

## DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This LoF is sent to you as a shareholder(s) of Everest Organics Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager / Registrar to the offer. In case you have recently sold your shares in the Company, please hand over this LoF and the accompanying Form of Acceptance cum acknowledgement and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected."*

OPEN OFFER BY

### DR. SRI KAKARLAPUDI SRIHARI RAJU

Residing at Lakeview Plaza, 4<sup>th</sup> Floor, Plot No. 127 & 128, Amar, Co. op. Society, Near Durgam Cheruvu, Madhapur, Hyderabad – 500033; Tel. No.: 040-23115956; Fax. No.: 040-23115954;  
(Hereinafter referred to as "ACQUIRER 1") and

### VEERAT FINANCE & INVESTMENT LIMITED

Registered Office at Lakeview Plaza, 5<sup>th</sup> Floor, Plot No. 127 & 128 Amar Co-Op. Society, Near Durgam Cheruvu, Madhapur, Hyderabad – 500033; Tel. No: +91-9440668841; Fax No.: +91-40-3741007; (Hereinafter referred to as "ACQUIRER 2")  
(Hereinafter collectively referred to as "ACQUIRERS")

to  
acquire upto 2,080,000 (Twenty Lacs and Eighty Thousand) Equity Shares of face value of Rs. 10/- each representing 26.00% of the expanded share capital of

### EVEREST ORGANICS LIMITED

Registered Office: Aroor Village, Sadasivapet Mandal, Medak, Telangana – 502291;  
Tel. No.: +91-08455-250084; +91-40-40040783; and Fax. No.: +91-08455-250114; Email Id: [ecolcs0405@gmail.com](mailto:ecolcs0405@gmail.com);  
At a price of Rs. 18.00/- (Rupees Eighteen Only) per fully paid up equity share payable in cash,  
Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations, 2011") and subsequent amendments thereof

1. This offer is being made by the Acquirers pursuant to Regulation 3(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations, 2011") for substantial acquisition of shares.
2. The Offer is not subject to any minimum level of acceptance.
3. The details of statutory approvals required is given in para 7.4 of this draft Letter of Offer.
4. **THIS OFFER IS NOT A COMPETING OFFER.**
5. If there is any upward revision in the Offer Price by the Acquirers upto three working days prior to the commencement of the tendering period i.e. upto September 20, 2016, Tuesday or in the case of withdrawal of offer, the same would be informed by way of the Issue Opening Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirers for all the shares validly tendered anytime during the offer.
6. **There is no competing offer till date.**
7. A copy of Public Announcement, Detailed Public Statement, and Letter of Offer (including Form of Acceptance cum Acknowledgement) is also available on SEBI's web-site: [www.sebi.gov.in](http://www.sebi.gov.in).

FOR PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 8 "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NO. 26 to 31). FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT IS ENCLOSED WITH THIS LETTER OF OFFER.

All future correspondence, if any, should be addressed to the Manager / Registrar to the Offer at the following addresses:

#### MANAGER TO THE OFFER



#### CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED

CIN: U74899DL2000PTC104508

D-28, South Extn., Part-I, New Delhi – 110049

Contact Person: Mr. Manoj Kumar/ Ms. Ruchika Sharma

Ph.: +91-11-40622228/ +91-11-40622248

Fax: +91-11-40622201

Email: [manoj@indiapcp.com](mailto:manoj@indiapcp.com) / [ruchika.sharma@indiapcp.com](mailto:ruchika.sharma@indiapcp.com)

SEBI Regn. No: INM000011435

OFFER OPENS ON: SEPTEMBER 26, 2016, MONDAY

#### REGISTRAR TO THE OFFER



#### CAMEO CORPORATE SERVICES LIMITED

CIN:U67120TN1998PLC041613

Subramanian Building No. 1, Club House Road, Chennai, Tamil Nadu – 600002

Contact Person: Ms. Sreepriya K

Ph.: 044-28460390

Fax: 044-28460129

Email: [rdr@cameoindia.com](mailto:rdr@cameoindia.com) / [investor@cameoindia.com](mailto:investor@cameoindia.com)

SEBI Regn. No.: INR000003753

OFFER CLOSES ON: OCTOBER 07, 2016, FRIDAY

## SCHEDULE OF ACTIVITIES OF THE OFFER

| ACTIVITY                                                                             | DATE AND DAY                  |
|--------------------------------------------------------------------------------------|-------------------------------|
| Public Announcement (PA) Date                                                        | July 30, 2016, Saturday       |
| Detailed Public Statement (DPS) Date                                                 | August 05, 2016, Friday       |
| Last date for a competing offer                                                      | August 30, 2016, Tuesday      |
| Identified Date*                                                                     | September 09, 2016, Friday    |
| Date by which LoF will be despatched to the shareholders                             | September 19, 2016, Monday    |
| Issue Opening PA Date                                                                | September 23, 2016, Friday    |
| Last date by which Board of TC shall give its recommendations                        | September 21, 2016, Wednesday |
| Date of commencement of tendering period (Offer opening Date)                        | September 26, 2016, Monday    |
| Date of expiry of tendering period (Offer closing Date)                              | October 07, 2016, Friday      |
| Date by which all requirements including payment of consideration would be completed | October 25, 2016, Tuesday     |

*\* Identified Date is only for the purpose of determining the names of the shareholders of the Target Company to whom the Letter of Offer would be sent.*

## RISK FACTORS

Given below are the risks related to the transaction, proposed Offer and those associated with the Acquirers:

### (A) Relating to Transaction

The Offer is made pursuant to the preferential allotment of equity shares and convertible warrants to the Acquirers which is subject to the approval of shareholders of the Target Company as per the provisions of Companies Act, 2013 and SEBI (ICDR) Regulations, 2009. In terms of Regulation 23 (1) of SEBI (SAST) Regulations, 2011, there may be an event which warrants withdrawal of the Offer. The Acquirers make no assurance with respect to the market price of the shares both during the Offer Period and upon the completion of the Offer and disclaim any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer. The Offer or the acquisition is not subject to any regulatory approval.

### (B) Relating to the Offer

- 1) In the event that either (a) the regulatory approvals are not received in a timely manner; (b) there is any litigation to stay the offer; or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer proceeds may be delayed beyond the schedule of activities indicated in this draft Letter of Offer. Consequently, the payment of consideration to the public shareholders of EOL, whose shares have been accepted in the offer as well as the return of shares not accepted by the Acquirers, may be delayed. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the public

shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations, 2011.

- 2) In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis.
- 3) The tendered shares and the documents would be held in trust by the Registrar to the Offer until the completion of Offer formalities. Accordingly, the Acquirers make no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.
- 4) The Acquirers and the Manager to the Offer accept no responsibility for statements made otherwise than in the Draft Letter of Offer (LOF)/ Detailed Public Statement (DPS)/ Public Announcement (PA) and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his / her / its own risk.
- 5) Shareholders should note that those who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance.

**(C) Relating to Acquirers**

- 1) The Acquirers make no assurance with respect to the financial performance of the Target Company and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- 2) The Acquirers make no assurance with respect to their investment/ divestment decisions relating to their proposed shareholding in the Target Company.

**The risk factors set forth above, pertain to the Offer and are not in relation to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of EOL are advised to consult their stockbrokers or investment consultants, if any, for analysing all the risks with respect to their participation in the Offer.**

## INDEX

| Sr. No. | Subject                                                                                                                              | Page No. |
|---------|--------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1.      | Definitions                                                                                                                          | 05       |
| 2.      | Disclaimer Clause                                                                                                                    | 07       |
| 3.      | Details of the Offer                                                                                                                 | 07       |
| 4.      | Background of the Acquirers – Dr. Sri Kakarlapudi Srihari Raju (“Acquirer 1”) and Veerat Finance & Investment Limited (“Acquirer 2”) | 11       |
| 5.      | Background of the Target Company – Everest Organics Limited                                                                          | 16       |
| 6.      | Offer Price and Financial Arrangements                                                                                               | 21       |
| 7.      | Terms and Conditions of the Offer                                                                                                    | 24       |
| 8.      | Procedure for Acceptance and Settlement of the Offer                                                                                 | 26       |
| 9.      | Documents for Inspection                                                                                                             | 31       |
| 10.     | Declaration by the Acquirers                                                                                                         | 32       |

## 1. DEFINITIONS

|     |                                          |                                                                                                                                                                                                             |
|-----|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Acquirer or The Acquirers                | Dr. Sri Kakarlapudi Srihari Raju and Veerat Finance & Investment Limited                                                                                                                                    |
| 2.  | BIFR                                     | Board for Industrial and Financial Reconstruction                                                                                                                                                           |
| 3.  | Board of Directors / Board               | The Board of Directors of Everest Organics Limited                                                                                                                                                          |
| 4.  | Book Value per share                     | Net worth / Number of equity shares issued                                                                                                                                                                  |
| 5.  | BSE                                      | BSE Limited                                                                                                                                                                                                 |
| 6.  | Buying Broker                            | Alankit Assignments Limited                                                                                                                                                                                 |
| 7.  | Companies Act                            | The Companies Act, 2013, as amended from time to time                                                                                                                                                       |
| 8.  | Detailed Public Statement or DPS         | Detailed Public Statement which appeared in the newspapers on August 05, 2016                                                                                                                               |
| 9.  | EPS                                      | Profit after Tax / Number of Equity Shares issued                                                                                                                                                           |
| 10. | Escrow Agreement                         | Escrow Agreement dated August 01, 2016 between the Acquirers, Escrow Agent and Manager to the Offer                                                                                                         |
| 11. | Escrow Bank/ Escrow Agent                | Kotak Mahindra Bank Limited, having its branch office at Mumbai Nariman Point                                                                                                                               |
| 12. | Expanded Share Capital                   | Rs. 80,000,000 (Rupees Eight Crores Only) representing 8,000,000 (Eighty Lacs) Equity Shares of Rs. 10 each                                                                                                 |
| 13. | FEMA                                     | The Foreign Exchange Management Act, 1999, as amended or modified from time to time                                                                                                                         |
| 14. | Form of Acceptance                       | Form of Acceptance cum Acknowledgement                                                                                                                                                                      |
| 15. | DLOO or draft Letter of Offer or LOF     | This draft Letter of Offer                                                                                                                                                                                  |
| 16. | Manager to the Offer or, Merchant Banker | Corporate Professionals Capital Private Limited                                                                                                                                                             |
| 17. | N.A.                                     | Not Available/ Not Applicable                                                                                                                                                                               |
| 18. | NRI                                      | Non Resident Indian                                                                                                                                                                                         |
| 19. | Offer or The Offer or Open Offer         | Open Offer for acquisition of upto 2,080,000 Equity Shares of face value of Rs. 10/- each being 26.00% of the expanded capital of Target Company at a price of Rs. 18.00/- per Equity Share payable in cash |
| 20. | Offer Period                             | July 30, 2016, Saturday to November 02, 2016, Wednesday                                                                                                                                                     |
| 21. | Offer Price                              | Rs. 18.00/- (Rupees Eighteen Only) per fully paid up Equity Share payable in cash                                                                                                                           |
| 22. | PAT                                      | Profit After Tax                                                                                                                                                                                            |
| 23. | Persons eligible to participate          | Registered shareholders of Everest Organics Limited and                                                                                                                                                     |

|     |                                           |                                                                                                                                                                                                                                                 |
|-----|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | in the Offer                              | unregistered shareholders who own the Equity Shares of Everest Organics Limited any time prior to the closure of Offer, including the beneficial owners of the shares held in dematerialised form, for the sale of shares of the Target Company |
| 24. | Post Preferential Allotment Share Capital | Rs. 72,882,800 (Rupees Seven Crores Twenty Eight Lacs Eighty Two Thousand and Eight Hundred) representing 7,288,280 (Seventy Two Lacs Eighty Eight Thousand Two Hundred and Eighty) Equity Shares of Rs. 10/- each                              |
| 25. | Present Share Capital                     | Rs. 33,382,800 (Rupees Three Crores Thirty Three Lacs Eighty Two Lacs and Eight Hundred Only) representing 3,338,280 (Thirty Three Lacs Thirty Eight Thousand Two Hundred and Eighty) Equity Shares of Rs.10/- each                             |
| 26. | Public Announcement or PA                 | Public Announcement submitted to BSE as well as to SEBI on July 30, 2016                                                                                                                                                                        |
| 27. | Registrar or Registrar to the Offer       | Cameo Corporate Services Limited, an entity registered with SEBI under the SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended or modified from time to time                                                      |
| 28. | RBI                                       | The Reserve Bank of India                                                                                                                                                                                                                       |
| 29. | Return on Net Worth                       | (Profit After Tax/ Net Worth) *100                                                                                                                                                                                                              |
| 30. | INR or Rs.                                | Indian Rupees                                                                                                                                                                                                                                   |
| 31. | SARFAESI Act                              | Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002                                                                                                                                            |
| 32. | SICA                                      | Sick Industrial Companies (Special Provisions) Act, 1985                                                                                                                                                                                        |
| 33. | SEBI Act                                  | Securities and Exchange Board of India Act, 1992                                                                                                                                                                                                |
| 34. | SEBI                                      | Securities and Exchange Board of India                                                                                                                                                                                                          |
| 35. | SEBI (SAST) Regulations, 2011             | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto                                                                                                    |
| 36. | SEBI (SAST) Regulations, 1997             | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto                                                                                                    |
| 37. | Target Company or EOL                     | Everest Organics Limited                                                                                                                                                                                                                        |
| 38. | Tendering Period                          | Monday, September 26, 2016 to Friday, October 07, 2016                                                                                                                                                                                          |

## **2. DISCLAIMER CLAUSE**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LOF WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LOF HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF EVEREST ORGANICS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE TARGET COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE 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 ACQUIRERS DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER “CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED” HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 11, 2016 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DLOF DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.”**

## **3. DETAILS OF THE OFFER**

### **3.1. Background of the Offer**

- 3.1.1. The Offer is being made under Regulation 3(2) of SEBI (SAST) Regulations, 2011 for substantial acquisition of shares of Target Company.
- 3.1.2. On July 30, 2016, the Board of Directors in their meeting considered and approved the preferential allotment of 3,950,000 (Thirty Nine Lacs Fifty Thousand Only) Equity Shares of Rs. 10/- each at a price of Rs. 18.00/- (Rupees Eighteen Only), out of which 1,238,890 (Twelve Lacs Thirty Eight Thousand Eight Hundred and Ninety) Equity Shares representing 15.49% of expanded share capital to Acquirer 1 and 2,711,110 (Twenty Seven Lacs Eleven Thousand One Hundred and Ten) Equity Shares representing 33.89% of expanded share capital to Acquirer 2 and also allotment of 711,720 (Seven Lacs Eleven Thousand Seven Hundred and Twenty) convertible warrants at a price of Rs. 18.00/- each (Rupee Eighteen Only) convertible into equal number of Equity Shares to Acquirer 2, by converting the unsecured loans received from the two Acquirers in past.

- 3.1.3. The Acquirers along with other existing promoters hold 1,167,264 representing 34.97% of the present equity share capital of the Target Company. Pursuant to proposed preferential allotment, the holding of the Acquirers along with other existing promoters, will increase from 1,167,264 representing 34.97% of present paid-up capital of the Target Company to 5,828,984 representing 72.86% of the expanded share capital of the Target Company. Acquirers' shareholding will increase from 733,500 Equity Shares representing 21.97% of the present paid up share capital of the Target Company to 5,395,220 Equity Shares representing 67.44% of the expanded share capital of the Target Company which triggered the obligation to make a Public Announcement in terms of Regulation 3(2) of SEBI (SAST) Regulations, 2011.
- 3.1.4. There is no change in control and management of the Target Company.
- 3.1.5. None of the Acquirers as mentioned above have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act, 1992.
- 3.1.6. Acquirers are the existing promoters of the Target Company and there will be no change in the control and management of the Target Company, accordingly, Acquirers will not make any change in the composition of Board of Directors of the Target Company subsequent to the completion of the Takeover Open Offer.
- 3.1.7. The recommendation of the committee of Independent Directors as constituted by the Board of Directors of the Target Company on the Offer will be published at least two working days before the commencement of the tendering period, in the same newspapers where the DPS was published and a copy whereof shall be sent to SEBI, BSE and Manager to the Offer and in case of a competing offer/s to the manager/s to the open offer for every competing offer.

### 3.2. Details of the proposed offer

- 3.2.1. In accordance with Regulations 13(1) and 14(3) of SEBI (SAST) Regulations, 2011, the Acquirers have given a PA on July 30, 2016, Saturday to SEBI, BSE and TC and published DPS on August 05, 2016 in the following newspapers:

| Publication                 | Editions          |
|-----------------------------|-------------------|
| Business Standard (English) | All Editions      |
| Business Standard (Hindi)   | All Editions      |
| Mahanayak (Marathi)         | Mumbai Edition    |
| Janatha (Telugu)            | Hyderabad Edition |

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

- 3.2.2. The Acquirers have made an Takeover Open Offer in terms of SEBI (SAST) Regulations, 2011 to the shareholders of EOL to acquire upto 2,080,000 (Twenty Lacs and Eighty Thousand Only) fully paid up Equity Shares of Rs. 10/- each representing 26.00% of the

expanded capital of the Target Company at a price of Rs. 18.00/- (Rupees Eighteen Only) per fully paid up equity share ("**Offer Price**"), payable in cash subject to the terms and conditions set out in the PA, DPS and this draft Letter of Offer.

- 3.2.3. There are no partly paid up shares in the Target Company.
- 3.2.4. There is no differential pricing in the Offer.
- 3.2.5. This is not a competitive Bid.
- 3.2.6. The Offer is not a conditional offer and is not subject to any minimum level of acceptance from the shareholders. The Acquirers will accept the Equity Shares of EOL those are tendered in valid form in terms of this offer upto a maximum of 2,080,000 (Twenty Lacs and Eighty Thousand Only) Equity Shares representing 26.00% of the expanded capital of the Target Company.
- 3.2.7. The Acquirers have not acquired any shares of Target Company after the date of P.A. i.e. July 30, 2016, Saturday and upto the date of this draft LoF.
- 3.2.8. The Equity Shares of the Target Company will be acquired by the Acquirers free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 3.2.9. As on the date of draft LoF, the Acquirer 1 holds 260,892 (Two Lacs Sixty Thousand Eight Hundred and Ninety Two) Equity Shares representing 7.82% of the present share capital of the Target Company and Acquirer 2 holds 472,608 (Four Lacs Seventy Two Thousand Six Hundred and Eight) Equity Shares representing 14.16% of the present share capital of the Target Company.
- 3.2.10. Upon completion of the Offer, assuming full acceptances in the Offer, the Acquirers will hold 7,475,220 (Seventy Four Lacs Seventy Five Thousand Two Hundred and Twenty) Equity Shares constituting 93.44% of the expanded share capital of the Target Company and other existing promoters will continue to hold 433,764 (Four Lacs Thirty Three Thousand Seven Hundred and Sixty Four) Equity Shares constituting 5.42% of the expanded share capital of the Target Company. Pursuant to this Open Offer, the public shareholding in the Target Company will reduce below the minimum public shareholding required as per the Securities Contracts (Regulation) Rules, 1957 as amended and the Listing Agreement, and hence Acquirers undertake that they will take necessary steps to facilitate compliances of the Target Company with the relevant provisions of the Securities Contracts (Regulations) Rules, 1957 as amended, the Listing Agreement or corresponding provisions of SEBI (LODR) Regulations, 2015 and the Regulations 7(4) and 7(5) of the SEBI (SAST) Regulations and will reduce the non – public shareholding within the time period mentioned therein.
- 3.2.11. The Manager to the Offer, Corporate Professionals Capital Private Limited does not hold any Equity Shares in the Target Company as at the date of DPS and this draft LoF. The Manager to the Offer further declares and undertakes that it will not deal on its own account in the Equity Shares of the Target Company during the Offer Period.

### 3.3. Object of the Acquisition/ Offer

- (A) Presently, the Target Company is carrying on business of Manufacturing of Active Pharmaceuticals Ingredients ("API"). Earlier, since 2000 the Target Company was suffering losses and slowly, Company's Net Worth became negative. Therefore, the Target Company filed its reference with BIFR for registering as sick company within the meaning of SICA in the year 2004 with the case no. 36/2004. The Company was declared a sick industrial company, in terms of section 3(1)(o) of the SICA vide Board's order dated 09.01.2006. But, BIFR vide its order dated 24.06.2008 abated the proceedings under the third provision to section 15(1) of SICA as the Asset Reconstruction Company (India) Limited ("ARCIL"), who became the creditor after taking over the debts of State Bank of India ("SBI"), Industrial Credit and Investment Corporation of India ("ICICI") and State Bank of Travancore ("SBT") having more than 75% of the outstanding dues of the Company had taken symbolic possession of the Company's assets under section 13(4) of the SARFAESI Act. To overcome with the tough situation promoters had to bring funds in the Company for repayments, working capital to carry day to day business and to purchase various required plant & machineries. Over the period the Target Company has substantially revived but the amounts received from promoters are outstanding with the Target Company as unsecured loan. The Banker of the Target Company vide their letter dated March 07, 2016 requested the Target Company to convert the said unsecured loans taken from the promoters into Equity Shares to improve the Debt Equity Ratio of the Target Company. On the request of the Target Company the two Acquirers have agreed to take equity shares by converting their respective unsecured loans.
- (B) On July 30, 2016, the Board of Directors in their meeting considered and approved the preferential allotment of 3,950,000 (Thirty Nine Lacs Fifty Thousand Only) Equity Shares of Rs. 10 each at a price of Rs. 18.00/- (Rupees Eighteen Only) out of which 1,238,890 (Twelve Lacs Thirty Eight Thousand Eight Hundred and Ninety) Equity Shares representing 15.49% of expanded share capital to Acquirer 1 and 2,711,110 (Twenty Seven Lacs Eleven Thousand One Hundred and Ten) Equity Shares representing 33.89% of expanded share capital to Acquirer 2 and also allotment of 711,720 (Seven Lacs Eleven Thousand Seven Hundred and Twenty) convertible warrants at a price of Rs. 18.00/- each (Rupee Eighteen Only) convertible into equal number of Equity Shares to Acquirer 2 by converting the outstanding unsecured loans of the two Acquirers. This proposed allotment of additional equity shares and convertible warrants to the two Acquirers, has triggered the open offer obligation in terms of Regulation 3(2) of SEBI (SAST) Regulations, 2011.
- (C) This Open Offer is for acquisition of 26.00% of the expanded share capital of the Target Company. After the completion of this Open Offer, the Acquirers along with other existing promoters would be the single largest Equity Shareholders group.

- (D) The Acquirers do not intend to make any changes in the management of the Target Company.

#### 4. BACKGROUND OF THE ACQUIRERS

##### 4.1. DR. SRI KAKARLAPUDI SRIHARI RAJU (“ACQUIRER 1”)

- 4.1.1. **Dr. Sri Kakarlapudi Srihari Raju** (“Acquirer 1”) is the son of Late S.K.V. Veeravbhadra Raju and is resident of D-1079, Lakeview Plaza, 4th Floor, Plot No. 127 & 128, Amar, Co. op. Society, Near Durgam Cheruvu, Madhapur, Hyderabad – 500033. He is a doctor by profession and holds degree of MBBS and MD. He is engaged in the manufacturing of Active Pharmaceutical Ingredients (“API”) and holds an experience of 23 years in the same field.
- 4.1.2. The Net Worth of Acquirer 1 as on June 30, 2016 is Rs. 153,421,000 (Rupees Fifteen Crores Thirty Four Lacs and Twenty Thousand Only) as certified by Mr. V. Veera Reddy (Membership No. 233770), Proprietor of Veera Reddy Vennapusa, Chartered Accountant having office at Flat No. 202, Siri Enclave, Beside Axis Bank Sri Nagar Colony Road, Ameerpet, Hyderabad – 500073, Telangana; Mob. No. +91-9959073743; Email: [acaveerareddy@gmail.com](mailto:acaveerareddy@gmail.com); vide certificate dated July 30, 2016. The details of Companies/ LLPs where Acquirer 1 holds Directorship/ Designated Partnership or the Companies, LLPs, firms, promoted/ controlled by the Acquirer 1 are given below:

| ACQUIRER’S DIRECTORSHIP IN OTHER COMPANIES        |                                  |                       |
|---------------------------------------------------|----------------------------------|-----------------------|
| Name of the Company/ Firm                         | Designation                      | CIN/LLPIN             |
| Everest Organics Limited                          | Managing Director                | L24230TG1993PLC015426 |
| Companies/ Firms Promoted/ Controlled by Acquirer |                                  |                       |
| Name of the Company/ Firm                         | Shareholding (%)                 | CIN/LLPIN             |
| Veerat Finance & Investment Limited               | 1,600,725 Equity Shares (21.23%) | U65921TG1994PLC018639 |

- 4.1.3. As on date of DLOO, Acquirer 1 holds 260,892 (Two Lacs Sixty Thousand Eight Hundred and Ninety Two) Equity Shares representing 7.82% of the present share capital of the Target Company. The brief details of his earlier acquisition of shares in the Target Company are provided below:

| S. No. | Date of Acquisition      | No. of Shares acquired | Cumulative Shareholding | Mode of Acquisition |
|--------|--------------------------|------------------------|-------------------------|---------------------|
| 1.     | Status as 25.09.1995     | 104,600 (1.13%)        | 104,600 (1.13%)         | Allotment under IPO |
| 2.     | Status as 30.06.2006     | 4,000 (0.04%)          | 108,600 (1.17%)         | NA                  |
| 3.     | 01.01.2011 to 31.03.2011 | 667,700 (7.20%)        | 671,700 (7.24%)         | Inter-se transfer   |

|       |                          |                |                 |                                                        |
|-------|--------------------------|----------------|-----------------|--------------------------------------------------------|
|       |                          |                |                 | amongst promoters                                      |
| 4.    | 01.01.2012 to 31.03.2012 | 50,300 (0.54%) | 722,000 (7.79%) | Off Market Transfer                                    |
| 5.    | 01.07.2015 to 30.09.2015 | 972 (0.01%)    | 722,972 (7.80%) | Off Market Transfer                                    |
| 6.    | Status as on 17.08.2015  | NA             | 260,892 (7.80%) | Capital reduced pursuant to Reduction of Share Capital |
| Total |                          |                | 260,892 (7.80%) |                                                        |

4.1.4. With respect to the Target Company, Acquirer 1 has not complied with any of the compliances as applicable under the provisions of Chapter II and Chapter V of SEBI (SAST) Regulations, 1997/2011.

4.1.5. The Acquirer 1 is the key Promoter and Managing Director of the Target Company.

4.1.6. The Acquirer 1 has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act, 1992.

## 4.2. VEERAT FINANCE & INVESTMENT LIMITED (“ACQUIRER 2”)

4.2.1. Acquirer 2, is an unlisted public company incorporated under the provisions of the Companies Act, 1956 with Registrar of Companies, Hyderabad (CIN: U65921TG1994PLC018639) on October 27, 1994 with the name and style of “Veerat Finance & Investment Limited”. The Registered Office of Acquirer 2 is situated at Lakeview Plaza, 5<sup>th</sup> Floor, Plot No. 127 & 128 Amar Co-Op. Society, Near Durgam Cheruvu, Madhapur, Hyderabad – 500033, Telangana. The Acquirer 2 is a Non-Banking Financial Company (“NBFC”) registered with Reserve Bank of India (“RBI”) and is engaged in long term investment and financing activities.

4.2.2. The present authorised share capital of Acquirer 2 is Rs. 90,000,000 (Rupees Nine Crores Only) divided into 9,000,000 (Ninety Lacs) Equity shares of Rs. 10/- (Rupees Ten) each. The paid-up share capital of Rs. 75,396,870 (Rupees Seven Crores Fifty Three Lacs Ninety Six Thousand Eight Hundred and Seventy Only) divided into 7,539,687 (Seventy Five Lacs Thirty Nine Thousand Six Hundred and Eighty Seven) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The key shareholders, promoters and persons in control of Acquirer 2 are specified below:

| S. No. | Name of the Shareholders | No. of Shares held | % of shareholding |
|--------|--------------------------|--------------------|-------------------|
|--------|--------------------------|--------------------|-------------------|

|     |                                  |                  |              |
|-----|----------------------------------|------------------|--------------|
| 1.  | Dr. Sri Kakarlapudi Srihari Raju | 1,600,725        | 21.23        |
| 2.  | Dr. Sri KakarlapudiKrishnaveni   | 1,406,197        | 18.65        |
| 3.  | S. K. Harikrishna                | 738,234          | 9.79         |
| 4.  | S. K. Gouri Parvathi             | 264,445          | 3.51         |
| 5.  | S. K. Jagapathi Raju             | 69,100           | 0.92         |
| 6.  | S. K. Veerabhadra Raju           | 4,000            | 0.05         |
| 7.  | S. K. Archana                    | 1,300            | 0.02         |
| 8.  | S. K. Sirisha                    | 1,000            | 0.01         |
| 9.  | S. K. Bangar Raju                | 100              | 0.00         |
| 10. | S. K. V. Sarada                  | 100              | 0.00         |
|     | <b>Total</b>                     | <b>4,085,201</b> | <b>54.18</b> |

4.2.3. As on date of DLOO, Acquirer 2 holds 472,608 (Four Lacs Seventy Two Thousand Six Hundred and Eight) Equity Shares representing 14.16% of the present share capital of the Target Company. The brief details of the earlier acquisition of shares in the Target Company are provided below:

| S. No. | Date of Acquisition     | No. of Shares acquired  | Percentage of Shares acquired | Mode of Acquisition                                    |
|--------|-------------------------|-------------------------|-------------------------------|--------------------------------------------------------|
| 1.     | 18.01.1995              | 1,312,800 Equity Shares | 14.16%                        | Allotment under IPO                                    |
| 2.     | Status as on 17.08.2015 | 472,608 Equity Shares   | 14.16%                        | Capital reduced pursuant to Reduction of Share Capital |
| Total  |                         | 472,608 Equity Shares   | 14.16%                        |                                                        |

4.2.4. With respect to the Target Company, Acquirer 2 has not complied with any of the compliances as applicable under the provisions of Chapter II and Chapter V of SEBI (SAST) Regulations, 1997/2011

4.2.5. Shareholding pattern of Acquirer 2 as on the date of DLOO is as under:

| Sl. No. | Shareholder's Category        | No. and Percentage of Shares held |
|---------|-------------------------------|-----------------------------------|
| 1.      | Promoters                     | 4,085,201 Equity Shares (54.18%)  |
| 2.      | FII/ Mutual-Funds/ FIs/ Banks | Nil                               |
| 3.      | Public                        | 3,454,486 Equity Shares (45.82%)  |
|         | Total Paid Up Capital         | 7,539,687 Equity Shares (100.00%) |

4.2.6. The list of Directors of Acquirer 2 as on the date of this DLOO is as follows:

| Name of the Director        | Designation | DIN      | Qualification and Experience in No. of years and field of experience                                                                 | Date of Appointment | No. of shares held in Target Company |
|-----------------------------|-------------|----------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------|
| Sri Kakarlapudi Krishnaveni | Director    | 01664250 | MBBS with an experience of around 20 years in Medicine profession and thereafter in business of Veerat Finance & Investment Limited. | 27.10.1994          | 3,30,330 Equity Shares               |
| Sri Kakarlapudi Bangararaju | Director    | 02235971 | SSLC with an experience of around 22 years in Finance                                                                                | 27.10.1994          | 100 Equity Shares                    |
| Datla Venkata Subba Raju    | Director    | 02881503 | SSLC with an experience of around 20 years in Business                                                                               | 27.10.1997          | 26,500 Equity Shares                 |
| Mantena Bangara Raju        | Director    | 02235951 | MSc. Tech experience of around 37 years in profession                                                                                | 02.01.2016          | -                                    |

*None of the above Directors are on the Board of the Target Company.*

4.2.7. The key financial information of the Acquirer 2 based on the financial statements for the financial year ended March 31, 2014, March 31, 2015 and March 31, 2016 is as follows:

(Rs. In Lacs)

| <b>Profit &amp; Loss Statement</b>                                           | <b>Year Ended<br/>31.03.2014<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2015<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2016<br/>(Audited)</b> |
|------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Income from Operations                                                       | 4.29                                           | 6.00                                           | 5.98                                           |
| Other Income                                                                 | 2.56                                           | 2.96                                           | 7.89                                           |
| <b>Total Income</b>                                                          | <b>6.85</b>                                    | <b>8.96</b>                                    | <b>13.87</b>                                   |
| <b>Total Expenditure (Excluding Depreciation, Amortization and Interest)</b> | <b>2.55</b>                                    | <b>5.00</b>                                    | <b>5.43</b>                                    |
| Profit Before Depreciation, amortization, Interest & Tax                     | 4.30                                           | 3.97                                           | 8.44                                           |
| Depreciation & amortization                                                  | 1.16                                           | 1.83                                           | 2.85                                           |
| <b>Profit/ (Loss) Before Tax</b>                                             | <b>3.14</b>                                    | <b>2.14</b>                                    | <b>5.59</b>                                    |
| Provision for Tax                                                            | 0.99                                           | 0.65                                           | 1.60                                           |
| <b>Profit/ (Loss) After Tax</b>                                              | <b>2.15</b>                                    | <b>1.49</b>                                    | <b>3.99</b>                                    |

| <b>Balance Sheet Statement</b>                    | <b>Year Ended<br/>31.03.2014<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2015<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2016<br/>(Audited)</b> |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Sources of funds</b>                           |                                                |                                                |                                                |
| Paid up share capital                             | 479.94                                         | 674.15                                         | 753.97                                         |
| Reserves and Surplus (Excl. Revaluation Reserves) | 8.74                                           | 10.23                                          | 15.42                                          |
| Secured loans                                     | 0.00                                           | 0.00                                           | 0.00                                           |
| Unsecured loans                                   | 0.00                                           | 0.00                                           | 0.00                                           |
| Deferred Tax Liability (Net)                      | 0.00                                           | 0.00                                           | 0.00                                           |
| <b>Total</b>                                      | <b>488.68</b>                                  | <b>684.38</b>                                  | <b>769.38</b>                                  |
| <b>Uses of funds</b>                              |                                                |                                                |                                                |
| Net fixed assets                                  | 40.14                                          | 53.82                                          | 51.96                                          |
| Investments                                       | 131.28                                         | 131.28                                         | 131.28                                         |
| Long Term Loans & Advances                        | 180.91                                         | 405.29                                         | 464.09                                         |
| Net Current Assets                                | 135.63                                         | 93.63                                          | 118.67                                         |
| Total miscellaneous expenditure not written off   | 0.72                                           | 0.36                                           | 3.38                                           |
| <b>Total</b>                                      | <b>488.68</b>                                  | <b>684.38</b>                                  | <b>769.38</b>                                  |

| Other Financial Data              | Year Ended<br>31.03.2014<br>(Audited) | Year Ended<br>31.03.2015<br>(Audited) | Year Ended<br>31.03.2016<br>(Audited) |
|-----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Dividend (%)                      | 0.00                                  | 0.00                                  | 0.00                                  |
| Earning Per Equity Share (Rs.)    | 0.04                                  | 0.02                                  | 0.05                                  |
| Networth (Rs. In Lacs)            | 487.96                                | 684.02                                | 766.00                                |
| Return on Networth (%) (PAT/NW)   | 0.44%                                 | 0.22%                                 | 0.52%                                 |
| Book Value Per Equity Share (Rs.) | 10.18                                 | 10.15                                 | 10.16                                 |

Source- As certified by Mr. Y. Sai Karunakar (Membership No. 207033), Partner of P.S.N. Ravishanker & Associates, Chartered Accountants (FRN: 003228S) having office at Flat No. 205, 2<sup>nd</sup> Floor, B-Block, Kushal Towers, #6-2-975 Khairatabad, Hyderabad – 500004 (T.S.); Tel. No.: 040-23320558 & 040-23393381; Fax. No.: 040-23393381, E-mail: [psnra@yahoo.com](mailto:psnra@yahoo.com) vide certificate dated July 30, 2016.

4.2.8. There are no major contingent liabilities of Acquirer 2.

4.2.9. The Acquirer 2 has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act, 1992.

4.3. Acquirers are the promoters of the Target Company. Acquirer 2 is controlled by Acquirer 1 and his relatives.

## 5. BACKGROUND OF THE TARGET COMPANY – EVEREST ORGANICS LIMITED

5.1. EOL is a public listed company incorporated as “Everest Organics Limited” on February 19, 1993, under the Companies Act, 1956 with the Registrar of Companies, Hyderabad (CIN L24230TG1993PLC015426). The Company obtained its Certificate of Commencement of Business on March 17, 1993. The Registered Office of EOL is situated at Aroor Village, Sadashivapet Mandal, Medak, Telangana – 502291. The Target Company is engaged in the business of manufacturing of Active Pharmaceutical Ingredients (Bulk Drugs). The manufacturing facility of the Target Company is at Aroor Village, Medak District, Telangana, India.

5.2. On August 17, 2015, the Target Company reduced from 9,273,000 Equity Shares to 3,338,280 Equity Shares pursuant to a scheme of capital reduction as approved by the High Court of Judicature at Hyderabad.

5.3. Capital structure of the Target Company as on the date of draft LoF is as follows-

| Paid up Equity Shares of Target Company | No. of Shares/ voting rights           | % of voting rights |
|-----------------------------------------|----------------------------------------|--------------------|
| Fully paid up equity shares             | 3,338,280 Equity Shares of Rs. 10 each | 100.00             |
| Partly paid up equity shares            | Nil                                    | Nil                |
| Total paid up equity shares             | 3,338,280 Equity Shares of Rs. 10 each | 100.00             |

|                           |                                        |        |
|---------------------------|----------------------------------------|--------|
| Total voting rights in TC | 3,338,280 Equity Shares of Rs. 10 each | 100.00 |
|---------------------------|----------------------------------------|--------|

- 5.4. The Equity Shares of the Target Company were listed on BSE and Hyderabad Stock Exchange Limited ("HSE"), Later, HSE got derecognised vide SEBI order dated January 25, 2013..
- 5.5. Presently, the Equity Shares of the Target Company are listed and traded on BSE and are **infrequently traded** within the meaning and definition of "frequently traded shares" under clause (j) of Sub-Regulation (1) and Regulation (2) of the SEBI (SAST) Regulations.
- 5.6. The authorised share capital of the Target Company as on date is Rs. 100,000,000/- (Rupees Ten Crores Only) divided into 10,000,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each. The present paid up share capital of the Target Company is Rs. 33,382,800 (Rupees Three Crores Thirty Three Lacs Eighty Two Thousand and Eight Hundred Only) divided into 3,338,280 (Thirty Three Lacs Thirty Eight Thousand Two Hundred and Eighty) Equity Shares of the face value of Rs. 10/- (Rupees Ten Only) each. All the equity shares of the Target Company are listed on BSE.
- 5.7. There are no outstanding partly paid up shares.
- 5.8. The equity shares of the Company are not currently suspended for trading on any Stock Exchanges. However, it got suspended on BSE on January 07, 2002 due to penal reasons and the suspension in trading of Equity Shares got revoked vide notice dated March 03, 2016 on March 11, 2016.
- 5.9. As on the date of draft LoF, the composition of the Board of Directors of EOL is as under:

| S. No. | Name and Address of Director                                                                                                                   | Designation        | Date of Appointment |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|
| 1.     | Mr. V. Swaminathan<br><b>Address:</b> 45 Road No. 76, Jubilee Hills, Block – 3 Hyderabad – 500033                                              | Director           | 05.09.2009          |
| 2.     | Mr. K. Rama Krishnam Raju<br><b>Address:</b> Plot No.50, Phase II, Bhagyanagar Co.Op. HSC. Soc., Kukatpally, Hyderabad – 500 072               | Director           | 05.09.2009          |
| 3.     | Mr. Raju S Kakarlapudi<br><b>Address:</b> 15007, W93 Street, Lenexa, KS – 66215. USA.                                                          | Director           | 19.04.1995          |
| 4.     | Mr. A. Parvatisem<br><b>Address:</b> Flat No.105, Sashank Apartment, Srinivasa Nagar, Dr. A S Rao Nagar, Hyderabad – 500 062, Telangana, India | Technical Director | 28.08.2004          |

|    |                                                                                                                                           |                     |            |
|----|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------|
| 5. | Mr. S. K. Hari Krishna<br><b>Address:</b> Plot No.50, Phase II,<br>Bhagyanagar Co.Op. HSC. Soc.,<br>Kukatpally, Hyderabad – 500 072.      | Whole Time Director | 29.09.2007 |
| 6. | Mr. S. K. Srihari Raju<br><b>Address:</b> Plot No.50, Phase II,<br>BhagyanagarCo.Op. HSC. Soc.,<br>Kukatpally, Hyderabad – 500 072.       | Managing Director   | 19.02.1993 |
| 7. | Mrs. Srikakarlapudi Sirisha<br><b>Address:</b> Plot No.50, Phase II,<br>Bhagyanagar Co.Op. HSC. Soc.,<br>Kukatpally, Hyderabad – 500 072. | Director            | 30.07.2014 |
| 8. | Mr. G. Sreeramakrishna<br><b>Address:</b> Flat no.403, Sagar<br>Heights, Prakash Nagar, Begampet<br>Hyderabad – 500016                    | Director            | 30.08.2014 |
| 9. | Mr. K. Eashwer Reddy<br><b>Address:</b> 11618, Pennsylv Vanave,<br>Kansas City – 64114. USA.                                              | Director            | 31.08.2015 |

*None of the above Directors are on the Board of Acquirer 2.*

- 5.10.** There has been no merger/de-merger, spin off during last 3 years involving the Target Company. The paid up capital of the Target Company was reduced from 9,273,000 Equity Shares of Rs. 10/- each to 3,338,280 Equity Shares of Rs. 10/- each as per the order of the High Court of Judicature, Hyderabad.
- 5.11.** The financial information of Target Company based on the audited standalone financial statements for the financial year ended March 31, 2014, March 31, 2015 and March 31, 2016 are as follows:

**(Rs. In Lacs)**

| <b>Profit &amp; Loss Statement</b>                             | <b>Year Ended<br/>31.03.2014<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2015<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2016<br/>(Audited)</b> |
|----------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Income from Operations                                         | 9604.40                                        | 10,597.69                                      | 9,947.65                                       |
| Other Income                                                   | 70.66                                          | 53.05                                          | 36.56                                          |
| Increase/ (Decrease) in Stock                                  | (21.04)                                        | (94.80)                                        | (79.29)                                        |
| <b>Total Income</b>                                            | <b>9654.02</b>                                 | <b>10,555.94</b>                               | <b>9,904.92</b>                                |
| <b>Total Expenditure (Excluding Depreciation and Interest)</b> | <b>9054.57</b>                                 | <b>9725.1</b>                                  | <b>9270.24</b>                                 |

|                                              |               |               |               |
|----------------------------------------------|---------------|---------------|---------------|
| Profit Before Depreciation, Interest and Tax | 599.45        | 830.84        | 634.68        |
| Depreciation                                 | 227.61        | 267.16        | 272.78        |
| Interest                                     | 262.09        | 270.07        | 259.84        |
| <b>Profit/ (Loss) Before Tax</b>             | <b>109.75</b> | <b>293.61</b> | <b>102.06</b> |
| Extraordinary/ Exceptional Items             | 0.00          | 87.25         | 80.02         |
| Provision for Tax                            | 23.00         | 41.00         | 4.00          |
| <b>Profit/ (Loss) After Tax</b>              | <b>86.75</b>  | <b>165.36</b> | <b>18.04</b>  |

| <b>Balance Sheet Statement</b>                    | <b>Year Ended<br/>31.03.2014<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2015<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2016<br/>(Audited)</b> |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Sources of funds</b>                           |                                                |                                                |                                                |
| Paid up share capital                             | 927.30                                         | 927.30                                         | 333.83                                         |
| Reserves and Surplus (Excl. Revaluation Reserves) | (511.81)                                       | (346.47)                                       | 265.04                                         |
| Secured loans                                     | 397.30                                         | 242.37                                         | 477.50                                         |
| Unsecured loans                                   | 613.26                                         | 886.15                                         | 905.61                                         |
| Deferred Tax Liability (Net)                      | -                                              | -                                              | -                                              |
| <b>Total</b>                                      | <b>1426.05</b>                                 | <b>1709.35</b>                                 | <b>1981.98</b>                                 |
| <b>Uses of funds</b>                              |                                                |                                                |                                                |
| Net fixed assets                                  | 2,411.51                                       | 2420.84                                        | 2844.33                                        |
| Investments                                       | 8.45                                           | 8.45                                           | 8.45                                           |
| Other Non Current assets                          | 32.08                                          | 47.42                                          | 69.27                                          |
| Net Current Assets                                | (1025.99)                                      | (767.36)                                       | (940.07)                                       |
| Total miscellaneous expenses not written off      | -                                              | -                                              | -                                              |
| <b>Total</b>                                      | <b>1,426.05</b>                                | <b>1,709.35</b>                                | <b>1,981.98</b>                                |

| <b>Other Financial Data</b> | <b>Year Ended<br/>31.03.2014<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2015<br/>(Audited)</b> | <b>Year Ended<br/>31.03.2016<br/>(Audited)</b> |
|-----------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Dividend (%)                | Nil                                            | Nil                                            | Nil                                            |
| Earnings Per Share (Rs.)    | 0.94                                           | 1.78                                           | 0.54                                           |
| Networth (Rs. In Lacs)      | 415.49                                         | 580.43                                         | 598.87                                         |
| Return on Networth (%)      | 20.88                                          | 28.47                                          | 3.01                                           |
| Book Value Per Share (Rs.)  | 4.48                                           | 6.26                                           | 17.94                                          |

Source- As certified by Mr. Y. Sai Karunakar (Membership No. 207033), Partner of P.S.N. Ravishanker & Associates, Chartered Accountant (FRN: 003228S) having office at Flat No. 205, 2<sup>nd</sup> Floor, B-Block, Kushal

Towers, #6-2-975 Khairatabad, Hyderabad – 500004; Tel. No.: 040-23320558 & 040-23393381; Fax. No.: 040-23393381, E-mail: [psnra@yahoo.com](mailto:psnra@yahoo.com) vide certificate dated July 30, 2016.

**5.12.** Pre and Post- Offer shareholding pattern of the Target Company as on the date of draft LoF is as follows:

| Sr. No.  | Shareholder Category                                    | Shareholding & Voting rights prior to the Agreement/ acquisition and Offer (A) |                  | Shares/voting rights agreed to be acquired Which triggered off the Regulations (B) |                 | Shares/Voting rights to be acquired in the Open Offer (assuming full acceptance) (C) |                  | Shareholding/ voting rights after the acquisition and Offer i.e. (A+B+C) |                 |
|----------|---------------------------------------------------------|--------------------------------------------------------------------------------|------------------|------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------|-----------------|
|          |                                                         | No.                                                                            | %                | No.                                                                                | %               | No.                                                                                  | %                | No.                                                                      | %               |
| <b>1</b> | <b>Promoter Group</b>                                   |                                                                                |                  |                                                                                    |                 |                                                                                      |                  |                                                                          |                 |
|          | a. Parties to agreement, if any                         | Nil                                                                            | NA               | Nil                                                                                | NA              | Nil                                                                                  | NA               | Nil                                                                      | NA              |
|          | b. Promoters other than (a) above                       | 433,764                                                                        | 12.99 (*)        | Nil                                                                                | NA              | Nil                                                                                  | NA               | 433,764                                                                  | 5.42(#)         |
|          | <b>Total 1 (a+b)</b>                                    | <b>433,764</b>                                                                 | <b>12.99 (*)</b> | <b>Nil</b>                                                                         | <b>NA</b>       | <b>Nil</b>                                                                           | <b>NA</b>        | <b>433,764</b>                                                           | <b>5.42(#)</b>  |
| <b>2</b> | <b>Acquirers</b>                                        |                                                                                |                  |                                                                                    |                 |                                                                                      |                  |                                                                          |                 |
|          | Dr. Sri Kakarlapudi Srihari Raju                        | 260,892                                                                        | 7.82 (*)         | 1,238,980                                                                          | 15.499(#)       | 2,080,000                                                                            | 26.00 (#)        | 7,475,220                                                                | 93.44(#)        |
|          | Veerat Finance & Investment Limited                     | 472,608                                                                        | 14.16 (*)        | 3,422,830 (**)                                                                     | 42.79(#)        |                                                                                      |                  |                                                                          |                 |
|          | <b>Total 2</b>                                          | <b>733,500</b>                                                                 | <b>21.97 (*)</b> | <b>4,661,720</b>                                                                   | <b>58.27(#)</b> | <b>2,080,000</b>                                                                     | <b>26.00 (#)</b> | <b>7,475,220</b>                                                         | <b>93.44(#)</b> |
| <b>3</b> | <b>Parties to the agreement other than 1(a) &amp; 2</b> | Nil                                                                            | NA               | Nil                                                                                | NA              | Nil                                                                                  | NA               | Nil                                                                      | NA              |
| <b>4</b> | <b>Public</b>                                           |                                                                                |                  |                                                                                    |                 |                                                                                      |                  |                                                                          |                 |
| a.       | FIs / MFs / FIIIs / Banks, SFIIs (4)                    | 4,014                                                                          | 0.12 (*)         | Nil                                                                                | NA              | (2,080,000)                                                                          | (26.00) (#)      | 91,016                                                                   | 1.14(#)         |

|    |                             |                  |                  |            |           |                    |                    |                  |                |
|----|-----------------------------|------------------|------------------|------------|-----------|--------------------|--------------------|------------------|----------------|
| b. | Others (10282 Shareholders) | 2,167,002        | 64.91 (*)        | Nil        | NA        |                    |                    |                  |                |
|    | <b>Total (4)(a+b)</b>       | <b>2,171,016</b> | <b>65.03 (*)</b> | <b>Nil</b> | <b>NA</b> | <b>(2,080,000)</b> | <b>(26.00) (#)</b> | <b>91,016</b>    | <b>1.14(#)</b> |
|    | <b>Total (1+2+3+4)</b>      | <b>3,338,280</b> | <b>100.00</b>    |            |           |                    |                    | <b>8,000,000</b> | <b>100.00</b>  |

Notes: The data within bracket indicates sale of equity shares.

(\*) These percentages have been calculated on the present paid-up share capital of the Target Company i.e. 3,338,280 (Thirty Three Lacs Thirty Eight Thousand Two Hundred and Eighty) Equity Shares of Rs.10/- each.

(\*\*) These shares also include shares to be allotted on conversion of 711,720 convertible warrants.

(#) These percentages have been calculated on the expanded share capital of the Target Company i.e. 8,000,000 (Eighty Lacs) Equity Shares of Rs. 10 each.

## 6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 6.1. Justification of Offer Price

- 6.1.1. The Offer is made pursuant to preferential allotment of Equity Share to Acquirers as well as allotment of convertible warrants which will be converted into equal number of equity shares to Acquirer 2 of the Target Company. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.
- 6.1.2. The Equity Shares of the Target Company are listed on BSE. The annualized trading turnover in the Equity Shares of the Target Company based on trading volume during the twelve calendar months of prior to PA date (July 2015 to June 2016) 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 Equity Shares | Annualised Trading Turnover (as % of Total Equity Shares) |
|----------------|----------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------------|
| BSE            | 25,652                                                                                       | 3,338,280                  | 0.77%                                                     |
| <b>Total</b>   | <b>25,652</b>                                                                                | <b>3,338,280</b>           | <b>0.77%</b>                                              |

(Source: [www.bseindia.com](http://www.bseindia.com))

- 6.1.3. The equity shares of the Target Company are listed and traded on BSE but are infrequently traded within the meaning of definition of “frequently traded shares” under clause (j) of Sub-Regulation (1) of Regulation 2 of the SEBI (SAST) Regulations).
- 6.1.4. The Offer Price of Rs. 18.00/- (Rupees Eighteen Only) is justified, in terms of Regulation 8(2) of the SEBI (SAST) Regulations, being the highest of the following:

| S. No. | Particulars                                                                                                    | Price                 |
|--------|----------------------------------------------------------------------------------------------------------------|-----------------------|
| (a)    | The price at which the equity shares are proposed to be allotted to the Acquirers pursuant to the preferential | Rs. 18.00/- per share |

|     |                                                                                                                                                                                                                                                                                          |                |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|     | allotment of equity shares and convertible warrants as approved by the Board of Directors in the meeting held on July 30, 2016.*                                                                                                                                                         |                |
| (b) | The volume-weighted average price paid or payable for acquisition whether by the Acquirers along with other existing promoters, during 52 weeks immediately preceding the date of Public Announcement                                                                                    | Not Applicable |
| (c) | The highest price paid or payable for any acquisition, whether by the Acquirers along with other existing promoters during 26 weeks immediately preceding the date of Public Announcement                                                                                                | Not Applicable |
| (d) | The volume-weighted average market price of shares for a period of sixty trading days immediately preceding the date of the Public Announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period. | Not Applicable |

| Other Parameters*             | Based on the audited financial data for the period ended March 31, 2016 |
|-------------------------------|-------------------------------------------------------------------------|
| Book Value per Share (In Rs.) | 17.94                                                                   |

(\*) There is also a proposal of allotment of 711,720 warrants convertible into equal number of equity shares of the Target Company at a price of Rs.18.00 (Rupees Eighteen Only) within 18 months from the date of allotment, with no fixed conversion date. Therefore, in compliance with Regulation 8(6), this pricing parameter has also been taken into consideration while determining the Offer Price.

In view of the above parameters considered and presented in tables and paragraphs above, in the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs.18.00/- (Rupees Eighteen Only) per share is justified in terms of Regulation 8 of the SEBI (SAST) Regulations and hence justified.

- 6.1.5. There have been no corporate actions in the Target Company warranting adjustment of relevant price parameters.
- 6.1.6. In the event of further acquisition of Equity Shares of the Target Company by the Acquirers during the 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 or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, it shall not be acquiring any equity shares of the Target Company after the third

working day prior to the commencement of the tendering period and until the expiry of the tendering period.

- 6.1.7. If the Acquirers acquire equity shares of the Target Company during the period of twenty-six weeks after the tendering period at a price higher than the Offer Price, then the Acquirers will pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under an open offer under the SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of shares of the Target Company in any form.
- 6.1.8. As on date, there is no revision in Open Offer Price or Open Offer Size. In case of any revision in the Open Offer Price or Open Offer Size, the Acquirers shall comply with Regulation 18 of SEBI (SAST) Regulations and all the provisions of SEBI (SAST) Regulations which are required to be fulfilled for the said revision in the Open Offer Price or Open Offer Size.
- 6.1.9. If there is any revision in the offer price on account of future purchases / competing offers, it will be done only up to the period prior to three (3) working days before the date of commencement of the tendering period and would be notified to the shareholders.

## **6.2. Financial Arrangement**

- 6.2.1. The total fund requirement for the Offer (assuming full acceptances) i.e. for the acquisition upto 2,080,000 (Twenty Lacs and Eighty Thousand Only) Equity Shares from the public shareholders of the Target Company at an Offer Price of Rs. 18.00/- (Rupees Eighteen Only) per fully paid up equity share is Rs. 37,440,000 (Rupees Three Crores Seventy Four Lacs and Forty Thousand Only) (the **"Maximum Consideration"**).
- 6.2.2. The Acquirers have adequate resources and have made firm financial arrangements for financing the acquisition of the Equity Shares under the Offer in terms of Regulation 25(1) of the SEBI (SAST) Regulations. The acquisition will be financed through internal resources of the Acquirers.
- 6.2.3. Acquirers, the Manager to the Offer and Kotak Mahindra Bank Limited, a company incorporated under the Companies Act, 1956, and carrying on business as a banking company under Banking Regulations Act, 1949 having one of its branch offices at Nariman Point, Mumbai have entered into an Escrow Agreement dated August 01, 2016 for the purpose of the Offer (the **"Offer Escrow Agreement"**) in accordance with Regulation 17 of the SEBI (SAST) Regulations. In terms of the Escrow Agreement, the Acquirers have opened an Escrow Account bearing name and style as **"CPCPL-EOL-Open Offer Escrow Account"**, (the **"Escrow Account"**) and have deposited cash of Rs. 9,360,000 (Rupees Ninety Three Lacs and Sixty Thousand Only) being 25% of the total consideration payable..

- 6.2.4. The Acquirers have authorized the Manager to the Offer to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.
- 6.2.5. Mr. V. Veera Reddy (Membership No. 233770), Proprietor of Veera Reddy Vennapusa Chartered Accountants having office at Flat No. 202, Siri Enclave, Beside Axis Bank sri Nagar Colony Road, Ameerpet, Hyderabad – 500073, Telangana; Tel. No. +91-9959073743; vide certificate dated July 30, 2016 has certified that Acquirer 1 has adequate Net Worth and sufficient resources to meet the fund requirement for this Takeover Open Offer.
- 6.2.6. Mr. Y. Sai Karunakar (Membership No. 207033), Partner of P.S.N. Ravishanker & Associates, Chartered Accountant having office at Flat No. 205, 2<sup>nd</sup> Floor, B-Block, Kushal Towers, #6-2-975 Khairatabad, Hyderabad – 500004; Tel. No.: 040-23320558 & 040-23393381; Fax. No.: 040-23393381; vide certificate dated July 30, 2016 has certified that the Acquirer 2 has adequate Net Worth and sufficient resources to meet the fund requirement for this Takeover Open Offer.
- 6.2.7. Based on the above and in the light of the escrow arrangement, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirers to fulfill their obligations through verifiable means in relation to the Offer in accordance with the Regulations.

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

### **7.1. Operational terms and conditions**

- 7.1.1. The Offer is not subject to any minimum level of acceptances from shareholders.
- 7.1.2. LoF will be dispatched to all the equity shareholders of EOL, whose names appear in its Register of Members on September 09, 2016, Friday, the Identified Date.
- 7.1.3. The Offer is subject to the terms and conditions set out in this Letter of Offer, the Form of Acceptance, the PA, the DPS and any other Public Announcements that may be issued with respect to the Offer.
- 7.1.4. The LoF along with the Form of Acceptance cum acknowledgement would also be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in), and shareholders can also apply by downloading such forms from the website.
- 7.1.5. This Offer is subject to the receipt of the statutory and other approvals as mentioned in paragraph 7.4. of this draft LOF. In terms of Regulation 23(1) of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.6. While it would be ensured that the Letter of Offer is despatched by the due date to all the eligible shareholders as on the Identified Date, non-receipt of this Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

7.1.7. The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).

7.1.8. Any equity shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the shareholder may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected if directions/orders regarding these equity shares are not received together with the equity shares tendered under the Offer.

**7.2. Locked in shares:** The entire promoters' shareholding including of Acquirers is under Lock-in upto October 30, 2016. Further the pre-preferential shareholding of Acquirers will be under lock-in from the relevant date i.e. July 29, 2016 upto six months from the date of trading approval of the equity shares being allotted to the Acquirers. The shares being allotted to the Acquirers shall also be under Lock-in in terms of Regulation 78 of SEBI (ICDR) Regulations, 2009.

**7.3. Persons eligible to participate in the Offer**

All registered shareholders of EOL and unregistered shareholders who own the Equity Shares of EOL any time prior to the Closure of Offer, including the beneficial owners of the shares held in dematerialised form, for the sale of shares of the Target Company except for Acquirers and other existing promoters of the Target Company are eligible to participate in the Offer.

**7.4. Statutory and other Approvals:**

7.4.1. Shareholders of the Target Company who are either Non-Resident Indians ("NRIs") or Overseas Corporate Bodies (OCBs) and wish to tender their Equity Shares in this Open Offer shall be required to submit all the applicable approvals (specific and general) from the Reserve Bank of India (RBI) that they have obtained at the time of their acquisition of the Equity Shares of the Target Company. In the event such approvals from the RBI are not submitted, the Acquirers reserve the sole right to reject the Equity Shares tendered by such shareholders in the Open Offer. This Open Offer is subject to receipt of the requisite RBI approvals, if any, for acquisition of Equity Shares by the Acquirers from NRIs and OCBs.

7.4.2. As of the date of this DLOO, there are no other statutory approvals required to acquire the equity shares tendered pursuant to this Open Offer. If any other statutory approvals required or become applicable, the Open Offer would be subject to the receipt of such other statutory approvals. The Acquirers will not proceed with the Open Offer in the event such statutory approvals that are required are refused in terms of Regulation 23 of SEBI (SAST) Regulations. This Open Offer is subject to all other statutory approvals that may become applicable at a later date before the completion of the Open Offer.

7.4.3. No approval from any bank or financial institutions is required for the purpose of this Offer.

7.4.4. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to the

Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

- 7.4.5. The Acquirers shall complete all procedures relating to the Open Offer including payment of consideration to the shareholders whose shares are accepted in the open offer within 10 working days from the last date of the tendering period.

## **8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

- 8.1.** The Open Offer will be implemented by the Acquirers through Stock Exchange Mechanism made available by the Stock Exchanges in the form of separate window ("**Acquisition Window**") as provided under the SEBI (SAST) Regulations and SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 issued by SEBI.
- 8.2.** **BSE** shall be the **Designated Stock Exchange** for the purpose of tendering Equity Shares in the Open Offer.
- 8.3.** The facility for acquisition of shares through Stock Exchange Mechanism pursuant to the Offer shall be available on the BSE in the form of a separate window ("**Acquisition Window**").
- 8.4.** The Acquirers have appointed **Alankit Assignments Limited ("Buying Broker")** as their Buying Broker for the Open Offer through whom the purchases and settlement of Open Offer shall be made during the Tendering Period.

The Contact details of the Buying Broker are as mentioned below:

**Name** – Alankit Assignments Limited;

**Address** – Alankit Assignments Limited, Alankit Heights, IE/13, Jhandewalan Extension, New Delhi – 110055;

**Contact Person** –Mr. M. C. Agarwal;

**Telephone Number** –011-42541202/783;

**Email ID** –[mcag@alankit.com](mailto:mcag@alankit.com);

- 8.5.** 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.
- 8.6.** Separate Acquisition window will be provided by BSE to facilitate placing of sell orders. The Selling Brokers can enter orders for demat Equity Shares as well as physical Equity Shares.
- 8.7.** The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the Stock Exchange during the Tendering Period.
- 8.8.** Shareholders can tender their shares only through a broker with whom the Shareholder is registered as client (KYC Compliant).
- 8.9. Procedure for tendering Equity Shares held in dematerialised Form:**
- a) The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their broker indicating to their broker the details of Equity Shares they intend to tender in Open Offer.

- b) The Selling Broker shall provide early pay-in of demat shares (except for custodian participant orders) to the Clearing Corporation before placing the orders and the same shall be validated at the time of order entry.
- c) 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.
- d) 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 the Stock Exchanges / Clearing Corporation, before the opening of the Offer.
- e) Upon placing the order, the Selling Broker(s) shall provide transaction registration slip (“**TRS**”) generated by the exchange bidding system to the Shareholder. TRS will contain details of order submitted like bid ID No., DP ID, client ID, no. of Equity Shares tendered etc.
- f) The Shareholders will have to ensure that they keep the depository participant (“DP”) account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Open Offer.

**The Shareholders holding Equity Shares in demat mode are not required to fill any Form of Acceptance-cum-Acknowledgement. The Shareholders are advised to retain the acknowledged copy of the DIS and the TRS till the completion of Offer Period.**

**8.10. Procedure to be followed by registered Shareholders holding Equity Shares in the physical form:**

- a) Shareholders who are holding physical Equity Shares and intend to participate in the Offer will be required to approach their respective Selling Broker along with the complete set of documents for verification procedures to be carried out including the:
  - i. The Form of Acceptance-cum-Acknowledgement duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the Equity Shares;
  - ii. Original share certificates;
  - iii. Valid share transfer form(s) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Target Company and duly witnessed at the appropriate place authorizing the transfer in favor of the Acquirers;
  - iv. Self-attested copy of the Shareholder's PAN Card;
  - v. Any other relevant documents such as (but not limited to):
    - Duly attested power of attorney if any person other than the Equity Shareholder has signed the relevant Form of Acceptance-cum-Acknowledgement;

- Notarized copy of death certificate / succession certificate or probated will, if the original Shareholder has deceased;
  - Necessary corporate authorisations, such as Board Resolutions etc., in case of companies.
- vi. In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the register of members of the Target Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: Valid Aadhar Card, Voter Identity card or Passport.
- b) Selling Broker should place order on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the order, the Selling Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like folio no., certificate no., distinctive no., no. of Equity Shares tendered etc.
- c) After placement of order, as mentioned in paragraph 10(b), the Selling Broker must ensure delivery of the Form of Acceptance-cum-Acknowledgement, TRS, original share certificate(s), valid share transfer form(s) and other documents (as mentioned in paragraph 8.10(a)) either by registered post or courier or hand delivery to the Registrar to the Offer (at the address mentioned on the cover page not later than 2 (two) days from the Offer Closing Date (by 5 PM). The envelope should be superscribed as **“EVEREST ORGANICS LIMITED – OPEN OFFER”**. One copy of the TRS will be retained by Registrar to the Offer and it will provide acknowledgement of the same to the Selling Broker.
- d) Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares by the Acquirers shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. Registrar to the Offer will verify such orders based on the documents submitted on a daily basis and till such time the BSE shall display such orders as “unconfirmed physical bids”. Once, Registrar to the Offer confirms the orders it will be treated as “Confirmed Bids”.
- e) In case any person has submitted Equity Shares in physical form for dematerialisation, such Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Offer before the Offer Closing Date.

**8.11.** Modification / Cancellation of orders will not be allowed during the period the Offer is open.

**8.12.** The cumulative quantity tendered shall be made available on the website of the BSE throughout the trading session and will be updated at specific intervals during the Tendering Period.

**8.13. Procedure for tendering the shares in case of non-receipt of Letter of Offer:**

Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer. A Shareholder may participate in the Offer by approaching their broker and tender Equity Shares in the Open Offer as per the procedure mentioned in this Letter of Offer or in the Form of Acceptance–cum-Acknowledgement. The Letter of Offer along with Form of Acceptance cum-Acknowledgement will be dispatched to all the eligible shareholders of the Target Company as of the Identified Date. In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) or BSE website ([www.bseindia.com](http://www.bseindia.com)) or Merchant Banker website ([www.corporateprofessionals.com](http://www.corporateprofessionals.com)) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company. Alternatively, in case of non-receipt of the Letter of Offer, shareholders holding shares may participate in the Offer by providing their application in plain paper in writing signed by all shareholder, stating name, address, number of shares held, client ID number, DP name, DP ID number, number of shares tendered and other relevant documents such as physical share certificate and Form SH-4 in case of shares being held in physical form. Such shareholders have to ensure that their order is entered in the electronic platform to be made available by BSE before the closure of the Offer.

**8.14.** Accidental omission of non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any shareholder, shall not invalidate the Offer in any way.

**8.15.** The acceptance of the Offer made by the Acquirers is entirely at the discretion of the Shareholders of the Target Company. The Acquirers does not accept any responsibility for the decision of any Shareholder to either participate or to not participate in the Offer. The Acquirers will not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard.

**8.16. Acceptance of Equity Shares**

Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines. In the event that the number of Equity Shares (including demat Equity Shares, physical Equity Shares and locked-in Equity Shares) validly tendered by the Shareholders under this Offer is more than the number of Offer Shares, the Acquirers shall accept those Equity Shares validly tendered by the Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Shareholder shall not be less than the minimum marketable lot.

**8.17. Settlement Process**

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

The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation.

**8.18.** The shares shall be directly credited to the pool account of the Buying Broker. For the same, the existing facility of client direct pay-out in the capital market segment shall be available. Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the pool account of the Buying Broker. 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 / custodian, post which, the Selling Broker would then issue contract note for the shares accepted and return the balance shares to the Shareholders. Any excess physical Equity Shares, to the extent tendered but not accepted, will be returned to the Shareholder(s) directly by Registrar to the Offer through Registered Post.

**8.19. Settlement of Funds / Payment Consideration**

The settlement of fund obligation for demat and physical Equity Shares shall be effected through existing settlement accounts of Selling Broker. The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Selling Broker / Custodian Participant will receive funds payout in their settlement bank account. The Selling Brokers / Custodian participants would pay the consideration to their respective clients. The funds received from Buying Broker by the Clearing Corporation will be released to the Selling Broker(s) as per secondary market pay-out mechanism. Shareholders who intend to participate in the Offer should consult their respective Selling Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling Shareholders from their respective Selling Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirers accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Shareholder. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirers for payment of consideration to the shareholders of the Target Company who have accepted the Open Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18 (11) of the SEBI (SAST) Regulations, 2011.

**NOTE ON TAXATION**

1. Capital gain: Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12

(twelve) months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Further, any gain realised on the sale of listed Equity Shares held for a period of 12 (twelve) months or less, which are sold will be subject to short term capital gains tax and STT.

2. **SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH TENDER OFFER AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRERS DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY SHAREHOLDER AS A REASON OF THIS OFFER.**
3. Tax deduction at source
  - a) In case of resident Shareholders, in absence of any specific provision under the Income Tax Act, 1961 ("Income Tax Act") the Acquirers shall not deduct tax on the consideration payable to resident Shareholders pursuant to the Offer.
  - b) In the case of non-resident Shareholders, since the Offer is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the non-resident Shareholder. It is therefore recommended that the non-resident Shareholder may consult their custodians/ authorised dealers/ tax advisors appropriately.
4. Interest payment, if any: In case of interest payments by the Acquirers for delay in payment of Offer consideration or a part thereof, the Acquirers will deduct taxes at source at the applicable rates as per the Income Tax Act.
5. **THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.**

## **9. DOCUMENTS FOR INSPECTION**

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at D-28, South Extn. Part-I, New Delhi – 110049 from 10.30 A.M. to 1.00 P.M. on any working day, except Saturdays, Sundays and Holidays until the Closure of the Offer:

- 9.1. Certificate of Incorporation, Certificate of Commencement of Business, Memorandum & Articles of Association of EOL.
- 9.2. Mr. V. Veera Reddy (Membership No. 233770), Proprietor of Veera Reddy Vennapusa Chartered Accountants having office at Flat No. 202, Siri Enclave, Beside Axis Bank sri Nagar Colony Road, Ameerpet, Hyderabad – 500073, Telangana; Tel. No. +91-9959073743; vide certificate dated July 30, 2016 has certified that Acquirer 1 has adequate Net Worth and sufficient resources to meet the fund requirement for this Takeover Open Offer.
- 9.3. Mr. Y. Sai Karunakar (Membership No. 207033), Partner of P.S.N. Ravishanker & Associates, Chartered Accountant having office at Flat No. 205, 2<sup>nd</sup> Floor, B-Block, Kushal Towers, #6-2-

975 Khairatabad, Hyderabad – 500004; Tel. No.: 040-23320558 & 040-23393381; Fax. No.: 040-23393381, vide certificate dated July 30, 2016 has certified that the Acquirer 2 has adequate Net Worth and sufficient resources to meet the fund requirement for this Takeover Open Offer.

- 9.4. Audited Annual Reports of EOL for the years ended March 31, 2014, 2015 and 2016.
- 9.5. Escrow Agreement between the Acquirers, Kotak Mahindra Bank Limited and Manager to the Offer.
- 9.6. Confirmation from Kotak Mahindra Bank Limited confirming the amount kept in Escrow Account opened as per SEBI (SAST) Regulation 2011.
- 9.7. Copy of Public Announcement filed on July 30, 2016, Published copy of the Detailed Public Statement which appeared in the Newspapers on August 05, 2016, Issue Opening PA and any corrigendum to these, if any,
- 9.8. A copy of the Recommendation made by the Board of EOL.
- 9.9. A copy of the Observation letter from SEBI.
- 9.10. Copy of Agreement between the Acquirers and the Registrar to the Offer.

#### **10. DECLARATION BY THE ACQUIRERS**

The Acquirers accepts full responsibility for the information contained in this draft LOF and also for the obligations of the Acquirers as laid down in the SEBI (SAST) Regulations, 2011 and subsequent amendments made thereof. The Acquirers would be responsible for ensuring compliance with the concerned Regulations.

**For and on behalf of Acquirers**

**Veerat Finance & Investment Limited**

**Sd/-**

**Sri Kakarlapudi Srihari Raju**

**Sd/-**

**Authorised Signatory**

**Date: August 11, 2016**

**Place: New Delhi**

#### **11. ENCLOSURES**

- 11.1. Form of Acceptance cum Acknowledgement
- 11.2. Blank Share Transfer

**FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT**  
**(For physical shares being tendered)**

(All terms and expressions used herein shall have the same meaning as described thereto in  
the Letter of Offer)

|                                                                                                                                                                       |   |                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------|
| <b>THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION</b><br><b>(Please send this Form of Acceptance with enclosures to the Registrar to the Offer)</b> |   |                                   |
| <b>OFFER OPENS ON</b>                                                                                                                                                 | : | <b>SEPTEMBER 26, 2016, MONDAY</b> |
| <b>OFFER CLOSING ON</b>                                                                                                                                               | : | <b>OCTOBER 07, 2016, FRIDAY</b>   |
| <b>Please read the Instructions overleaf before filling-in this Form of Acceptance</b>                                                                                |   |                                   |

| FOR OFFICE USE ONLY               |  |
|-----------------------------------|--|
| Acceptance Number                 |  |
| Number of equity shares Offered   |  |
| Number of equity shares accepted  |  |
| Purchase consideration (Rs.)      |  |
| Cheque/Demand Draft/Pay Order No. |  |

**From:**

Tel. No.:

Fax No.:

E-mail:

To,

**The Acquirers**

**C/O CAMEO CORPORATE SERVICES LIMITED**

Subramanian Building No. 1, Club House Road, Chennai, Tamil Nadu – 600002

Dear Sir/s,

**REG.: OPEN OFFER TO THE SHAREHOLDERS OF EVEREST ORGANICS LIMITED (“EOL”/**  
**“TARGET COMPANY”) BY DR. SRI KAKARLAPUDI SRIHARI RAJU (“ACQUIRER 1”) AND**  
**VEERAT FINANCE & INVESTMENT LIMITED (“ACQUIRER 2”) PURSUANT TO SEBI**  
**(SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011**

I / we, refer to the Letter of Offer dated \_\_\_\_\_ for acquiring the equity shares held  
by me / us in **Everest Organics Limited**.

I / we, the undersigned have read the Letter of Offer and understood its contents including the  
terms and conditions as mentioned therein.

I / We, unconditionally Offer to sell to the Acquirers the following equity shares in EOL held by me/  
us at a price of Rs. 18.00/- (Rupees Eighteen Only) per fully paid-up equity share.

1. I/We enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of  
my / our equity shares as detailed below (please enclose additional sheet(s), if required).

|                             |                                                   |
|-----------------------------|---------------------------------------------------|
| <b>Ledger Folio No.....</b> | <b>Number of share certificates attached.....</b> |
|-----------------------------|---------------------------------------------------|

| Representing ..... equity shares    |          |                                 |          |
|-------------------------------------|----------|---------------------------------|----------|
| Number of equity shares held in EOL |          | Number of equity shares Offered |          |
| In figures                          | In words | In figures                      | In words |
|                                     |          |                                 |          |

| Sr. No.                    | Share Certificate No. | Distinctive Nos. |    | No. of equity shares |
|----------------------------|-----------------------|------------------|----|----------------------|
|                            |                       | From             | To |                      |
| 1                          |                       |                  |    |                      |
| 2                          |                       |                  |    |                      |
| 3                          |                       |                  |    |                      |
| Total No. of Equity Shares |                       |                  |    |                      |

2. I / We confirm that the Equity Shares of EOL which are being tendered herewith by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.
3. I / We authorize the Acquirers to accept the Equity Shares so offered or such lesser number of equity shares that the Acquirers may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirers to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirers to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, specifying the reason thereof.
4. My / Our execution of this Form of Acceptance shall constitute my / our warranty that the equity shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I / we will hold the Acquirers, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirers acquiring these equity shares. I / We agree that the Acquirers may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.
5. I / We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirers makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are dispatched to the shareholders, as the case may be.
6. I/We note and understand that the Shares would held in trust by the Registrar until the time the Acquirers makes payment of purchase consideration as mentioned in the Letter of Offer.
7. I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.

8. I / We irrevocably authorise the Acquirers to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with EOL:

**Name and complete address of the Sole/ First holder (in case of member(s), address as registered with EOL):**

-----  
-----

**Place:** ----- **Date:** -----

**Tel. No(s).** : ----- **Fax No.:** -----

**So as to avoid fraudulent encashment in transit, the shareholder(s) have an option to receive the sale consideration through RTGS/ECS mode and requested to kindly provide following information compulsorily in order to received payment through RTGS/ECS**

Bank Account No.: ----- Type of Account: -----

(Savings /Current /Other (please specify))

Name of the Bank: -----

Name of the Branch and Address: -----

MICR Code of Bank-----

IFCS Code of Bank-----

The Permanent Account Number (PAN / GIR No.) allotted under the Income Tax Act, 1961 is as under:

|               | 1 <sup>st</sup> Shareholder | 2 <sup>nd</sup> Shareholder | 3 <sup>rd</sup> Shareholder |
|---------------|-----------------------------|-----------------------------|-----------------------------|
| PAN / GIR No. |                             |                             |                             |

Yours faithfully,

Signed and Delivered:

|                        | FULL NAME (S) OF THE HOLDERS | SIGNATURE (S) |
|------------------------|------------------------------|---------------|
| First/Sole Shareholder |                              |               |
| Joint Holder 1         |                              |               |
| Joint Holder 2         |                              |               |

**Note:** In case of joint holdings all the holders must sign. In case of body corporate, stamp of the Company should be affixed and necessary Board Resolution should be attached.

## **INSTRUCTIONS**

- 1 Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
- 2 The Form of Acceptance should be filled-up in English only.
- 3 Signature(s) other than in English, Hindi, and thumb impressions must be attested by a Notary Public under his Official Seal.
- 4 **Mode of tendering the Equity Shares Pursuant to the Offer:**
  - I. The acceptance of the Offer made by the Acquirers is entirely at the discretion of the equity shareholder of EOL.
  - II. Shareholders of EOL to whom this Offer is being made, are free to Offer his / her / their shareholding in EOL for sale to the Acquirers, in whole or part, while tendering his / her / their equity shares in the Offer.

**ACKNOWLEDGEMENT SLIP**

**SHARES IN PHYSICAL FORM**

**OPEN OFFER TO THE SHAREHOLDERS OF EVEREST ORGANICS LIMITED (“EOL”/ “TARGET COMPANY”) BY DR. SRI KAKARLAPUDI SRIHARI RAJU (“ACQUIRER 1”) AND VEERAT FINANCE & INVESTMENT LIMITED (“ACQUIRER 2”) PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011.**

Received from Mr. / Ms.....

Ledger Folio No/ -----Number of certificates enclosed..... under the Letter of Offer dated \_\_\_\_\_, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

| Sr. No.                    | Share Certificate No. | Distinctive Nos. |    | No. of equity shares |
|----------------------------|-----------------------|------------------|----|----------------------|
|                            |                       | From             | To |                      |
| 1.                         |                       |                  |    |                      |
| 2.                         |                       |                  |    |                      |
| 3.                         |                       |                  |    |                      |
| Total no. of Equity Shares |                       |                  |    |                      |

Stamp

Authorised Signatory

Date

**Note:** All future correspondence, if any, should be addressed to

**Registrar to the Offer**

**Cameo Corporate Services Limited**

Subramanian Building No. 1, Club House Road, Chennai, Tamil Nadu – 600002;

**Contact Person:** Ms. Sreepriya;

**Ph.:** 044-28460390