to the Agreements and the Acquirer) who own Equity Shares of Target Company any time before the closure of the Offer are eligible to participate in the Offer.
4. The Form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad-500018, Telangana.; Tel. No.: +91 40 23818475/23868023 (D); Fax No.: +91 40-23868024; E-mail: info@vccilindia.com; Contact Person: P V Srinivasa Rao between 10.00 am to 5.00 pm on working days (except Saturdays, Sundays and all public holidays), during the period the Offer is open.
5. The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance from the SEBI's website for applying in the Offer.
6. Unregistered Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Shareholders.
7. The acceptance of this Offer by the Equity Shareholders of Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

8. The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s)/Beneficial owner(s) of Target Company.
9. The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms, Share Transfer Deed etc. during transit and the Equity Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
10. The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.
11. The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

B) STATUTORY AND OTHER APPROVALS

1. As of the date of this Letter of Offer, to the best of the knowledge of the Acquirer, there are no statutory approvals required to implement the Offer. However, in case of any regulatory or statutory approval being required at a later date before the closure of the Offer, the Offer shall be subject to all such approvals and the Acquirer shall make the necessary applications for such approval.
2. If any of the Public Shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIIs) require any approvals interalia from the Reserve Bank of India, the Foreign Investment Promotion Board or any regulatory body for the transfer any Equity Shares to the Acquirer, they shall be required to submit such approval along with the other documents required to be tendered to accept this Offer. If such approval is not submitted, the Acquirer reserves the right to reject the Equity Shares tendered by such shareholders that are not resident in India.
3. The Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the tendering period to those Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
4. In case of delay in receipt of any statutory approval, the SEBI may, if satisfied that delayed receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or the failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the Takeover Regulations. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 17(9) of the Takeover Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.
5. In terms of Regulation 23(1) of the Takeover Regulations, if the approvals mentioned in paragraph VII B(1) are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirer have a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be filed with SEBI, the Stock Exchanges and the registered office of the Target Company.

VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. The Open Offer shall be implemented by using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 09,2016.
2. The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE, which shall be the Designated Stock Exchange, in the form of a separate window (“**Acquisition Window**”)
3. For implementation of the Open Offer, the Acquirer has appointed (the “**Buying Broker**”) through whom the purchases and settlements on account of the Open Offer would be made by the Acquirer. The contact details of the Buying Broker are as follows:

Name: Choice Equity Broking Private Limited

Address: Shree Shakambhari Corporate Park,
Plot No. 156-158, J B Nagar,
Andheri (East), Mumbai-400099

Contact Person: Mr. Devendra Gaikwad

Tel.: 022-67079879

E-mail ID: compliance@choiceindia.com, devendra.gaikwad@choiceindia.com

4. All Shareholders who desire to tender their Shares under the Open Offer would have to approach their respective stock brokers (“**Selling Broker**”), during the normal trading hours of the secondary market during the Tendering Period.
5. The Acquisition Window provided by BSE shall facilitate placing of sell orders. The Selling Brokers can enter orders for demat equity shares as well as physical equity shares.
6. The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
7. Shareholders can tender their shares only through a broker with whom they are registered as client (KYC Compliant).

PROCEDURE TO BE FOLLOWED BY SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN PHYSICAL FORM:

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

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

SHAREHOLDERS WHO ARE HOLDING EQUITY SHARES IN DEMATERIALIZED FORM:

1. The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their Selling Broker, indicating details of Shares they wish to tender in Open Offer.
2. The Selling Broker shall provide early pay-in of demat shares (except for Custodian Participant orders) to the Clearing Corporation before placing the bids / orders and the same shall be validated at the time of order entry.
3. For Custodian Participant, orders for demat equity shares early pay-in is mandatory prior to confirmation of order by the Custodian. The Custodians shall either confirm or reject orders not later than close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
4. The details of settlement number for early pay-in of equity shares shall be informed in the issue opening circular that will be issued by BSE / Clearing Corporation, before the opening of the Offer.
5. Upon placing the bid, the seller member(s) shall provide Transaction Registration slip ("TRS") generated by the Exchange Bidding System to the shareholder. TRS will contain details of order submitted like Bid ID No. DP ID, Client ID, No of Shares tendered etc.
6. The Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Open Offer.

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

ACCEPTANCE OF SHARES

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

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

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

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

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

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

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

SETTLEMENT PROCESS

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

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

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

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

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

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

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

SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION

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

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

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

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

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

NOTE ON TAXATION

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 (twelve) months will not be subject to capital gains tax in India if STT has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 (twelve) months or less, which are sold will be subject to short term capital gains tax provided the transaction is chargeable to STT.

SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY SHAREHOLDER AS A REASON OF THIS OFFER.

IX. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Shareholders at the office of the Manager to the Offer at Centre Point, 605, 6th floor, J.B. Nagar, Andheri-Kurla Road, Andheri (East), Mumbai- 400 059 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 a.m. to 1:00 p.m. from the date of opening of the Offer until the closure of this Offer:

- Certificate dated April 19, 2017 issued by Mr. Timothy M. Griffiths, Certified Public Accountant, member of the American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants, having office at 904 W, Waters Avenue, Suite D, Tampa, Florida 33604, certifying the net worth of the Acquirer;
- Annual reports of the Target Company for the financial years ending March 31, 2016, March 31, 2015 and March 31, 2014;
- Unaudited Financials of the Target Company for Nine Month period ended December 31, 2016;
- Email dated April 10, 2017 from ICICI Bank Limited confirming the cash deposit of ₹ 34,00,000 (Rupees Thirty Four Lacs Only) as on April 10, 2017 in the Escrow Account with a lien marked in favor of the Manager to the Offer;
- Copy of Share Purchase Agreement between the Acquirer and Sellers dated April 20, 2017;
- Copy of Escrow Agreement between the Acquirer, Manager to the Offer and Escrow Bank;
- Copy of Public Announcement dated April 20, 2017, published copy of the Detailed Public Statement dated April 26, 2017;
- Copy of the comments letter from SEBI; and
- Copy of the Recommendation of the Independent Directors

X. DECLARATION BY THE ACQUIRER

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

Acquirer

Sd/-

Janakiram Ajjarapu

(Signed by Mr. Vasudev Komarraju, for and on behalf of the Acquirer, holding Specific Power of Attorney dated January 30, 2017)

Place: Hyderabad

Date: July 29, 2017

Encl: 1) Form of Acceptance-cum-Acknowledgement