

## DRAFT LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Draft Letter of Offer (as defined under the head of Key Definitions) is being sent to you as a Public Shareholder (as defined under the head of Key Definitions) of Frontier Informatics Limited. 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 under the head of Key Definitions) or the Registrar to the Offer (as defined under the head of Key Definitions). In the event you have sold your Shares (as defined under the head of Key Definitions) in Frontier Informatics Limited, please hand over the Draft Letter of Offer to the purchaser of the Shares or the member of the stock exchange through whom the said sale was effected.

#### Open Offer (“Offer”) by

##### **Ramarao Atchuta Mullapudi (“Acquirer”)**

Residing at: 4588, Kentucky DR Plano, Texas - 75024, United States of America  
Tel No: +1 214 923 0963, Email: [ramarao@aol.com](mailto:ramarao@aol.com)

#### together with the Person Acting in Concert

##### **Harika Vardhani Mullapudi (“PAC”)**

Residing at:- 4588, Kentucky DR Plano, Texas - 75024, United States of America  
Tel: +1 214 385 9836, Email: [hmullapudi@email.xtglobal.com](mailto:hmullapudi@email.xtglobal.com)

To acquire upto 2,46,88,352 (Two crore forty six lacs eighty eight thousand three hundred fifty two) (“Offer Shares”) fully paid up equity shares of the face value of ₹ 1 each, representing 26% (Twenty six per cent) of the total Emerging Voting Share Capital (as defined under the head of Key Definitions) (“Offer Size”) from the Public shareholders of:

##### **FRONTIER INFORMATICS LIMITED (“Target Company”)**

Having its registered office at: Plot Nos. 31 (part) & 32, 3rd Floor, Tower-A, Ramky Selenium Financial District Nanakramguda, Hyderabad – 500 032, Telangana, India  
Tel: +040-23007456; Email: [frontier@fitlindia.com](mailto:frontier@fitlindia.com); Website: [www.fitlindia.com](http://www.fitlindia.com)

**Corporate Identity Number:** L72200TG1986PLC006644

at a price of ₹ 3.50 (Rupees three and paise fifty only) per Share (“Offer Price”) payable in cash pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) (SEBI (SAST) Regulations).

#### Notes:

1. This Open Offer is being made by the Acquirer and PAC pursuant to Regulation 3(2) and other applicable regulations of the SEBI (SAST) Regulations.
2. This Open Offer is not conditional upon any minimum level of acceptance in terms of regulation 19(1) of the SEBI (SAST) Regulations. There is no differential price being offered for the Offer Shares tendered in the Open Offer.

3. This Open Offer is not a competing offer in terms of regulation 20 of the SEBI (SAST) Regulations.
4. **There has been no competing offer as on the date of this Draft Letter of Offer.**
5. To the best of the knowledge of the Acquirer and PAC, 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. Upward revision, if any, in the Offer Price and/or Offer Size, or withdrawal of the Open Offer, in accordance with the SEBI (SAST) Regulations shall be informed by way of a public announcement in the same newspapers where the Detailed Public Statement (as defined under the head of Key Definitions) in relation to this Open Offer appeared. Such revision in the Offer Price, if any, would be applicable to all the Offer Shares validly tendered anytime during the Tendering Period.
7. Copies of the Public Announcement (as defined under the head of Key Definitions), the Detailed Public Statement, this Draft Letter of Offer (as defined under the head of Key Definitions) and the Letter of Offer will also available on the website of the Securities and Exchange Board of India (SEBI): [www.sebi.gov.in](http://www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
	
<p><b>Saffron Capital Advisors Private Limited</b>            CIN: U67120MH2007PTC166711            605, 6<sup>th</sup> Floor, Centre Point, J.B. Nagar            Andheri (East), Mumbai - 400 059            Maharashtra, India            Tel +91 22 4082 0906            Fax +91 22 4082 0999            Email: <a href="mailto:openoffers@saffronadvisor.com">openoffers@saffronadvisor.com</a>            Website: <a href="http://www.saffronadvisor.com">www.saffronadvisor.com</a>            Investor grievance email:  <a href="mailto:investorgrievance@saffronadvisor.com">investorgrievance@saffronadvisor.com</a>            Contact Person: Varsha Gandhi            SEBI Registration Number: INM000011211            SEBI Registration Validity: Permanent</p>	<p><b>Karvy Fintech Private Limited</b>            CIN: U72400TG2017PTC117649            Karvy Selenium Tower B, Plot no.31 &amp; 32,            Financial District, Nanakramguda,            Hyderabad – 500 032            Telangana, India            Tel No. +91 40 6716 2222            Fax +91 40 2343 1551            Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>            Investor grievance email: <a href="mailto:fil.openoffer@karvy.com">fil.openoffer@karvy.com</a>            Website : <a href="http://www.karisma.karvy.com">www.karisma.karvy.com</a>            Contact Person: M. Muralikrishna            SEBI Registration No: INR000000221            SEBI Registration Validity: Permanent</p>

## SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	ORIGINAL SCHEDULE (Day and Date)	REVISED SCHEDULE (Day and Date)
Issuance of Public Announcement (PA)	Thursday, September 05, 2019	Thursday, September 05, 2019
Publication of DPS in the newspapers	Friday, September 13, 2019	Friday, September 13, 2019
Filing of the draft letter of offer with SEBI	Friday, September 20, 2019	Friday, September 20, 2019
Last date for a competitive bid	Monday, October 07, 2019	Monday, October 07, 2019
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)	Tuesday, October 15, 2019	[•]
Identified Date*	Thursday, October 17, 2019	[•]
Last date by which Letter of Offer duly incorporating SEBI's comments to the Draft Letter of Offer, is required to be dispatched to shareholders	Thursday, October 24, 2019	[•]
Last date for upward revision of the Offer price/ Offer size	Thursday, October 31, 2019	[•]
Last Date by which the committee of the independent directors of the Target Company shall give its recommendation on the Open Offer to the Public Shareholders	Wednesday, October 30, 2019	[•]
Last date of publication of the Open Offer opening public announcement, announcing the schedule of activities of this Open Offer, status of statutory and other approvals, if any, and procedure for tendering acceptances	Thursday, October 31, 2019	[•]
Date of commencement of Tendering Period (Offer Opening Date)	Friday, November 01, 2019	[•]
Date of Expiry of Tendering Period (Offer Closing Date )	Friday, November 15, 2019	[•]
Date by which all requirements including payment of consideration, rejection/acceptance and return of Shares to the Public Shareholders of the Target Company whose Shares have been rejected in this Open Offer	Friday, November 29, 2019	[•]
Last date for issue of post-offer advertisement	Friday, December 06, 2019	[•]

**Notes:**

1. *There has been no competing offer as of the date of this Draft Letter of Offer.*
2. *Actual date of receipt of SEBI observation letter is [•].*
3. *Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the Letter of Offer shall be posted. It is clarified that all the Public Shareholders (registered or unregistered) who own the Offer Shares are eligible to participate in the Open Offer at any time before closure of the Tendering Period.*

## RISK FACTORS

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The probable risk factors pertaining to the Open Offer or pertaining to association with the Acquirer, the PAC or the Target Company are set forth below but these are only indicative. The risk factors set forth below do not relate to the present or future business or operations of the Target Company and any other related matters. The Public Shareholders are advised to consult their stock brokers, tax advisors, legal advisors or investment consultants, if any, for analyzing all the risks with respect to their participation in the Open Offer.

### I. RISK FACTORS RELATING TO THE TRANSACTION

- The Board of Directors of the Target Company in their meeting held on September 05, 2019, have decided to acquire around 33.94% of total equity of Xenosoft Technologies (India) Private Limited (Xenosoft) from its existing shareholders by allotting 4,40,00,000 Shares of ₹ 1 each at a premium of ₹ 2.50 per Share amounting to ₹ 15,40,00,000 on a preferential basis (Preferential Allotment) to the shareholders of Xenosoft in proportion to their respective shareholding in the Xenosoft for consideration other than cash, subject to approval by shareholders at the ensuing Annual General Meeting to be held on September 30, 2019, and statutory / regulatory approvals. The Acquirer, being a majority shareholder in Xenosoft, along with PAC (daughter of the Acquirer), who is also a shareholder in Xenosoft shall be allotted 3,40,93,694 and 29,24,942 Equity Shares respectively. Presently, Acquirer holds 2,55,00,125 Shares representing 50.04% of the existing Voting Share Capital of the Target Company and PAC does not hold any Shares of the Target Company. After the said preferential allotment and pursuant to the completion of open offer formalities (assuming full acceptances), the Acquirer will hold 8,42,82,171 Equity Shares representing 88.76% of the Emerging Voting Share of the Capital of the Target Company and PAC shall hold 29,24,942 Equity Shares representing 3.08% of the Emerging Voting Share of the Capital of the Target Company. The proposed Preferential Allotment is subject to approval from the Shareholders of the Target Company and BSE.
- As of the date of this DLOF, to the best of the knowledge of the Acquirer and PAC, other than the approvals set out in paragraph VII (B) of this Draft Letter of Offer, there are no other statutory or regulatory approvals required by the Acquirer and PAC to complete this Open Offer. However, in case of any statutory or regulatory approvals being required by the Acquirer and PAC at a later date, this Open Offer shall be subject to such approvals and the Acquirer and PAC 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 SEBI (SAST) 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 and PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Open Offer, subject to the Acquirer and PAC agreeing to pay interest to the Public Shareholders for delay beyond 10<sup>th</sup> 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 and PAC 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. Further, if delay occurs on account of willful default by the Acquirer and PAC in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.

- In case the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirer and PAC hereby undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the SEBI (SAST) Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement.
- In terms of and in accordance with Regulation 23(1) of the SEBI (SAST) 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 and PAC, the Open Offer would stand withdrawn. The Acquirer and PAC reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the SEBI (SAST) 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. RISK RELATING TO THE OFFER**

- This Open Offer is an offer to acquire upto 26% of the Emerging Voting Share Capital of the Target Company from the Public Shareholders. In the case of Shares tendered in the Open Offer by the Public Shareholders are more than the Offer Size, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the Public Shareholders in the Open Offer will be accepted.
- In the event that either: (a) regulatory or statutory 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 and PAC from performing their obligations hereunder, or (c) SEBI instructing the Acquirer and PAC not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Public Shareholders, whose Shares are accepted under the Offer as well as the return of Shares not accepted under the Offer by the Acquirer and PAC 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 SEBI (SAST) 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 and PAC, grant an extension for the purpose of completion of the Offer subject to the Acquirer and PAC agreeing to pay interest to the validly tendering Shareholders.
- The 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 Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares. The Acquirer and PAC 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, the PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Draft Letter of Offer / Detailed Public Statement /

Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC, 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 Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period even if the acceptance of the Shares in this Offer and dispatch of consideration are delayed.
- This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft 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, PAC 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, PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.
- This Offer is subject to completion risks as would be applicable to similar transactions.

### **III. RISK RELATING TO ACQUIRER AND THE PAC**

- Acquirer and PAC makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirer and PAC 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 and PAC 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.
- In accordance with Regulation 38 of the LODR Regulations read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended (SCRR), the Target Company is required to maintain at least 25% (Twenty five per cent) public shareholding (Minimum Public Shareholding), as determined in accordance with the SCRR, on a continuous basis for listing. However, if as a result of the purchase of the Offer Shares tendered under the Open Offer and the Shares allotted pursuant to the Preferential Allotment, during the Open Offer period, the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirer and PAC undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the SEBI (SAST) Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement. Any failure to comply with the conditions of the SCRR and the LODR Regulations could have an adverse effect on the price and tradability of the Shares.

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## I. KEY DEFINITIONS

Acquirer	Mr. Ramarao Atchuta Mullapudi aged 55 years, S/o Mr. Sri Raghunayakulu, residing at 4588, Kentucky DR Plano, Texas - 75024, United States of America.
Board of Directors	Board of directors of the Target company
Buying Broker	Stock Broker appointed by Acquirer and PAC for the purpose of this Open Offer i.e Choice Equity Broking Private 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 September 12, 2019, issued by the Manager to the Offer, on behalf of the Acquirer and PAC, in relation to the Offer and published in all editions of Financial Express (English), Jansatta (Hindi), Mumbai Lakshdeep (Marathi) and Surya (Regional Language newspaper (Telugu, Hyderabad) where the registered office of the Target Company is located) on September 13, 2019 in accordance with the Regulation 3(2) read with Regulations 13(4), 14 (3) and 15(2) and other applicable regulations of the SEBI (SAST) Regulations.
Demat Escrow Agreement	Demat Escrow Agreement entered between the Target Company, Buying Broker and Manager to the Offer dated August 31, 2019.
DP	Depository participant
Eligible Persons to Participate in the Offer	All owners(registered or unregistered) of Equity Shares of the Target Company( except the Acquirer, Person acting in concert, Promoter and Promoter members of the Target Company) are eligible to participate in the Offer any time before the closure of the Offer.
Draft Letter of Offer	This Draft Letter of Offer filed with SEBI in accordance with Regulation 16(1) of the SEBI (SAST) Regulations.
DTAA	Double Taxation Avoidance Agreement
Emerging Voting Share Capital	Emerging Voting Share Capital means the emerging fully diluted voting equity share capital of the Target Company as of the 10 <sup>th</sup> working day from the closure of the tendering period for the Open Offer, computed in the manner set out in paragraph III (A) 4 (Background to the Offer).
Equity Share(s)/ Share(s)	The fully paid up equity share(s) of the Target Company having a face value of ₹ 1 (Rupee One) per equity share
Equity Share Capital / Voting Share Capital	The Issued, Subscribed and paid up Share Capital of the Target Company is ₹ 5,09,55,198 comprising of 5,09,55,198 Equity Shares of ₹ 1 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
HSE	Hyderabad Stock Exchange Limited

Identified Date	Thursday, October 17, 2019, 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 Draft Letter of Offer
LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Manager to the Offer	Saffron Capital Advisors Private Limited
Minimum Public Shareholding	25% (Twenty five per cent) public shareholding (Minimum Public Shareholding) as determined in accordance with Regulation 38 of the LODR Regulations read with Rule 19 A of the SCRR.
MOU	Memorandum of Understanding
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	This open offer being made by the Acquirer together with PAC for acquiring upto 2,46,88,352 (Two crore forty six lacs eighty eight thousand three hundred fifty two Only) Equity Shares representing 26% of the total Emerging Voting Share Capital of the Target Company, from the Public Shareholders at the Offer Price payable in cash
Offer Consideration	The maximum consideration payable under this Offer, assuming full acceptance, is ₹ 8,64,09,232 (Rupees Eight crore sixty four lacs nine thousand two hundred thirty two only).
Offer Period	Period commencing from September 05, 2019 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	₹ 3.50/- (Rupees three and paise fifty only) per Share
Offer Size/Offer Shares	Upto 2,46,88,352 (Two crore forty six lacs eighty eight thousand three hundred fifty two only) Equity Shares representing 26% of the Emerging Voting Share Capital of the Target Company
PAC	Ms. Harika Vardhani, Mullapudi, aged 27 years d/o Ramarao Atchuta Mullapudi, residing at 4588, Kentucky DR Plano, Texas - 75024, United States of America.
PAN	Permanent Account Number, issued under the Income Tax Act, 1961
Public Shareholders	Public Shareholders means all the public shareholders of the Target Company other than the Acquirer, PAC, Promoter and Promoter Group Members.
Public Announcement/PA	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer and PAC on September 05, 2019 in accordance with SEBI (SAST) Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Fintech Private Limited
RTGS	Real Time Gross Settlement

SCRR	Securities Contract (Regulations) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended).
SEBI Act	SEBI Act, 1992, as amended
SEBI Stock Exchange Mechanism Circular	SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 issued by the SEBI, and as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 issued by the SEBI
Share	Each fully paid-up equity share of the Target Company of the face value of ₹ 1 (Rupee one only).
Stock Exchange	BSE Limited or BSE
Target Company	Frontier Informatics Limited, a public limited company incorporated under the laws of India and having its registered office at Plot Nos. 31 (part) & 32, 3 <sup>rd</sup> Floor, Tower-A, Ramky Selenium Financial District Nanakramguda, Hyderabad – 500 032, Telangana, India
Tendering Period	Friday, November 01, 2019 to Friday, November 15, 2019
Working Day	A working day of SEBI at Mumbai

## II. DISCLAIMER CLAUSE

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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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF FRONTIER INFORMATICS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OPEN OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC OR THE TARGET COMPANY WHOSE SHARES 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 AND THE PAC 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 AND PAC DULY DISCHARGES THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 19, 2019 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OPEN OFFER.”

### III. DETAILS OF THE OFFER

#### A) Background of the Offer

1. At present, the Acquirer is one of the Promoters of the Target Company and holds 2,55,00,125 Equity Shares representing 50.04% of the Existing Voting Share Capital of the Company. PAC (daughter of the Acquirer) does not hold any Shares in the Target Company as on this date of Draft Letter of Offer. Pursuant to the proposed Preferential Allotment by the Target Company as elucidated in paragraph III (A) 2 and 3 below, PAC will be the shareholder of the Target Company and will be the part of Promoter and Promoter Group of the Target Company, subject to the approval of shareholders and other statutory/ regulatory approvals.
2. This mandatory offer (the “Offer” or “Open Offer”) is being made by the Acquirer and PAC in compliance with Regulation 3(2) of the SEBI (SAST) Regulations, pursuant to the proposed Preferential Allotment of Shares by the Target Company as elucidated in paragraph III (A) 3 below.
3. The Board of Directors of the Target Company in their meeting held on September 05, 2019, had decided to acquire around 33.94% of total equity of Xenosoft Technologies (India) Private Limited (Xenosoft) from its existing shareholders by allotting 4,40,00,000 Shares of ₹ 1 each at a premium of ₹ 2.50 per Share amounting to ₹ 15,40,00,000 on a preferential basis (Preferential Allotment) to the shareholders of Xenosoft in proportion to their respective shareholding in the Xenosoft for consideration other than cash, subject to approval by shareholders at the ensuing Annual General Meeting to be held on September 30, 2019, and statutory / regulatory approvals. Acquirer being a majority shareholder in Xenosoft, alongwith PAC (daughter of the Acquirer), who is also a shareholder in Xenosoft, have therefore triggered Regulation 3(2) of the SEBI (SAST) Regulations. Further, Acquirer and PAC shall also comply with the lock-in requirements as stipulated under Chapter V of the ICDR Regulations.
4. Acquirer being one of the Promoters of the Target Company is already in the control of the Target Company and there shall be no change in the management control pursuant to the proposed Open Offer.
5. The details of the current and proposed shareholding of the Acquirer and PAC in the Target Company are as follows :

<b>Details</b>	<b>Acquirer</b>		<b>PAC</b>	
	<b>Number of Shares</b>	<b>% of Emerging Voting Share Capital</b>	<b>Number of Shares</b>	<b>% of Emerging Voting Share Capital</b>
Shareholding as on the PA date	2,55,00,125	26.85	--	--
Shares acquired between the Public Announcement date and the date of this Draft Letter of Offer	--	--	--	--
Shares proposed to be acquired in the Offer ( <i>assuming full acceptance</i> )	2,46,88,352	26.00	--	--
* Post Offer Shareholding on diluted basis on 10th working day after closing of	8,42,82,171	88.76	*29,24,942	3.08%

Tendering period (Based on Emerging Voting Share Capital)				
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\* *The Board of Directors of the Target Company in their meeting held on September 05, 2019 have subject to receipt of shareholders approvals and other applicable approvals, resolved to allot 4,40,00,000 Shares to the Acquirer, PAC and others shareholders of Xenosoft (as detailed in [paragraph III (A) 3] above on preferential basis in terms of Section 62 and other applicable provisions of the Companies Act, 2013 and in terms of SEBI (ICDR) Regulations 2018. Of the same, the Acquirer and the PAC shall be allotted 3,40,93,694 and 29,24,942 Equity Shares respectively.*

*Post offer shareholding includes Shares acquired by the Acquirer, assuming full acceptance in the open offer.*

*In case the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirer and PAC hereby undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the SEBI (SAST) Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement.*

6. Other than as disclosed in this Draft Letter of Offer, the Acquirer and PAC do not hold any other Shares in the Target Company.
7. In terms of Regulation 22(2A) of the SEBI (SAST) Regulations, the Equity Shares allotted pursuant to the Preferential Allotment shall be transferred to the demat escrow account and released to the Acquirer and PAC upon successful completion of Open Offer formalities. Acquirer and PAC shall not exercise any voting rights over such Shares kept in the demat Escrow account.
8. The Acquirer and PAC hereby makes this Offer to all Public shareholders of the Target Company to acquire Offer Shares, representing in aggregate upto 26% (Twenty six per cent) of the Emerging Voting Share Capital of the Target Company at a price of ₹ 3.50 (Rupees three and paise fifty 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 SEBI (SAST) Regulations.
9. The Offer Price is payable in cash, in accordance with Regulation 9(1) of the SEBI (SAST) Regulations.
10. This Offer is not made pursuant to any indirect acquisition, arrangement or agreement and is not a conditional offer.
11. This Offer is not a result of a global acquisition, an open market purchase or a negotiated deal.
12. The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the regulations made under the SEBI Act.
13. The Committee of Independent Directors of 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 October 30, 2019.

## B) Details of the proposed Offer:

1. The Public Announcement announcing the Open Offer, under Regulation 3(2) read with Regulations 13, 14 and 15 (1) of SEBI (SAST) Regulations was made on September 05, 2019 to BSE and a copy thereof was also filed with SEBI and sent to the Target Company at its registered office.
2. The Acquirer together with the PAC has published the DPS on Friday, September 13, 2019, which appeared in the following newspapers:

<u>Sr No</u>	<u>Newspapers</u>	<u>Language</u>	<u>Editions</u>
1	Financial Express	English	All Editions
2	Jansatta	Hindi	All Editions
3	Mumbai Lakshdeep	Marathi	Mumbai
4	Surya	Telugu	Registered office of Target Company (Hyderabad)

A copy of the DPS shall also available on the SEBI's website: [www.sebi.gov.in](http://www.sebi.gov.in)

3. The Open Offer is being made by the Acquirer and the PAC to all Public Shareholders, for acquisition of up to 2,46,88,352 (Two crore forty six lacs eighty eight thousand three hundred fifty two) Shares, representing upto 26% (Twenty six per cent) of the Emerging Voting Share Capital of the Target Company, at a price of ₹ 3.50 (Rupees Three and paise fifty only) ("Offer Price") aggregating to ₹ 8,64,09,232 (Rupees Eight crore sixty four lacs nine thousand two hundred thirty two only) ("the Offer Size"), to be paid in cash, in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions set out in the DPS and this Draft Letter of Offer.
4. All Shares validly tendered in the Open Offer will be acquired by the Acquirer and PAC in accordance with the terms and conditions set forth in this Draft Letter of Offer. In the event that the Shares tendered in the Open Offer by the Public Shareholders are more than the Offer Size, the acquisition of Shares from the Public Shareholders will be on a proportionate basis.
5. The 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.
6. There are no partly paid up Shares in the Target Company
7. There is no differential pricing being offered for the Offer Shares tendered in the Open Offer.
8. This Open Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations and there has been no competing offer as on the date of the Draft Letter of Offer.
9. The Manager to the Offer does not hold any Shares as on the date of this Draft Letter of Offer. The Manager to the Open Offer has not, and shall not, deal on its own account in the Shares during the Offer Period.

10. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.
11. As on the date of this Draft Letter of Offer, Acquirer holds 2,55,00,125 Shares representing 50.04% of Existing Voting Share Capital of the Target Company.
12. As on the date of this Draft Letter of Offer, PAC does not hold any Shares in the Target Company.
13. The Acquirer and the PAC have confirmed that they have not acquired any Shares of Target Company after the date of PA i.e. September 05, 2019, and up to the date of this Draft Letter of Offer.
14. In accordance with Regulation 38 of the LODR Regulations read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended (SCRR), the Target Company is required to maintain at least 25% (Twenty five per cent) public shareholding (Minimum Public Shareholding), as determined in accordance with the SCRR, on a continuous basis for listing. However, if as a result of the purchase of the Offer Shares tendered under the Open Offer and the Shares allotted pursuant to the Preferential Allotment, during the Open Offer period, the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirer and PAC undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the SEBI (SAST) Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement.

#### **IV. OBJECT OF THE ACQUISITION/ OFFER**

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1. At present, the Acquirer is one of the Promoters of the Target Company and holds 2,55,00,125 Shares representing 50.04% of the Existing Voting Share Capital of the Company. PAC (daughter of the Acquirer) does not hold any Shares in the Target Company as on this date of Draft Letter of Offer. Pursuant to the proposed Preferential Allotment by the Target Company as elucidated in paragraph III (A) 2 and 3 above, PAC will be the shareholder of the Target Company and will be the part of Promoter and Promoter Group of the Target Company, subject to the approval of shareholders and other statutory/ regulatory approvals.
2. At present, the Acquirer and PAC 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 and PAC may continue to support the existing business of the Target Company. However, in case the Acquirer and PAC intends to build new business it shall be subject to the prior approval of the Board and the Shareholders.
3. The Acquirer and PAC 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 SEBI (SAST) Regulations.

## V. BACKGROUND OF THE ACQUIRER AND THE PAC

### A. Ramarao Atchuta Mullapudi (“Acquirer”)

- a) Acquirer, aged 55 years, S/o Mr. Sri Raghunayakulu, is residing at 4588, Kentucky DR Plano, Texas - 75024, United States of America; Email: [ramarao@aol.com](mailto:ramarao@aol.com)
- b) Acquirer is an Overseas Citizen of India (OCI Card No. A022983) and holds a Permanent Account Number AOTPM9805Q.
- c) Acquirer holds a Bachelor’s Degree in Science and Master’s Degree in Computer Applications from Andhra University. He has completed Owner/President Management Program from Harvard Business School.
- d) Acquirer is the Promoter of the Target Company and is also the founder of XTGlobal, Inc, a Company engaged in providing technology services and IT business services. He has an experience of about 32 years in the field of Operations and Finance.
- e) The details of the ventures promoted/controlled/managed by the Acquirer are given hereunder:

Sr. No.	Name of the Entities	Country of incorporation	Nature of Interest	Percentage stake/holding
1.	Frontier Informatics Limited	India	Shareholder, Promoter; Chairman & Managing Director	50.04%*
2.	Xenosoft Technologies (India) Private Limited	India	Non-Executive Director and Shareholder	77.49%
3.	XT Global Inc	USA	Director & CEO	--
4.	Circulus LLC	USA	Partner	--
5.	Mullapudi Ventures LLC	USA	Partner	50%
6.	VRM Family Holdings LP	USA	Member	50%
7.	Sunnyside Enterprises LLC	USA	Partner	50%

\* As a % of existing Voting Share Capital of the Target Company  
(Source: [www.mca.gov.in](http://www.mca.gov.in) and letter dated September 05, 2019 received from the Acquirer)

- f) Except as stated in this para, none of the entities mentioned under point (e) above are participating or interested or acting in concert with the Acquirer in this Open Offer. The Acquirer is a majority shareholder and a Director in Xenosoft Technologies (India) Private Limited, whose shares are being acquired by the Target Company, as detailed in paragraph III (A) 2 and 3 above.
- g) Except as mentioned under point (e) above, Acquirer confirms that he does not hold directorships in any company, including any other listed company.
- h) There has been delayed compliance in relation to the applicable provision of Chapter V, of the SEBI (SAST) Regulations by the Acquirer. The same is presented as below :

Regulation	Date of Allotment	Due Date of Compliance	Actual Date of Compliance	Delays
<b>Regulation 29(1)</b>	March 20, 2018	March 22, 2018	September 04, 2019	532 days

Pursuant to preferential allotment of 60 lac Shares to the Acquirer				
<b>Regulation 29(2)</b> Pursuant to preferential allotment of 1.95 cr Shares to the Acquirer	April 22, 2019	April 24, 2019	July 04, 2019	71 days

SEBI may take appropriate action against the Acquirer for the delayed compliances.

- i) As on the date of this Draft Letter of Offer, Acquirer holds 2,55,00,125 Shares representing 50.04% of the existing Voting Share Capital of the Target Company and constitutes 26.85% of the Emerging Voting Share Capital of the Target Company.
- j) Except as stated above, the Acquirer confirms that he did not hold Shares of the Target Company in past. Therefore compliance with Chapter II of SEBI (SAST) Regulations, 1997 is not applicable to him.
- k) The Net Worth of Acquirer and PAC as on September 05, 2019 is ₹ 63.82 crores (Rupees Sixty three crores eighty two lacs), which is certified by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (Membership Number 025834; Firm Registration Number 002864S; Email: crcoca@gmail.com) having his office at 3-6-237, Unit #606, Lingapur La Bulde Complex, Himayatnagar, Hyderabad – 500 029, Telangana, India, *vide* a certificate dated September 05, 2019, bearing Unique Document Identification Number (UDIN) 19025834AAAAPO1586.
- l) The Board of the Target Company met on December 04, 2017 and resolved to allot 60,00,000 Shares on a preferential basis to Acquirer, which triggered the mandatory open offer. In the said open offer, which was completed on March 16, 2018, 125 Shares were tendered and thereafter 60,00,000 Shares as stated above were allotted on a preferential basis by the Target Company on March 20, 2018. Basis the same, the Acquirer has been classified as a promoter of the Target Company thereafter and is currently the Chairman on the Board of the Target Company. The Acquirer was on April 22, 2019 allotted 1,95,00,000 Shares of the Target Company on a preferential basis along with others, taking his total shareholding in the Target Company to its current number of 2,55,00,125 Shares. The Board of Directors of the Target Company in its meeting held on September 05, 2019, have appointed the Acquirer as a Chairman and Managing Director for a period of Five (5) years, subject to the approval of the shareholders at the ensuing Annual General Meeting scheduled on September 30, 2019.
- m) Acquirer does not belong to any group. He is the promoter of the Target Company.
- n) Harika Vardhani Mullapudi, being the daughter of the Acquirer and also a shareholder of Xenosoft Technologies (India) Private Limited is considered as a person acting in concert for the purpose of this open offer.
- o) Acquirer undertakes not to sell the Shares of the Target Company held by him during the “Offer Period” in terms of Regulation 25(4) of the SEBI (SAST) Regulations.
- p) 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.

- q) Acquirer confirms that he has not been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
- r) Acquirer confirms that there are no pending litigations pertaining to securities market where he is made party to.
- s) Acquirer has confirmed that he is not categorized as a “willful defaulter” in terms of regulation 2(1)(ze) of the SEBI (SAST) Regulations.

**B. Harika Vardhani Mullapudi (“Person Acting in Concert”)**

- a) PAC, aged 27 years d/o Ramarao Atchuta Mullapudi, is residing at 4588, Kentucky DR Plano, Texas - 75024, United States of America; Email: hmullapudi@email.xtglobal.com
- b) PAC is an Overseas Citizen of India (OCI Card No. A022985) and holds a Permanent Account Number BSDPM1395J
- c) PAC holds a degree in Master of Science in International Business from Hult International Business School, London, United Kingdom and has 5 years of experience in the field of Information Technology Services and Marketing.
- d) PAC is not a director on the Board of Directors of the Target Company and does not hold any other directorships in any other companies.
- e) The Net Worth of Acquirer and PAC as on September 05, 2019 is ₹ 63.82 crores (Rupees Sixty three crores eighty two lacs), which is certified by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (Membership Number 025834; Firm Registration Number 002864S; Email: crcoca@gmail.com) having his office at 3-6-237, Unit #606, Lingapur La Bulde Complex, Himayatnagar, Hyderabad – 500 029, Telangana, India, *vide* a certificate dated September 05, 2019, bearing Unique Document Identification Number (UDIN) 19025834AAAAPO1586.
- f) As on the date of this Draft Letter of Offer, PAC does not hold any Shares of the Target Company. Except for the proposed preferential allotment (being a shareholder in Xenosoft Technologies (India) Private Limited) as stated above in point III (A) 3 of this Draft Letter of Offer and the fact that she is the daughter of the Acquirer (who is also the Promoter, Director and Shareholder of the Target Company), PAC does not hold any interest in the Target Company.
- g) PAC undertakes not to sell the Shares of the Target Company held by her during the “Offer Period” in terms of Regulation 25(4) of the SEBI (SAST) Regulations.
- h) PAC does not belong to any group. PAC is the daughter of the Acquirer.
- i) PAC confirms that she 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.

- j) PAC confirms that she has not been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
- k) PAC confirms that there are no pending litigations pertaining to securities market where she is made party to.
- l) PAC has confirmed that she is not categorized as a “willful defaulter” in terms of regulation 2(1) (ze) of the SEBI (SAST) Regulations.

## **VI. BACKGROUND OF THE TARGET COMPANY**

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

1. The Target Company was incorporated on July 29, 1986 under the Companies Act 1956 as Frontier Information Technologies Private Limited. It was converted to public company and its name was changed to Frontier Information Technologies Limited. A fresh Certificate of Incorporation pursuant to such conversion was issued on January 16, 1995. The name of the Target Company was further changed to Frontier Informatics Limited on October 14, 2011. There has been no change in the name of the Target Company during the last three years. However, the Board of Directors in their meeting held on September 05, 2019 have noted the confirmation of availability of the name 'XTGlobal Infotech Limited', received from Central Registration Centre, Ministry of Corporate Affairs.
2. The registered office of the Target Company is situated at Plot Nos. 31 (part) & 32, 3rd Floor, Tower-A, Ramky Selenium Financial District Nanakramguda, Hyderabad – 500 032, Telangana, India; Tel: 040-23007456; Email: [frontier@fitlindia.com](mailto:frontier@fitlindia.com); Website: [www.fitlindia.com](http://www.fitlindia.com).
3. Corporate Identification Number of the Target Company is L72200TG1986PLC006644.
4. The Target Company is engaged in in Onsite Consultancy Services, Offshore Software Development, Product Development and Internet Enabled Services. It has undertaken offshore development projects for clients in USA, UK, Switzerland and Sri Lanka. It has also provided onsite consultancy services for many prestigious clients in USA. It's project teams uses development aids for design, development and testing. Target Company was the second company in the undivided state of Andhra Pradesh to obtain ISO 9001 certification from BVQI, UK.  
*(Source: <http://www.fitlindia.com/corporate-vision.php>)*
5. The objects of the Target Company as per its Memorandum of Association inter-alia include:-
  - a) To design, develop, use, implement, lease, purchase, sell import, export, distribute, Maintain and support various kinds of software for any information, processing application.
  - b) To design, develop, assemble, manufacture, use, install, purchase , sell, value add and resell, import, export, distribute, maintain and support computers, micro- processors, communication equipment and any other electronic, mechanical, electro- mechanical, optical, electro- magnetic equipment and any combination of these for information processing application.
  - c) To design integrated and other electronic circuits and lubricate them
6. The Authorized Share Capital of the Target Company is ₹ 18 Crores comprising of 18,00,00,000 Equity Shares of face value ₹ 1 each. The Current Issued, Subscribed and paid up Share Capital of the Target Company is ₹ 5,09,55,198 comprising of 5,09,55,198 Equity Shares of face value ₹ 1 each. As per the shareholding pattern for the quarter ended June 2019, filed by the Target Company with BSE 4,45,63,593 Equity Shares are under lock-in. Of the same 1,83,02,743 Equity Shares are held by the Public Shareholders of the Target Company.  
*(Source: [www.bseindia.com](http://www.bseindia.com))*

7. The Board of Directors of the Target Company in their meeting held on September 05, 2019, have decided to acquire around 33.94% of total equity of Xenosoft Technologies (India) Private Limited (Xenosoft) from its existing shareholders by allotting 4,40,00,000 Shares of ₹ 1 each at a premium of ₹ 2.50 per Share amounting to ₹ 15,40,00,000 on a preferential basis (Preferential Allotment) to the shareholders of Xenosoft in proportion to their respective shareholding in the Xenosoft for consideration other than cash, subject to approval by shareholders at the ensuing Annual General Meeting to be held on September 30, 2019, and statutory/regulatory approvals. The Acquirer, being a majority shareholder in Xenosoft, along with PAC (daughter of the Acquirer), who is also a shareholder in Xenosoft, have therefore triggered Regulation 3(2) of the SEBI (SAST) Regulations.
8. Pursuant to the above, post the preferential allotment, the paid up capital of the Target Company shall be ₹ 9,49,55,198 comprising of equivalent number of equity shares of face value ₹ 1 each.
9. The capital structure of the Target Company as of the date of this Draft Letter of Offer and after the Preferential Allotment is detailed as under:

Issued and Paid-up Equity Share Capital	Pre - Preferential Allotment		Post - Preferential Allotment	
	Number of Equity Shares/Voting Rights (Face Value ₹ 1)	Percentage of Equity Shares/Voting Rights	Number of Equity Shares/Voting Rights (Face Value ₹ 1)	Percentage of Equity Shares/Voting Rights
Fully paid-up equity shares	5,09,55,198	100.00	9,49,55,198	100.00
Partly paid-up equity shares	NIL	NIL	NIL	NIL
Total paid-up equity shares	5,09,55,198	100.00	9,49,55,198	100.00
Total Voting Rights in Target Company	5,09,55,198	100.00	9,49,55,198	100.00

10. The table below sets out the Current Promoter Group and their shareholding in the Target Company:

Name	Number of Shares	% of existing Equity Share Capital
Velchala Premchand Krishna Rao *	7,60,725	1.49
V Radhabai*	550	Negligible
Ramarao Atchuta Mullapudi	2,55,00,125	50.04

\* Velchala Premchand Krishna Rao and V Radhabai forming part of the current Promoter and Promoter Group of the Target Company, collectively holding 7,61,275 Shares representing 1.49% of the current Paid up Share Capital of the Target Company have vide their letter dated August 13, 2019 expressed their intention to be denotified as a shareholder in the "Promoter Category" subject to compliance with Regulation 31A of the SEBI (LODR) Regulations, 2015, as amended, and receipt of shareholders and regulatory approvals as may be applicable. The same was tabled in the meeting of the Board of Directors of the Target Company held on September 05, 2019 and was approved, subject to shareholders approval at a later date.

11. The table below sets out the shareholding of the Acquirer as a promoter of the Target Company:

Details	Acquirer		PAC	
	Number of Shares	%	Number of Shares	%
Shareholding as on the PA date*	2,55,00,125	26.85	--	--
Shares acquired between the Public Announcement date and the DPS date	--	--	--	--
Shares proposed to be acquired in the Offer (assuming full acceptance)*	2,46,88,352	26.00	--	--
Preferential Allotment * §	3,40,93,694	35.91	29,24,942	3.08
Post Offer Shareholding on diluted basis on 10 <sup>th</sup> working day after closing of Tendering period*	8,42,82,171	88.76	29,24,942	3.08

\* based on Emerging Voting Share Capital

§ Assuming preferential allotment completed

12. There are no outstanding partly paid up shares or any other convertible instruments to be converted into Shares of the Target Company at a future date.
13. The Shares of the Target Company were initially listed on Hyderabad Stock Exchange Limited (HSE) and BSE pursuant to its Initial Public Issue. Subsequently, after HSE was derecognized as a Stock Exchange vide SEBI Order dated January 25, 2013, the Equity Shares of the Target Company are listed only on BSE with scrip code: 531225 and scrip id: FRONTIER. The Shares which were placed under Graded Surveillance Measure (GSM) - Stage 4 have been moved out of GSM framework with effect from September 17, 2019, and moved to XT group with a price band of 5 % (five per cent) vide BSE trading notice number 20190916-38 dated September 16, 2018.  
<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20190916-38>
14. In 2016, a Scheme of Reduction of Capital (“Scheme”) under Section 100 to 104 of the Companies Act, 1956 and Section 66 of the Companies Act, 2013 between the Target Company, its shareholders and creditors was sanctioned by Hon’ble High Court of Telangana and Andhra Pradesh vide order dated June 06, 2016. The synopsis of the Scheme is as under:
- The Target Company’s paid up equity capital was reduced by 95% from ₹ 13,31,04,000 consisting of 1,33,10,400 Equity Shares of face value ₹ 10 each to ₹ 66,55,200 consisting of 1,33,10,400 Equity Shares of face value ₹ 0.50 each.
  - Every 2 Equity Shares of the reduced face value of ₹ 0.50 each were consolidated into 1 Equity Share of the face value of ₹ 1 each. Thus making the reduced paid up capital of the Target Company to ₹ 66,55,200 consisting of 66,55,200 Equity Shares of ₹ 1 each.
15. The trading in Shares of the Target Company was suspended from the period May 15, 2017 to October 15, 2017 due to pendency of approval of reduction of Scheme.
16. The Shares of the Target Company are infrequently traded on BSE within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations.

17. The name of the Target Company appeared in the list of 331 shell companies issued by Ministry of Corporate Affairs (“MCA”). Securities and Exchange Board of India (“SEBI”) *vide* its Letter No. SEBI/HO/ISD/ISD/OW/P/2017/18183 dated August 07, 2017 placed trading restrictions on promoters/ directors of the Target Company and also placed the scrip in the Trade to Trade category with limitation on the frequency of trades and imposed a limitation on the buyer by way of 200% deposit on the trade value.

The Target Company aggrieved by the notice dated August 07, 2017 issued by SEBI and BSE, filed an appeal No. 218 of 2017 before Honorable Securities Appellate Tribunal (SAT). SAT *vide* its order dated September 11, 2017 directed SEBI dispose the representation made by the Target Company.

The Whole Time Member of SEBI, *vide* order number WTM/MPB/ISD/52/2017 dated October 05, 2017 revoked the actions envisaged in SEBI’s letter dated August 07, 2017 and the consequential actions taken by Stock Exchange against the Target Company.

18. There have been certain delayed compliances in relation to the applicable provisions of Chapter V of the SAST Regulations, 2011 by the Promoter and Promoter Group (excluding the Acquirer) of the Target Company. SEBI may take appropriate action against the Promoter and Promoter Group for these delayed compliances.

19. The Board of the Target Company met on December 04, 2017 and resolved to allot 60,00,000 Shares on a preferential basis to Acquirer, which triggered the mandatory open offer under Regulation 3(1) and 4 of the SEBI (SAST) Regulations. In the said open offer, which was completed on March 16, 2018, 125 Shares were tendered and thereafter 60,00,000 Shares as stated above were allotted on a preferential basis by the Target Company on March 20, 2018. Basis the same, the Acquirer has been classified as a promoter of the Target Company thereafter. The Acquirer was on April 22, 2019 allotted 1,95,00,000 Shares of the Target Company on a preferential basis along with others, taking his total shareholding in the Target Company to its current number of 2,55,00,125 Shares. The Board of the Target Company, in its meeting held on September 05, 2019 has appointed the Acquirer as the Chairman and Managing Director for a period of 5 (five) years, subject to the shareholder approval in the ensuing Annual General Meeting to be held on September 30, 2019.

20. Velchala Premchand Krishna Rao and V Radhabai forming part of the current Promoter and Promoter Group of the Target Company holding 7,61,275 Shares representing 1.49% of the current Voting Share Capital of the Target Company have *vide* their letter dated August 13, 2019 expressed their intention to be denotified as a shareholder in the “Promoter Category” subject to compliance with Regulation 31A of the SEBI (LODR) Regulations, 2015, as amended, and receipt of shareholders and regulatory approvals as may be applicable. The same was tabled in the meeting of the Board of Directors of the Target Company held on September 05, 2019 and was approved, subject to shareholders approval at a later date.

21. The Board of Directors of the Target Company in its meeting held on September 05, 2019, have appointed the Acquirer as a Chairman and Managing Director for a period of Five (5) years, Further the Board have also appointed China S N Murthy Anupindi and Sreenivasa Rao Potti as Independent Directors (Additional) for a term of 1 year, subject to the approval of the shareholders at the ensuing Annual General Meeting scheduled on September 30, 2019.

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

<b>Sr. No.</b>	<b>Name, PAN and Address</b>	<b>Designation</b>	<b>Directors Identification Number</b>	<b>Date of Appointment</b>
1.	Ramarao Atchuta Mullapudi PAN: AOTPM9805Q Address: 4588, Kentucky DR Plano Texas - 75024, United States of America	Chairman and Managing Director	02302179	05/09/2019
2.	Vuppuluri Sreedevi PAN: AHZPV9823E Address: Flat No 414, M V V Aurum Apts Satyasai Residency Lane Masidbanda Kondapur, Hyderabad 500 084 Telengana, India	Whole Time Director	02448540	18/04/2018
3.	Vivekananda Sreepakalapati PAN: BBXPS5035G Address: Flat No-402, A-Block Meenakshi Trident Towers Gachibowli, Hyderabad 500 032 Telengana, India	Non-Executive Director	01727971	24/04/2014
4.	Kolla Sudha PAN: APHPK6042G Address: 2-53/1/8, Plot No-30 Laxmi Enclave, Sherilingampally Gachibowli, Hyderabad 500 008 Telangana, India	Independent Director	06603646	19/07/2018
5.	Archana Singh PAN: AGQPS2243F Address: 8-2-293/82/J/A/32 Road No.70, Journalist Colony A Jubilee Hills, Hyderabad 500 033 Telangana, India	Independent Director	07328641	14/02/2017
6.	Rajan Babu Mothe PAN: APOPM9095G Address: 1-104/16, Gowdapuri Colony ECIL Post, Kapra, Hyderabad 500 062 Telangana, India	Independent Director	07740978	14/02/2017
7.	China S N Murthy Anupindi PAN: AXKPA3278M Address: 115B Eshwarpuri Colony Kapra, Tirumalagiri, Sainikpuri Hyderabad – 500094, Telangana, India	Independent Director	05149921	05/09/2019
8.	Sreenivasa Rao Potti PAN: AYMPP4680K	Independent Director	05119348	05/09/2019

Address: Flat No. 1804, Block 1 SMR Vinay Fountainhead Apartments, Hyderabad – 500049, Telangana, India			
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23. No merger / demerger / spin off have taken place in the Target Company during the last three years.

24. 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, 2019, March 31, 2018 and March 31, 2017 and the unaudited standalone financials for the three month period ended June 30, 2019 are as follows:

(Amount ₹ In lacs except Earnings Per Share)

<i>Profit &amp; Loss Statement</i>	<i>For the period ended June 30, 2019</i>	<i>For the year ended March 31,</i>		
		<i>2019</i>	<i>2018</i>	<i>2017</i>
<i>Particulars</i>	<i>Unaudited Limited Reviewed</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Income from operations	56.59	41.77	3.05	3.41
Other Income	0.05	0	1.67	0.00
Total Income	56.64	41.77	4.72	3.41
Total Expenditure	43.5	33.82	31.02	22.8
Profit Before Depreciation Interest and Tax	13.14	7.95	-26.3	-19.39
Depreciation	1.29	0.16	0.83	0.75
Interest	1.13	4.5	4.5	0
Exceptional items	8.96	--	--	--
Profit Before Tax	<b>19.68</b>	3.29	-31.63	-20.14
Tax Expense	--	0.42	--	--
Profit After Tax	19.68	2.87	-31.63	-20.14

<i>Balance Sheet Statement</i>	<i>For the period ended June 30, 2019</i>	<i>For the year ended March 31,</i>		
		<i>2019</i>	<i>2018</i>	<i>2017</i>
<i>Particulars</i>	<i>Unaudited Limited Reviewed</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<b>Sources of Funds</b>				
Equity share capital	509.55	126.55	126.55	66.55
Other Equity	-282.22	-301.9	-304.77	-273.14
<b>Net Worth</b>	<b>227.33</b>	<b>-175.35</b>	<b>-178.22</b>	<b>-206.59</b>
<b>Non-Current Liabilities</b>				
Deferred Tax Liabilities	0.42	0.42	--	--
<b>Current Liabilities</b>				
Trade Payables	1.06	13.47	0.43	--
Borrowings	225.99	243.32	264.09	237.72
Short-term provisions	--	--	4.08	5.74
Other Current Liabilities	26.86	11.06	1.42	5.78
<b>Total</b>	<b>481.66</b>	<b>92.92</b>	<b>91.80</b>	<b>42.65</b>

<b>Uses of Funds</b>				
Non-Current Assets	18.10	17.04	10.51	11.34
<b>Current Assets</b>				
Trade Receivables	70.75	43.68	--	--
Cash and Cash Equivalents	350.96	3.00	54.43	0.43
Loans and Advances	--	--	26.86	30.88
Other current assets	41.85	29.2	0	0
<b>Total</b>	<b>481.66</b>	<b>92.92</b>	<b>91.80</b>	<b>42.65</b>

<i>Other Financial Data</i>	<i>For the period ended June 30, 2019</i>	<i>For the year ended March 31,</i>		
		<i>2019</i>	<i>2018</i>	<i>2017</i>
<i>Particulars</i>	<i>Unaudited Limited Reviewed</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Dividend (%)	--	--	--	--
Earnings Per Share (Rs.)	0.04	0.02	-0.25	-0.30
Return on Net worth (%)	8.66	-1.64	-17.75	-9.75
Book Value per share (Rs.)	0.45	-1.39	-1.41	-3.10

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

Shareholders' Category	Shareholding & voting rights prior to the agreement /acquisition and Open Offer <sup>1</sup>		^Shares/voting rights agreed to be acquired which has triggered off the Regulations <sup>2</sup>		Shares/voting rights to be acquired in Open Offer (Assuming full acceptances) <sup>2</sup>		Shareholding / voting rights after the acquisition and offer (Assuming full acceptances) <sup>2</sup>	
	(A)		(B)		(C)		(D) = (A) + (B) + (C)	
	No.	%	No.	%	No.	%	No.	%
<b>1. Promoter group including Acquirer and PAC</b>								
<b>(a) Acquirer and PAC</b>								
<b>Acquirer</b>	2,55,00,125	50.04%	3,40,93,694	35.91%	2,46,88,352	26.00%	8,42,82,171	88.76%
<b>PAC</b>	-	-	29,24,942	3.08%	-	-	29,24,942	3.08%
<b>(b) Promoters other than (a) above<sup>3</sup></b>	7,61,275	1.49%	-	-	-	-	7,61,275	0.80%
<b>(c) relatives of the Acquirer<sup>4</sup></b>	-	-	<b>4,97,938</b>	<b>0.52%</b>	-	-	<b>4,97,938</b>	<b>0.52%</b>
- V S R R Prasad	-	-	2,24,072	0.24%	-	-	2,24,072	0.24%
- V Subbarao	-	-	1,36,933	0.14%	-	-	1,36,933	0.14%
- V Jayalakshmi	-	-	1,36,933	0.14%	-	-	1,36,933	0.14%
<b>Total 1 (a + b + c)</b>	<b>2,62,61,400</b>	<b>51.54%</b>	<b>3,75,16,574</b>	<b>39.51%</b>	<b>2,46,88,352</b>	<b>26.00%</b>	<b>8,84,66,326</b>	<b>+93.17%</b>
<b>2. Public (other than parties to agreement, Acquirer, PAC and relatives)</b>	2,46,93,798	48.46%	64,83,426	6.83%	-	-	64,88,872	6.83%
<b>Total (2)</b>	2,46,93,798	48.46%	64,83,426	6.83%	-	-	64,88,872	6.83%
<b>Grand Total (1+2)</b>	<b>5,09,55,198</b>	<b>100.00%</b>	<b>4,40,00,000</b>	<b>46.34%</b>	<b>2,46,88,352</b>	<b>26.00%</b>	<b>9,49,55,198</b>	<b>100.00%</b>

<sup>1</sup> based on existing Voting Share Capital; as per the shareholding pattern filed with BSE for the quarter ended June 30, 2019

<sup>2</sup> based on Emerging Voting Share Capital

<sup>^</sup> The Board of Directors in their meeting held on September 05, 2019 have subject to the receipt of shareholders approvals and other applicable approvals, resolved to allot 4,40,00,000 Equity Shares on preferential basis to the Acquirer, PAC and other shareholders of Xenosoft Technologies (India) Private Limited in terms of Section 62 and other applicable provisions of the Companies Act, 2013 and in terms of SEBI (ICDR) Regulations 2018. Of the same, the Acquirer, PAC and relatives of the Acquirer shall be allotted 3,40,93,694, 29,24,942 and 4,97,938\* (\*detailed in note <sup>4</sup> below) Equity Shares respectively. (percentage calculated on fully diluted Voting Share Capital as at the end of the tenth working day from the expiry of the tendering period).

<sup>3</sup> Velchala Premchand Krishna Rao and V Radhabai forming part of the current Promoter and Promoter Group of the Target Company, collectively holding 7,61,275 Shares representing 1.49% of the existing Paid up Share Capital of the Target Company have vide their letter dated August 13, 2019 expressed their intention to be denotified as a shareholder in the "Promoter Category" subject to compliance with Regulation 31A of the SEBI (LODR) Regulations, 2015, as amended, and receipt of shareholders and regulatory approvals as may be applicable. The same was tabled in the meeting of the Board of Directors of the Target Company held on September 05, 2019 and was approved, subject to shareholders approval at a later date.

<sup>4</sup> V S R R Prasad, (brother-in-law); V Subbarao (father-in-law) and V Jayalakshmi (mother-in-law) are the relatives of the Acquirer and also shareholders in Xenosoft Technologies (India) Private Limited, and accordingly will be allotted 224072, 136933 and 136933 Shares of the Target Company respectively (totaling to 4,97,938 Shares) on a preferential basis for the transaction detailed in para III (A) (3) above. As on date, none of them hold any Shares of the Target Company and are not involved or concerned with this Open Offer. However, being relative of the Acquirer, they shall be classified as a member of the promoter and promoter group in the shareholding pattern that will be filed by the Target Company after the completion of Preferential Allotment and the Open Offer formalities.

<sup>+</sup> Post offer shareholding includes shares acquired by the Acquirer, assuming full acceptance in the open offer. In case the public shareholding in the Target Company falls below the Minimum Public Shareholding, the Acquirer and PAC hereby undertake to reduce their shareholding in the Target Company in accordance with Regulation 7(4) of the SEBI (SAST) Regulations, within the time period specified in the SCRR, such that the Target Company complies with the Minimum Public Shareholding requirement.

Note: Except for the relatives (detailed in para <sup>4</sup> above), none of the other shareholders of Xenosoft Technologies (India) Private Limited are related to the Acquirer and PAC. Hence Equity shares of the Target Company allotted to them pursuant to the said preferential allotment as mentioned in note <sup>^</sup> above, will fall under the public shareholding category. Hence 64,83,426 Shares of the Target Company shall be allotted to other shareholders of Xenosoft Technologies (India) Private Limited on a preferential basis, proportionate to their shareholding in Xenosoft Technologies (India) Private Limited.

## 26. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### A) JUSTIFICATION FOR THE OFFER PRICE

- The Shares of the Target Company are listed on BSE only.
- The annualized trading turnover in the shares of the Target Company on BSE based on trading volume during the twelve calendar months prior to the month of PA (obtained from [www.bseindia.com](http://www.bseindia.com)) 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	99,897	5,09,55,198	0.20

- Based on the above information, we concur that the Shares of the Target Company are infrequently traded on the BSE within the meaning of explanation provided in regulation 2(1)(j) of the SEBI (SAST) Regulations.
- The Offer Price of ₹ 3.50 (Rupees three and paise fifty only) is justified in terms of regulation 8 of the SEBI (SAST) Regulations, being the highest of the following:

a)	Highest negotiated price per share for acquisition under the SPA;	Not Applicable
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;	₹ 1.00
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	₹ 1.00
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, provided such shares are frequently traded	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	₹ 0.23
<b>Other Financial Parameters as at March 31, 2019</b>		
	- Return on Net Worth (%)	(0.02)
	- Book Value per share (₹)	(1.39)
	- Earnings per share (Diluted) (₹)	0.02
	- Price Earnings Multiple (w.r.t offer price of ₹ 3.50 per share)	175

^ Rajesh Shah, proprietor of S R R & Co, Chartered Accountants (Membership No. 104961, FRN: 119254W) having office at 102, Sai Astha, 29, Ashok Nagar, Cross Road No.1, Kandivli (East), Mumbai

– 400 101, Maharashtra, India; Email: ca.rrshah@gmail.com, vide certificate dated September 05, 2019, has certified that the fair value of the Share of Frontier Informatics Limited as on March 31, 2019 is ₹ 0.23 (Paise twenty three only) based on the Supreme Court decision in the case of Hindustan Lever Employee Union V/s. Hindustan Lever Limited (1995) (83 Companies Cases 30).

5. In view of the above parameters considered and in the opinion of the Acquirer, PAC and the Manager to the Offer, the Offer Price of ₹ 3.50 (Rupees three and paise fifty only) per Share is justified in terms of regulation 8(2) of the SEBI (SAST) Regulations.
6. There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations.
7. There has been no revision in the Offer Price or to the Offer Size as on the date of this Draft 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 one working day before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and PAC shall (i) make corresponding increases to the escrow amounts, (ii) make a public announcement in the same newspapers in which Detailed Public Statement 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.
9. In the event of acquisition of the Shares by the Acquirer and/or the PAC during the Open Offer period, whether by subscription or purchase, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer and/or the PAC shall not acquire or sell any Shares after the 3<sup>rd</sup> working day prior to the commencement of the tendering period of this Open Offer and until the expiry of the tendering period of this Open Offer.

## **B) FINANCIAL ARRANGEMENTS**

1. Assuming full acceptance, the total funds requirements to meet this Offer is ₹ 8,64,09,232 (Rupees Eight crore sixty four lacs nine thousand two hundred thirty two only).
2. The Acquirer and PAC have confirmed that they have adequate financial resources to meet the obligations under the Open Offer and the funds required in relation to the Offer have been met from their own funds.
3. The Net Worth of Acquirer and PAC as on September 05, 2019 is ₹ 63.82 crores (Rupees Sixty three crores eighty two lacs), which is certified by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (Membership Number 025834; Firm Registration Number 002864S; Email: crcoa@gmail.com) having his office at 3-6-237, Unit #606, Lingapur La Bulde Complex, Himayatnagar, Hyderabad – 500 029, Telangana, India, vide a certificate dated September 05, 2019, bearing Unique Document Identification Number (UDIN) 19025834AAAPO1586.
4. As a part of their Net Worth, the Acquirer and the PAC have liquid assets of ₹ 11.09 crores (Rupees eleven crores nine lacs only) as on September 05, 2019, which is certified by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (Membership

Number 025834; Firm Registration Number 002864S; Email: crcoca@gmail.com) having his office at 3-6-237, Unit #606, Lingapur La Bulde Complex, Himayatnagar, Hyderabad – 500 029, Telangana, India, *vide* a certificate dated September 05, 2019, bearing UDIN 19025834AAAAPP2185.

5. In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer and PAC have opened an escrow cash account (“Escrow Cash Account”) in the name of “Ramarao Atchuta Mullapudi Open Offer Escrow Account” with ICICI Bank Limited and have made a deposit of ₹ 1,32,00,000 (Rupees One crore thirty two lacs only) in the Escrow Cash Account on September 05, 2019.
6. The Acquirer has provided a Bank Guarantee worth ₹ 1,78,00,000 (Rupees one crore seventy eight lacs only) issued by ICICI Bank Limited in favor of Manager to the Offer dated August 31, 2019, and have empowered the Manager to the Offer to operate and to realize the value of the Escrow Cash Account and Bank Guarantee in terms of the SEBI (SAST) Regulations.
7. The cash escrow and the bank guarantee collectively are in excess of 25% of the maximum consideration payable under the Open Offer.
8. 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 and PAC, prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.
9. Based on the above, Saffron Capital Advisors Private Limited, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer and PAC to implement the Offer in full, in accordance with the SEBI (SAST) Regulations.

## **VII. TERMS AND CONDITIONS OF THE OFFER**

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1. The tendering period will commence on Friday, November 01, 2019 and will close on Friday, November 15, 2019`.
2. The 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 Thursday, October 17, 2019.
5. Target Company has subsisting signed agreements with the Depositories (NSDL and CDSL) for offering Shares in dematerialized form. The Shares of the Target Company have ISIN Number: INE547B01028.
6. The Marketable lot for the Shares of the Target Company for the purpose of this Offer shall be 1 (One) Share.
7. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

### **A) ELIGIBILITY FOR ACCEPTING THE OFFER**

1. The Letter of Offer shall be mailed to all Shareholders/Beneficial Owners holding Shares in dematerialized form (except the Promoter and Promoter Group members, Acquirer and the PAC) whose names appear in register of members of the Target Company as on Thursday, October 17, 2019, the Identified Date.
2. The Public Shareholders who have registered their email ids with the Depositories / the Target Company shall be dispatched the Letter of Offer through electronic means. If Public Shareholders who have been sent the Letter of Offer through electronic means wish to obtain a physical copy of the Letter of Offer, they may send a request in writing to the Registrar to the Offer at the address or email id mentioned on the cover page of the Letter of Offer by stating such Shareholder's name, address, number of Equity Shares held on Identified Date, client ID number, DP name / ID, beneficiary account number, and upon receipt of such request, a physical copy of the Letter of Offer shall be provided to such Shareholder. The Public Shareholders who have not registered their email ids with the Depositories / the Target Company shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. The Letter of Offer shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of members of the Target Company on the Identified Date.
3. This Offer is also open to persons who own Shares in Target Company but are not registered Shareholders as on the Identified date

4. All Shareholders/Beneficial Owners (except the Promoter and Promoter Group members Acquirer and the PAC) who own Shares of Target Company in dematerialized form at any time before the closure of the Offer are eligible to participate in the Offer.
5. All Public Shareholders holding the shares in dematerialized form are eligible to participate in this Open Offer at any time during the period from Offer Opening Date till the Offer Closing Date (“Tendering Period”) for this Open Offer.
6. Public Shareholders who are holding Shares in physical form and are desirous of tendering their Equity Shares in the Open Offer can do so only after the Shares are dematerialized. Such Public Shareholders are advised to approach any depository participant to have their Shares dematerialized.
7. Any query of communication in respect of the Open Offer may be addressed to Karvy Fintech Private Limited having its office at: Karvy Selenium Tower B, Plot no.31 & 32, Financial District, Nanakramguda, Hyderabad – 500 032 Telangana, India,; Tel. No.: +91 40 6716 2222; Fax No.: +91 40 2343 1551; Email: einward.ris@karvy.com; Contact Person: M. Muralikrishna, between 10.00 am to 5.00 pm on working days.
8. The Public Announcement, the Detailed Public Statement and the Letter of Offer will also be available on the SEBI website: [www.sebi.gov.in](http://www.sebi.gov.in). In case of non-receipt of the Letter of Offer, Public Shareholders, including those who have acquired Shares after the Identified Date, if they so desire, may download the Letter of Offer from SEBI’s website.
9. As on date, of the existing Voting Share Capital of the Target Company 4,45,63,593 Shares are under lock in, as detailed below:

Particulars	Number of Shares under lock in	% of existing Voting Share Capital
Ramarao Atchuta Mullapudi (Promoter)	2,55,00,125	50.04
Velchala Premchand Krishna Rao (Promoter)^	7,60,725	1.49
Public shareholders	1,83,02,743	35.92
<b>Total</b>	<b>4,45,63,593</b>	<b>87.46</b>

*^ kindly refer note VI (20)*

10. The Manager to the Offer confirms that there shall be no discrimination in the acceptance of locked in and non-locked in shares. The Acquirer and the PAC confirms that the Shares accepted in the Offer will be subject to continuation of the residual lock -in period in the hands of the Acquirer.
11. The acceptance of this Offer by the 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.
12. The acceptance of this Offer is entirely at the discretion of the Shareholder(s)/ beneficial owner(s) of the Target Company.
13. The acceptance of Shares tendered in the Offer will be done by the Acquirer and PAC in consultation with the Manager to the Offer.

14. The Acquirer and PAC reserves the right to revise the Offer Price and/or the Offer Size upwards prior to the commencement of the last 1 (one) Working Day prior to the commencement of the Tendering Period, i.e., up to Thursday, October 31, 2019, in accordance with the SEBI (SAST) Regulations and the revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the Detailed Public Statement was published. The Acquirer and PAC would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the Detailed Public Statement and the Draft Letter of Offer.
15. The instructions, authorizations and provisions contained in the Letter of Offer constitute part of the terms of the Offer.

## **B) STATUTORY AND OTHER APPROVALS**

1. The proposed Preferential Allotment is subject to approval from the Shareholders of the Target Company and BSE. As of the date of this Draft Letter of Offer, to the best of the knowledge of the Acquirer and PAC, there are no other statutory approvals required by the Acquirer and PAC to complete this Offer. However, in case of any such statutory approvals are required by the Acquirer and PAC at a later date before the expiry of the tendering period, this Offer shall be subject to such approvals and the Acquirer and PAC shall make the necessary applications for such statutory approvals.
2. All Public Shareholders, including non-residents holders of Shares, must obtain all requisite approvals required, if any, to tender the Offer Shares (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Shares tendered in this Offer. Further, if the holders of the Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Shares, to tender the Offer Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Offer Shares.
3. The Acquirer and PAC 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 shareholders who have tendered Shares and are found valid and are accepted for acquisition by the Acquirer and PAC.
4. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delayed receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer and PAC or the failure of the Acquirer and PAC to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer and PAC agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirer and PAC in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.

5. In terms of Regulation 23(1) of the SEBI (SAST) 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 and PAC have a right to withdraw the Offer. In the event of withdrawal, the Acquirer and the PAC (through the Manager), shall within two (2) working days of such withdrawal, make an announcement stating the grounds for the withdrawal in accordance with regulation 23(2) of the SEBI (SAST) Regulations, in the same newspapers in which the Detailed Public Statement was published and such announcement will also be sent to SEBI, the Stock Exchanges and the Target Company at its registered office.
6. Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer and PAC shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approval(s) are required in order to complete this Offer.
7. In terms of Regulation 18(11) of the SEBI (SAST) Regulations, the Acquirer and PAC shall be responsible to pursue all statutory approvals required by the Acquirer and PAC 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 and PAC or the failure of the Acquirer and PAC to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer and PAC agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirer and PAC in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.

## VIII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

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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 and PAC 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:	Choice House, Shree Shakambhari Corporate Park, Plot No. 156-158, J B Nagar, Andheri (East), Mumbai – 400 099, Maharashtra, India
Contact Person:	Sheetal Murarka
Tel No:	+91 22-67079999
Email:	sheetal.murarka@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.
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).
8. In the event Seller Broker of shareholder is not registered with BSE then that shareholder can approach the Buying Broker as detailed in the Point # 3 above and tender the Shares through the Buying Broker after submitting the details as may be required by the Buying Broker to be in compliance with the SEBI regulations.

### SHAREHOLDERS WHO ARE HOLDING SHARES IN DEMATERIALIZED FORM:

1. The Shareholders who are holding the Shares in demat form and who desire to tender their 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. The details of the Special Account of Clearing Corporation shall be informed in the issue opening circular that will be issued by BSE /Clearing Corporation.

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 Public Shareholder. TRS will contain details of order submitted like Bid ID No. DP ID, Client ID, No of Shares tendered etc.
6. In case of receipt of Shares in the special account of the Clearing Corporation and a valid bid in the exchange bidding system, the Open Offer shall be deemed to have been accepted, for demat Shareholders.
7. The Public Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Shares due to rejection or due to prorated Open Offer.

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

- a) As per the proviso to Regulation 40(1) of the SEBI (LODR) Regulations (as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018), effective from April 01, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.
- b) Please note that the Shares held in physical form and tendered under the Open Offer would not be accepted. Public Shareholders holding Shares in physical form are therefore requested to dematerialize their physical shareholding before participating in the Open Offer.
- c) Accordingly, the Public Shareholders who are holding Shares in physical form and are desirous of tendering their Shares in the Open Offer can do so only after their Shares are dematerialized. Such Public Shareholders are advised to approach any depository participant to have their Shares dematerialized.
- d) The Public Shareholders holding Shares in Dematerialized mode are not required to fill any Form of Acceptance.

**ACCEPTANCE OF SHARES**

1. Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines.
2. In the event that the number of Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer, 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 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**

1. Persons who do not hold Shares as on the Identified Date, or those who have acquired the Equity Shares after the Identified Date, or those who have not received the LOF, can also participate in this Open Offer.
2. A Shareholder may participate in the Open Offer by approaching their broker / Selling Broker and tender Shares in the Open Offer as per the procedure mentioned in this Letter of Offer.
3. The Letter of Offer will be dispatched to all the Shareholders whose names appear on the register of members of the Target Company as on the Identified Date. In case of non-receipt of the Letter of Offer, such Shareholders of the Target Company may download the same from the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) or BSE ([www.bseindia.com](http://www.bseindia.com)) or the Manager to the Offer ([www.saffronadvisor.com](http://www.saffronadvisor.com)) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Shares of the Target Company.

## **SETTLEMENT PROCESS**

1. On closure of the Offer, reconciliation for acceptances shall be conducted by the Registrar to the Offer in consultation with Manager to the Offer and the final list shall be provided to BSE to facilitate settlement on the basis of the Shares transferred to the Clearing Corporation.
2. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
3. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the Shares in favour of Clearing Corporation.
4. The direct credit of Shares shall be given to the demat accounts of the Acquirer indicated by the Acquirer's Buying Broker, through the pool account. For the same, the existing facility of client direct payout in the capital market segment shall be available.
5. Once the basis of acceptance is finalized, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Shares to the Buying Broker's pool account.
6. 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.
7. Shareholders who intend to participate in the Offer should consult their respective Seller Member for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the Selling Shareholders for tendering Shares in the Offer (secondary market transaction). The consideration received by the selling Shareholders from their respective Seller Member, in respect of accepted Shares, could be net of such costs, charges and expenses

(including brokerage) and the Acquirers accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.

## **SETTLEMENT OF FUNDS / PAYMENT CONSIDERATION**

1. On the Offer Closing Date, reconciliation for acceptances shall be conducted by the Registrar to the Offer in consultation with the Manager to the Offer and the final list shall be provided to the BSE to facilitate settlement on the basis of the Shares transferred to the Clearing Corporation.
2. The settlement of fund obligation for demat Shares shall be effected by Clearing Corporation. For the Shares accepted under the Open Offer, the payment will be made by the Clearing Corporation to the Public Shareholders directly to their bank account.
3. The Acquirer along with PAC will pay the consideration to the Buying Broker on or before the pay-in date for settlement, who in turn will make the funds pay-in in the settlement account of Clearing Corporation, as per the settlement schedule announced by Clearing Corporation.
4. The payment will be made to the Buying Broker for settlement. For Shares accepted under the Open Offer, the Public Shareholder will receive funds payout in their settlement bank account.
5. The funds received from Buyer Broker by the Clearing Corporation will be released directly, to Public Shareholder.
6. The Public Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Shares, due to rejection or due to non-acceptance of the Shares under the Open Offer.
7. Excess demat Shares or unaccepted demat Shares, if any, tendered by the Public Shareholders would be returned to them by the Clearing Corporation.
8. Once the basis of acceptance is finalized, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Shares to the demat account of the Acquirer.
9. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer and PAC for payment of consideration to the Public Shareholders who have accepted the Open Offer within such period, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

## **NOTE ON TAXATION**

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

## IX. DOCUMENTS FOR INSPECTION

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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, 6<sup>th</sup> floor, J.B. Nagar, Andheri-Kurla Road, Andheri (East), Mumbai- 400 059, Maharashtra, India, 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:

1. Certificate dated September 05, 2019 issued by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (*Membership No: 025834; FRN No: 002864S*), certifying the Net Worth of the Acquirer and PAC.
2. Certificate dated September 05, 2019 issued by C Ramachandram, Partner of C Ramachandram & Co, Chartered Accountants (*Membership No: 025834; FRN No: 002864S*), certifying the adequacy of financial resources with the Acquirer and PAC to fulfill the obligations under the Open Offer.
3. Annual reports of the Target Company for the financial years ending March 31, 2019, March 31, 2018, March 31, 2017.
4. Unaudited Financial Results and Limited Review Report of the Target Company for the quarter ended June 30, 2019.
5. Copy of the letter dated September 06, 2019 issued by ICICI Bank Limited confirming the cash deposit of ₹ 1,32,00,000 (Rupees one crore thirty two lacs only) in the Escrow Account.
6. Copy of Bank Guarantee dated August 31, 2019, issued by ICICI Bank Limited for ₹ 1,78,00,000 (Rupees one crore seventy eight lacs only) in favor of the Manager to the Offer.
7. Copy of Escrow Agreement dated August 31, 2019 between the Acquirer and PAC, Manager to the Offer and Escrow Bank.
8. Copy of the Demat Escrow Agreement dated August 31, 2019, entered into among the Target Company, Choice Broking Private Limited (Buying Broker) and the Manager to the Offer, for opening of the Demat Escrow Account.
9. Copy of Public Announcement dated September 05 2019 issued by the Manager to the Offer.
10. Copy of the Detailed Public Statement dated September 12, 2019 issued by the Manager to the Offer.
11. Copy of the recommendation made by the Target Company's committee of independent directors, as issued under Regulation 26(7) of the SEBI (SAST) Regulations.
12. Copy of the letter from SEBI dated [●], containing its comments on the Draft Letter of Offer.

## **X. DECLARATION BY THE ACQUIRER AND THE PAC**

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The Acquirer and the PAC accept the responsibility for their obligations as laid down in terms of the SEBI (SAST) Regulations. The Acquirer and the PAC accept full responsibility for all the information contained in this Draft Letter of Offer in relation to them, and they shall not be responsible for any other information contained in this Draft Letter of Offer. All information pertaining to the Target Company has been obtained from publicly available sources and the accuracy thereof has not been independently verified by the Acquirer, the PAC or the Manager to the Offer.

The Acquirer and the PAC shall be, severally and jointly, responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations.

The person signing this Draft Letter of Offer is duly and legally authorized by the Acquirer and the PAC to sign this Draft Letter of Offer.

### **On behalf of the Acquirer and PAC**

Ramarao Atchuta Mullapudi  
Harika Vardhani Mullapudi

(Through their duly constituted Power of Attorney holder, VSRR Prasad, holding specific Power of Attorney dated August 21, 2019)

**Place:** Hyderabad

**Date:** September 19, 2019