

COMBAT DRUGS LIMITED

Registered Office: 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppal (V), Ranga Reddy District, Hyderabad, Rangareddy-500039, Telangna, India. | Tel. No.: 040 - 66200100 / 65523363 | Website: www.combatdrugs.in | Email: investorinfo@combatdrugs.in | CIN: L24230TG1986PLC006781

OPEN OFFER ("OFFER") FOR ACQUISITION OF UP TO 20,80,000 (TWENTY LACS EIGHTY THOUSAND ONLY) FULLY PAID UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES"), REPRESENTING 26% OF THE TOTAL EQUITY SHARE CAPITAL OF COMBAT DRUGS LIMITED ("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 BY MR. JANAKIRAM AJJARAPU ("ACQUIRER"). THIS DETAILED PUBLIC STATEMENT ("DPS") IS BEING ISSUED BY SAFFRON CAPITAL ADVISORS PRIVATE LIMITED, THE MANAGER TO THE OFFER ("MANAGER"), FOR AND ON BEHALF OF THE ACQUIRER IN COMPLIANCE WITH REGULATION 13(4) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AND SUBSEQUENT AMENDMENTS THERETO, ("TAKEOVER REGULATIONS"), PURSUANT TO THE PUBLIC ANNOUNCEMENT ("PA") FILED WITH BSE LIMITED ("BSE") ("STOCK EXCHANGE") ON APRIL 20, 2017 IN TERMS OF REGULATIONS 3(1) AND 4 OF THE TAKEOVER REGULATIONS. THE PA WAS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") AND SENT TO THE TARGET COMPANY ON APRIL 21, 2017 BY WAY OF LETTERS DATED APRIL 20, 2017, IN TERMS OF REGULATION 14(2) OF THE TAKEOVER REGULATIONS.

I. ACQUIRER, SELLERS, TARGET COMPANY AND OFFER

1. INFORMATION ABOUT THE ACQUIRER – MR. JANAKIRAM AJJARAPU

- Acquirer, aged 48 years, S/o Mr. Satya Seshagiri Rao Ajjarapu, is residing at 1, Tiffany Way, Warren, New Jersey, 07059; Email: ram@inticap.net; Tel: (267)-888-1001; Fax: (212)-202-3628.
- Acquirer is a Person of Indian Origin (PIO Card No. PO442638) and a Non Resident Indian.
- 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.
- Acquirer is holding a Permanent Account Number: ACPA0374P
- The details of the ventures promoted/controlled/managed by the 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.	Ailon 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

- Acquirer has confirmed that he is not categorized as a "willful defaulter" in terms of regulation 2(1) (ze) of the Takeover Regulations.
- 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)
- Acquirer confirms that he has not been prohibited by SEBI from dealing in securities, in terms of the provisions of Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other Regulation made under the SEBI Act.
- 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.
- Acquirer has signed a Share Purchase Agreement dated April 20, 2017 with the Sellers to acquire up to 38,39,917 equity shares constituting 48.00% of the Voting Share Capital of the Target Company.
- Acquirer does not belong to any group.
- Acquirer confirms that he is not related to the Promoters, Directors or key employees of the Target Company in any manner.
- Acquirer has not held and does not hold any Equity Shares of the Company as on the date of this DPS. Therefore the provisions of chapter V of the Takeover Regulations and provisions of chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto are not applicable as far as the holding of the Acquirer is concerned.

2. INFORMATION ABOUT THE SELLERS

2.1 Pursuant to the Share Purchase Agreement ("SPA") dated April 20, 2017, the Acquirer has agreed to purchase **38,39,917** Equity Shares ("Sale Shares") constituting **48%** of the Voting Share Capital of the Target Company from the following Promoter and Promoter Group members of the Target Company, (collectively referred to as the "Sellers"):

Sr. No.	Name of the Sellers and PAN	Address	Whether part of Promoter and Promoter Group	Details of shares/voting rights held by the Sellers			
				Pre Transaction		Post Transaction	
				Number	%	Number	%
1.	Ankita Mathur	502, Ridgewood Residency, Plot No. 110, Street No. 3, West Marredpally, Secunderabad -500026, Telangana.	Yes	55,000	0.69	-	-
2.	Anita Mathur			7,15,337	8.94	-	-
3.	Sushant Mohan Lal			20,60,491	25.76	14,55,200	18.19
4.	Suchit Mohan Lal			24,64,289	30.80	-	-
Total				52,95,117	66.19	14,55,200	18.19

(Note: 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 shares 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 and the public shareholding in the company being maintained at 25%.)

2.2 Accordingly, upon the completion of the sale and purchase of the Sale Shares (as defined below) under the SPA (as defined below), Sellers shall cease to be the Promoters of Target Company and relinquish the control in the management of the Target Company in favor of the Acquirer. The Acquirer will acquire control of the Target Company, and be classified as promoters 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations"). The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the SEBI 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.

2.3 None of the Sellers as mentioned above have been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended or under any other regulation made under the SEBI Act, 1992.

3. INFORMATION ABOUT THE TARGET COMPANY

COMBAT DRUGS LIMITED ("Target Company")

3.1 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.

3.2 The registered office of the Target Company is situated at 9-109/9, Plot No.112, Road No.14, Gayatri Nagar, Bouduppal (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).

3.3 Corporate Identification Number of the Target Company is L24230TG1986PLC006781. (Source: www.mca.gov.in)

3.4 The objects of the Target Company as per its Memorandum of Association inter-alia include:-

- 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, herbs extracts, preparations, compounds, liquids, pastes, and such other articles or things, whether patented or not having restorative, medicinal, pharmaceutical, chemical, cosmetic or industrial use.
- 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, gaussees, gloves, masks, whether disposable or not including all such articles or things used in medical and or infant care, die foods for infants and tonics, beverages and other restoratives food stuffs all description whether patented or not for human animal use.
- To carry on the business of vialling, bottling, packing, repacking and processing of capsules, syrups, tablets, injectable, arcoles and ointments.

3.5 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 Share Capital of the Target Company is ₹ 800 Lacs comprising of 80 Lacs Equity Shares of face value ₹ 10 each. (Source: www.bseindia.com).

3.6 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.

3.7 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)

3.8 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 equity 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.
- Authorized 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 equity capital and Security Premium received by the Target Company pursuant to allotment of Equity Shares on preferential basis.

- 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).
- The trading in the Equity Shares of the Target Company was suspended on BSE with effect from January 07, 2002 for non-payment of listing fees. The suspension was revoked by BSE with effect from July 27, 2009 vide notice dated July 21, 2009.
- 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 effect from January 27, 2016 vide BSE notice dated January 21, 2016. The company is currently compliant with the key regulations of the SEBI LODR Regulations.
- The brief standalones audited financial information of the Target Company for the financial years ended March 2016, 2015 and 2014 and unaudited financials for the nine period ended December 2016 are as under:

Particulars	December 31, 2016 Unaudited	Financial Year 2016 Audited	Financial Year 2015 Audited	Financial Year 2014 Audited
Total Revenue (Revenue from Operations + Other Income)	28.23	22.84	18.40	7.43
Net Profit/(Loss) after tax	(19.24)	(127.78)	(368.38)	(79.86)
EPS	(0.24)	(1.60)	(4.6)	(1.0)
Net Worth	192.98	212.22	339.99	708.38

3.13 The board of directors of the Target Company consists of Mr. Sushant Mohanlal, (DIN: 01227151), Mr. Suchit Mohanlal, (DIN: 01227165), Ms. Vemuri Shipa, (DIN: 07140155), Mr. Bhupendralal Waghay (DIN: 07337149) (Source: www.mca.gov.in)

3.14 The Acquirer does not have any representative on the Board of Directors of the Target Company as on the date of this DPS.

4. DETAILS OF THE OFFER

- Acquirer is making this Offer to all the public shareholders of the Target Company ("Equity Shareholders"), to acquire up to **20,80,000** (Twenty Lacs Eighty Thousand Only) equity shares of face value ₹ 10 (Rupees Ten only) each, representing 26% of the total Voting Share Capital of the Target Company.
- This Offer is being made at a price of ₹ 6 (Rupees Six only) (the "Offer Price") per fully paid up equity share of face value ₹ 10 (Rupees ten only) each of the Target Company, payable in cash in accordance with Regulation 9(1)(a) of the Takeover Regulations.
- This Offer is not conditional on any minimum level of acceptance and is not a competing offer in terms of Regulations 19 and 20 respectively of the Takeover Regulations.
- To the best of the knowledge of the Acquirer, there are no statutory approvals required by the Acquirer to complete this Offer. However, in case if any such statutory approvals are required by the Acquirer at a later date before the closure of the tendering period, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory approvals.
- The Equity Shares of the Target Company will be acquired by the Acquirer as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereon.
- The consummation of the sale and purchase of the Sale Shares by the Acquirer, as envisaged under the SPA dated April 20, 2017 amongst the Acquirer and the Sellers, is subject to the conditions precedent set out in the SPA.
- To the best of the knowledge and belief of the Acquirer, as on the date of this DPS, there are no statutory or other approvals required to implement the Offer other than as indicated in section VI of this DPS. If any other statutory approvals are required or become applicable prior to completion of the Offer, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event such statutory approvals are refused in terms of regulation 23 of the Takeover Regulations. In the event of withdrawal, a public announcement will be made within two working days of such withdrawal, in the same newspapers in which this DPS has been published and such public announcement will also be sent to SEBI, BSE and to the Target Company at its registered office.
- The Manager to the Offer does not hold any Equity Shares in the Target Company as on the date of appointment as Manager to the Offer and as on the date of this Detailed Public Statement. The Manager to the Offer further declares and undertakes that it shall not deal in the Equity Shares of the Target Company during the period commencing from the date of its appointment as Manager to the Offer till the expiry of 15 days from the date of closure of this Open Offer.
- 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.
- The acquisition of 26% of the Voting Share Capital under this Offer will not result in the public shareholding in the Target Company falling below the level required for continuous listing. To the extent the post-offer holding of the Acquirer in the Target Company exceeds the maximum permissible non-public shareholding under Securities Contract (Regulation) Rules, 1957, and subsequent amendments thereto (the "SCRR"), the Acquirer undertakes to reduce his shareholding to the level stipulated in the SCRR within the time and in the manner specified in the SCRR and SEBI LODR Regulations.
- If the Acquirer acquires 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, then the Acquirer 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 in the event that such acquisition is made under another open offer under the Takeover Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 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.

II. BACKGROUND TO THE OFFER

- On April 20, 2017, the Acquirer entered into an SPA with the Sellers for purchase of Sale Shares at a price of ₹ 4.25 (Four Rupees Twenty Five Paise only) per equity share payable in cash (the purchase of the Sale Shares under the SPA is referred to as the "Transaction").
- The Sellers currently hold 66.19% of the total paid up capital of the Target Company. As per the SPA the Acquirer shall acquire at least 48% shareholding and shall reserve the right to acquire further shares 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 and the public shareholding in the company being maintained at 25%.
- The object of the acquisition is substantial acquisition of Shares/voting Rights accompanied by control over the Management of the Target Company.
- At present, the Acquirer does not have any plans to make major changes to the existing line of business of the Target Company except in the 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 Offer, the Acquirer may reorganize the present Capital structure of the Company and also further strengthen the Board.

III. SHAREHOLDING AND ACQUISITION DETAILS

The current and proposed Equity Shareholding of the Acquirer in the Target Company and the details of the acquisition are as follows:

Details	Acquirer Number of Shares
Shareholding as on the PA date	NIL
Shares acquired through Share Purchase Agreement requiring an open offer to be made in accordance with Takeover Regulations	38,39,917
Shares acquired between the Public Announcement date and the DPS date	NIL
Shares proposed to be acquired in the Offer (assuming full acceptance)	20,80,000
Post Offer Shareholding on diluted basis on 10th working day after closing of Tendering period	59,19,917

(Note: 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 shares 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 and the public shareholding in the company being maintained at 25%.)

IV. 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:

Sr. No.	Particulars	Price (In ₹ per share)
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 Acquirers 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 Acquirers 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: 0150765) 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 Vs. 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 higher of the Fair Market Valuation arrived and the negotiated price, hence, justified.

- 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.
- There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.
- There has been no revision in the Offer Price or to the size of this Offer as on the date of this DPS.
- 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 this DPS; (ii) make a public announcement in the same newspapers in which this 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.

V. FINANCIAL ARRANGEMENTS

- Assuming full acceptance, the total funds requirement to meet this Offer is ₹ 1,24,80,000 (Rupees One Crore Twenty Four Lacs Eighty Thousand Only).
- 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)
- 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 Chakri Circle, Old Padra Road, Vadodra-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.
- 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.
- 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.

VI. STATUTORY AND OTHER APPROVALS

- As of the date of this DPS, to the best of the knowledge of the Acquirer, there are no statutory approvals required by the Acquirer to complete this Offer. However, in case of any such statutory approvals are required by the Acquirer at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory approvals.
- If any of the public shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIs) require any approvals inter-alia from the Reserve Bank of India, the Foreign Investment Promotion Board or any regulatory body for the transfer of 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 reserve the right to reject the Equity Shares tendered by such shareholders that are not resident in India.
- Subject to the receipt of statutory and other approvals, if any, 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.
- In terms of Regulation 18(11) of the Takeover Regulations, the Acquirer shall be responsible to pursue all statutory approvals required by the Acquirer in order to complete the Open Offer without any default, neglect or delay. 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.
- In terms of Regulation 23(1) of the Takeover Regulations, if any of the conditions precedent and other conditions as stated in the SPA and Share Sale/Purchase Confirmation or approvals mentioned in paragraph VI (1) and (2) are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirer has 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 this DPS has been published and such public announcement will also be filed with SEBI, the Stock Exchange and the registered office of the Target Company.

VII. TENTATIVE SCHEDULE OF ACTIVITY:

Activities	Day and Date
Public Announcement (PA)	Thursday, April 20, 2017
Publication of DPS in the newspapers	Thursday, April 27, 2017
Filing of the draft letter of offer with SEBI	Friday, May 05, 2017
Last date for a competitive bid	Monday, May 22, 2017
Last date for SEBI observations	