**DRAFT LETTER OF OFFER**

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

This Draft Letter of Offer ("**DLoF**") is sent to you as an Eligible Shareholder (as defined below) of Igarashi Motors India Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager/the Registrar to the Offer (as defined below). In case you have recently sold your equity shares in Igarashi Motors India Limited, please hand over this DLoF, the accompanying Form of Acceptance-cum-Acknowledgement and the Transfer Deed to the member of the stock exchange through whom the said sale was effected.

**OPEN OFFER ("OFFER")**

**by**

**AGILE ELECTRIC SUB ASSEMBLY PRIVATE LIMITED (THE "ACQUIRER")**

A public limited company incorporated under the Companies Act, 1956
**Registered Office:** Plot Numbers A 33 and 36, Phase I, MEPZ–SEZ, Tambaram, Chennai 600 045
**Telephone Number:** +91 44 4229 8199 and **Fax Number:** +91 44 2262 8143

**along with**

**BLACKSTONE CAPITAL PARTNERS (SINGAPORE) VI FDI THREE PTE. LTD. ("PAC1")**

A private company limited by shares incorporated under the laws of the Republic of Singapore
**Registered Office:** 1 Marina Boulevard, #28-00, One Marina Boulevard, Singapore 018989
**Telephone Number:** +65 6850 7500 and **Fax Number:** +65 6850 7501

**and**

**BFIP (CAYMAN) VI-ESC FDI THREE LIMITED ("PAC2")**

An exempted company incorporated under the laws of the Cayman Islands
**Registered Office:** 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands
**Telephone Number:** +1 345 943 3100 and **Fax Number:** +1 345 945 4757

**and**

**PADMANABHAN MUKUND ("PAC3")**

An Indian national residing at
New No. 207/2, Old No. 93/2, T.T.K. Road, Alwarpet, Chennai 600 018
making a cash offer to acquire a maximum of 7,954,036 fully paid-up equity shares of Rs. 10 each (the "**Equity Shares**")

**of**

**IGARASHI MOTORS INDIA LIMITED (THE "TARGET COMPANY")**

a public limited company incorporated under the Companies Act, 1956
**Registered Office:** Plot Nos. B-12 to B-15, Phase II, MEPZ–SEZ, Tambaram, Chennai 600 045
**Telephone Number:** +91 44 4229 8199 and **Fax Number:** +91 44 2262 8143

representing 26% of the total Equity Shares, as of the 10th Working Day (as defined below) from the closure of the Tendering Period (as defined below) (the "**Offer Size**")

**at a price of Rs. 65.80 (Rupees sixty five and paise eighty only) per Equity Share (the "Offer Price") payable in cash**

pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof ("**SEBI (SAST) Regulations**").

**Note:**

1. The Offer is being made pursuant to and in compliance with the provisions of Regulations 3(2), 4 and 5(1) read with Regulations 13(2)(e), 13(2)(g) and 13(2A) of the SEBI (SAST) Regulations.
2. The Offer is not conditional as to the minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.
3. The Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, the Offer is subject to certain statutory and other approvals described in detail in paragraph 130, 131 and 133. In the event such statutory approvals (if required) are refused for any reason beyond the reasonable control of the Acquirer and/or the PACs, the Acquirer and the PACs will have the right to withdraw the Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations. In the event of withdrawal of the Offer, a public announcement will be made within two (2) Working Days of such withdrawal, in the same newspapers in which the Detailed Public Statement (as defined below) has been published and such public announcement will also be sent to the Stock Exchanges, SEBI and the Target Company at its registered office. If any statutory approvals become applicable at a later date before the closure of the Tendering Period, the Offer will be subject to such other statutory approvals. NRI and erstwhile-OCB shareholders, if any, must obtain all requisite approvals required for tendering the Equity Shares held by them pursuant to the Offer and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and any other documents required to accept the Offer.
5. The Offer is subject to revision, if any, pursuant to the SEBI (SAST) Regulations at the discretion of the Acquirer and the PACs at any time prior to three (3) Working Days before the commencement of the Tendering Period, i.e. up to 11 October 2013, in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PACs shall: (a) make corresponding increases to the escrow amounts, as more particularly set out in paragraphs 106 to 111 of this Draft Letter of Offer; (b) make a public announcement in the same newspapers in which the Detailed Public Statement was published; and (c) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. Such revised offer price will be payable for all the Equity Shares validly tendered at any time during the Tendering Period of the Offer.
6. As described in the Public Announcement (as defined below) dated 17 July 2013, the Offer Price shall be the Base Offer Price paid together with interest computed at the rate of 10% per annum on the Base Offer Price from 17 July 2013 until 30 August 2013 in terms of Regulation 8(12) of the SEBI (SAST) Regulations and the Offer Price includes such interest.
7. If there are any competing offers under Regulation 20 of the SEBI (SAST) Regulations, the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer and the Target Company, no competitive offer has been announced as of the date of this DLoF.
8. A copy of the Public Announcement, Detailed Public Statement and Letter of Offer (including the Form of Acceptance-cum-Acknowledgement) will be available on the website of the Securities and Exchange Board of India: www.sebi.gov.in.

| Manager to the Offer | | Registrar to the Offer | |
|---|---|---|---|
| MAPE Advisory Group ADVISORY FOR GROWTH | **MAPE Advisory Group Private Limited**<br>13/14, Nirlon House, Dr. Annie Besant Road,<br>Worli, Mumbai 400 030<br>Telephone: +91 22 6154 4500<br>Email: imil.openoffer@mapegroup.com<br>Contact person: Abhishek Gupta | CAMEO | **Cameo Corporate Services Limited**<br>Subramaniam Building, Road No. 1,<br>Club House Road, Chennai 600 002<br>Tel: 91 44 28460390<br>Email: investor@cameoindia.com<br>Contact person: Sreepriya K |

**OFFER OPENS ON: 18 OCTOBER 2013** | **OFFER CLOSES ON: 31 OCTOBER 2013**

**The schedule of activities under this Offer is as follows:**

| Activity | Day and Date |
|---|---|
| Issue of the Public Announcement | Wednesday, 17 July 2013 |
| Date of publication of the Detailed Public Statement | Friday, 30 August 2013 |
| Filing of the draft Letter of Offer with SEBI | Friday, 6 September 2013# |
| Last date for competing offer(s) | Monday, 23 September 2013 |
| Last date for receipt of comments from SEBI on the draft Letter of Offer (in the event SEBI has not sought clarification or additional information from the Manager to the Offer) | Monday, 30 September 2013 |
| Identified Date* | Thursday, 3 October 2013 |
| Last date for dispatch of the Letter of Offer to the Eligible Shareholders of the Target Company | Thursday, 10 October 2013 |
| Last date for upward revision of the Offer Price and/or the Offer Size | Friday, 11 October 2013 |
| Last date by which a committee of independent directors of the Target Company is required to give its recommendation to the Eligible Shareholders of the Target Company for the Offer | Tuesday, 15 October 2013 |
| Publication of advertisement containing announcement of the schedule of activities of the Offer, status of statutory and other approvals, if any, and procedure for tendering acceptances | Thursday, 17 October 2013 |
| Commencement of the Tendering Period (Offer opening date) | Friday, 18 October 2013 |
| Closure of the Tendering Period (Offer closing date) | Thursday, 31 October 2013 |
| Last date for publication of the post-Offer advertisement in the newspapers in which the Detailed Public Statement has been published | Friday, 8 November 2013 |
| Last date of communicating the rejection/acceptance and completion of payment of consideration or refund of Equity Shares to the Eligible Shareholders of the Target Company | Monday, 18 November 2013 |

**The Identified Date is only for the purpose of determining the names of the Eligible Shareholders as on such date to whom the Letter of Offer will be sent and is the date falling on the tenth (10th) Working Day prior to the commencement of the Tendering Period. All the Eligible Shareholders (registered or unregistered), except the Acquirer, PACs and parties to any Transaction Document (as defined below) including persons deemed to be acting in concert with such parties, are eligible to participate in the Offer at any time prior to the closure of the Tendering Period (as defined below).*

*#The Detailed Public Statement states that the DLoF will be filed with SEBI on 3 September 2013. However, the DLoF is being filed on 6 September 2013. The schedule of activities has been accordingly revised. The last date of filing of the DLoF in accordance with Regulation 13(4) of the SEBI (SAST) Regulations is 6 September 2013.*

**NOTE:** Duly signed Acceptance-cum-Acknowledgement and the Transfer Deed(s), together with the share certificate(s), if applicable, should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer or their collection centres on or before closure of the Tendering Period, *i.e.* before 31 October 2013.

## RISK FACTORS

### I. Risks relating to the Offer

- The Offer is an open offer under the SEBI (SAST) Regulations to acquire not more than 26% of the issued, subscribed and paid up equity share capital of the Target Company, as of the tenth ($10^{th}$) Working Day from the closure of the Tendering Period, from the Eligible Shareholders. In the event the Offer is over-subscribed, acceptance will be on a proportionate basis and will be contingent upon the level of subscription. Accordingly, there is no assurance that all the Equity Shares tendered by the Eligible Shareholders in the Offer will be accepted. The unaccepted Equity Shares will be returned to the Eligible Shareholders in accordance with the schedule of activities for the Offer.

- The Offer is subject to the receipt of certain statutory and other approvals as described in detail in paragraphs 130, 131 and 133. In the event that either: (a) the statutory approvals are not received in time; (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer/PACs from performing its obligations hereunder; or (c) SEBI instructs the Acquirer/PACs not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this DLoF. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer/PACs may get delayed. In case the delay is due to non-receipt of statutory approval(s), SEBI may, if it is satisfied that the non-receipt of any such approval was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approvals, grant an extension of time in accordance with Regulation 18(11) of the SEBI (SAST) Regulations for the purpose of completion of the Offer, subject to the Acquirer agreeing to pay interest to the relevant Eligible Shareholders for the delay at such rate as may be specified by SEBI. In addition, where such approvals extend to some but not all the Eligible Shareholders, the Acquirer has the option to make payment to such Eligible Shareholders with respect to whom no such approvals are required.

- While as of the date of this DLoF, no other statutory approvals are required by the Acquirer and/or the PACs to complete the Open Offer other than as detailed in paragraphs 130, 131 and 133, if any other statutory approvals are required by the Acquirer at a later date prior to the closure of the Tendering Period, the Offer will be subject to such statutory approval(s). If such statutory approval(s) as may be required at a later date are not obtained for reasons beyond the reasonable control of the Acquirer, or in the event any such statutory approval is finally refused, the Acquirer shall have the right to withdraw the Offer in terms of Regulation 23 of the SEBI (SAST) Regulations.

- The Eligible Shareholders may tender their Equity Shares in the Offer at any time from the commencement of the Tendering Period but prior to the closure of the Tendering

Period and, in any event, prior to the receipt of consideration in relation to such tendered Equity Shares, as the Acquirer has up to ten (10) Working Days from the closure of the Tendering Period to pay the consideration to the Eligible Shareholders whose Equity Shares are accepted in the Offer.

- The acquisition of Equity Shares under the Offer from NRIs and erstwhile OCBs is subject to the approval or exemption from the RBI. The Acquirer has submitted an application with the RBI on 4 September 2013 for such approval.

- Equity Shares, once tendered through the Form of Acceptance-cum-Acknowledgement in the Offer, cannot be withdrawn by the Eligible Shareholders, even if the acceptance of Equity Shares under the Offer and dispatch of consideration are delayed. The tendered Equity Shares and documents will be held by the Registrar to the Offer (as defined below) until such time as the process of acceptance of tenders and the payment of consideration is complete.

- The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities and the Eligible Shareholders who have tendered their Equity Shares will not be able to trade such Equity Shares. During such period, there may be fluctuations in the market price of the Equity Shares that may adversely impact the Eligible Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Eligible Shareholders will be solely responsible for their decisions regarding the participation in this Offer. None of the Acquirer, the PACs or the Manager to the Offer makes any assurance with respect to the market price of the Equity Shares before the commencement of the Offer, during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Eligible Shareholders on whether or not to participate in the Offer.

- The Acquirer, the PACs and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Letter of Offer/Detailed Public Statement/Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, the PACs, or the Manager to the Offer) will be doing so at his/her/their own risk.

**II. Risks involved in associating with the Acquirer and the PACs**

- None of the Acquirer, the PACs or the Manager to the Offer (defined below) makes any assurance with respect to the financial performance of the Target Company or the continuance of past trends in the financial performance of the Target Company nor do they make any assurance with respect to the market price of the Equity Shares before, during or after the Offer. Each of the Acquirer and the PACs disclaim any responsibility or obligation with respect to any decision by the Eligible Shareholders on whether or not to participate in the Offer.

- None of the Acquirer, the PACs or the Manager to the Offer makes any assurance with respect to their investment or disinvestment relating to their proposed shareholding in the Target Company.

- None of the Acquirer, the PACs or the Manager to the Offer makes any assurance with respect to the underlying transactions, as described in paragraphs 1 to 20, or their proposed indirect shareholding in the Target Company.

- The acquisition of Equity Shares may result in the public shareholding in the Target Company falling below the level required for continued listing. While the Acquirer/PACs/other promoter group entities are required to reduce the non-public shareholding to the level specified and within the time stipulated in the Securities Contract (Regulation) Rules, 1957, as amended ("**SCRR**"), any failure to comply with the conditions of the SCRR and the listing agreement could have an adverse effect on the price and tradability of the Equity Shares.

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

**CURRENCY OF PRESENTATION**

In this DLoF, all references to "**Rupees**", "**Rs**." or "**INR**" are to Indian Rupees, the official currency of the Republic of India. In this DLoF, any discrepancy in any table between the total and sums of amounts listed are due to rounding off and/or regrouping.

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**Key Definitions**

| Term | Description |
|---|---|
| Acquirer | Agile Electric Sub Assembly Private Limited. |
| Acquisition Documents | The SSPA along with the SPAs. |
| AEDPL | Agile Electric Drives Technologies and Holdings Private Limited. |
| AEDPL Scheme | The scheme of amalgamation sanctioned by the High Court of Madras by its order dated 20 July 2012 under which AEDPL amalgamated with the Acquirer. |
| AETPL | Agile Electric Technologies Private Limited. |
| AETPL Scheme | The scheme of amalgamation sanctioned by the High Court of Madras by its order dated 2 March 2011 under which AETPL and IJT Plastics amalgamated with the Acquirer. |
| Bank Guarantee | Has the meaning given to it in paragraph 107. |
| Base Offer Price | Rs. 65.00 per Equity Share. |
| BSE | BSE Limited. |
| CDSL | Central Depository Services (India) Limited. |
| Depositories | CDSL and NSDL. |
| DLoF | This draft Letter of Offer filed with SEBI in accordance with Regulation 16(1) of the SEBI (SAST) Regulations dated 6 September 2013. |

| Term | Description |
|---|---|
| DP | Depository participant. |
| DPS/Detailed Public Statement | Detailed public statement, published on 30 August 2013 on behalf of the Acquirer and the PACs in Business Standard (English and Hindi), Mumbai Lakshadeep (Marathi) and Makkal Kural (Tamil). |
| DTAA | Double Tax Avoidance Agreement. |
| Eligible Shareholders | All Equity Shareholders other than the Acquirer, the PACs, parties to the Transaction Documents, and persons deemed to be acting in concert with such parties. |
| Equity Shareholders | All equity shareholders of the Target Company, including beneficial owners of the Equity Shares. |
| Equity Shares | Fully paid-up equity shares of the Target Company having a face value of Rs. 10 each. |
| Escrow Account | Has the meaning given to it in paragraph 108. |
| Escrow Agreement | Has the meaning given to it in paragraph 108. |
| Escrow Bank | Has the meaning given to it in paragraph 108. |
| ESO | Employee stock options. |
| FEMA | Foreign Exchange Management Act, 1999, as amended. |
| FII | Foreign institutional investors. |
| Form of Acceptance-cum-Acknowledgment | Form of acceptance-cum-acknowledgement attached to this DLoF. |
| German Anti-Trust Authority | Has the meaning given to it in paragraph 13(a) |
| ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. |
| Identified Date | 3 October 2013, being the date for the purpose of identifying Eligible Shareholders to whom the Letter of Offer will be sent. |
| I-T Act | Income-Tax Act, 1961, as amended. |
| IJT Plastics | IJT Plastics and Tools Private Limited. |
| Letter of Offer | This Letter of Offer, the draft of which was filed with SEBI on 6 September 2013 in accordance with Regulation 16(1) of the SEBI (SAST) Regulations, and which is being dispatched to the Eligible Shareholders in accordance with Regulation 18(2) of the SEBI (SAST) Regulations. |
| Manager to the Offer | MAPE Advisory Group Private Limited, the merchant banker appointed by the Acquirer and the PACs as the manager to the Offer pursuant to the SEBI (SAST) Regulations. |

| Term | Description |
| --- | --- |
| Maximum Consideration | The maximum consideration payable under the Offer, assuming full acceptance of the Offer, i.e. Rs. 523,375,569 (Rupees five hundred twenty three million three hundred seventy five thousand five hundred and sixty nine only). |
| Mn/Million | 1,000,000 units. |
| MSE | Madras Stock Exchange Limited. |
| NRI | Non-Resident Indian as defined in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended. |
| NSDL | National Securities Depository Limited. |
| NSE | National Stock Exchange of India. |
| OCB | Overseas Corporate Body as defined in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended. |
| OCD | Optionally convertible redeemable debentures of the Target Company. |
| OCD Subscription Agreement | The share subscription agreement dated 17 July 2013 between PAC3 and the Target Company under which PAC3 has agreed to subscribe to 9,232,362 OCDs of the Target Company. |
| Offer/Open Offer | The Offer, being made by the Acquirer and the PACs, for acquiring up to 7,954,036 Equity Shares representing 26% of the total issued, subscribed and paid equity share capital of the Target Company, as of the tenth (10th) Working Day from the closure of the Tendering Period, from the Eligible Shareholders at the Offer Price payable in cash. |
| Offer Period | The period starting from 17 July 2013 (being the date of the PA), until the date on which payment of consideration to Eligible Shareholders who have validly tendered their Equity Shares in the Offer is completed, or the date on which the Offer is withdrawn, as the case may be |
| Offer Price | Price of Rs. 65.80 (Rupees sixty five and paise eighty only) per Equity Share. |
| Offer Size | 7,954,036 Equity Shares, representing 26% of the total issued, subscribed and paid up equity share capital of the Target Company, as of the tenth (10th) Working Day from the closure of the Tendering Period. |
| PACs | PAC1, PAC2 and PAC3. |
| PAC1 | Blackstone Capital Partners (Singapore) VI FDI Three Pte. Ltd. |
| PAC2 | BFIP (Cayman) VI-ESC FDI Three Limited. |
| PAC3 | Padmanabhan Mukund. |
| PAN | Permanent account number. |

| Term | Description |
|---|---|
| Public Announcement/PA | Public announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and the PACs on 17 July 2013, in accordance with Regulations 3(2), 4 and 5(1) read with Regulations 13(2)(e), 13(2)(g) and 13(2A) read with Regulation 15(1) of the SEBI (SAST) Regulations. |
| RBI | Reserve Bank of India. |
| Registrar to the Offer | Cameo Corporate Services Limited, having its registered office at Subramaniam Building, Road No. 1, Club House Road, Chennai 600 002 (telephone number: +91 44 28460390 and fax number: +91 44 28460129) |
| Rs./Rupees/INR | The lawful currency of the Republic of India. |
| SCRR | Securities Contract (Regulation) Rules, 1957, as amended. |
| SEBI | Securities and Exchange Board of India. |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended. |
| SEBI (SAST) Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto. |
| SEBI (SAST) Regulations 1997 | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto. |
| SPA | The two separate share purchase agreements dated 17 July 2013 between *inter alia* the PAC1, the PAC2 and the Acquirer under which PAC1 and PAC2 has purchased or has agreed to purchase 15,968,948 equity shares of the Acquirer, of which 9,688,308 equity shares of the Acquirer has been purchased by the PAC1 and the PAC2. |
| SSPA | The share subscription and purchase agreement dated 17 July 2013 between inter alia the PAC1, the PAC2 and the Acquirer under which PAC1 and PAC2 subscribed to 6,176,806 equity shares and purchased 29,827,100 equity shares of the Acquirer. |
| Stock Exchanges | The BSE, the NSE and the MSE. |
| Target Company | Igarashi Motors India Limited. |
| Tendering Period | Period commencing from 18 October 2013 and closing on 31 October 2013 |
| Transaction Documents | The OCD Subscription Agreement along with the Acquisition Documents. |
| TRC | Tax residency certificate. |
| Working Day | A working day of SEBI. |
| WTC | Nil withholding tax certificate or lower withholding tax certificate, as applicable. |

*Note: All capitalised terms used in this DLoF, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI (SAST) Regulations.*

## I. Disclaimer Clause

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE ELIGIBLE SHAREHOLDERS OF IGARASHI MOTORS INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PACs OR THE COMPANY WHOSE EQUITY SHARES/CONTROL HAS BEEN ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PACs DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, MAPE ADVISORY GROUP PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 6 SEPTEMBER 2013 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."**

## II. Details of the Offer

### Background to the Open Offer

1. The Open Offer is being made by Agile Electric Sub Assembly Private Limited, being the Acquirer, having its registered office at Plot Numbers A-33 and A-36, Phase I, MEPZ–SEZ, Tambaram, Chennai 600 045, and the PACs to the Eligible Shareholders of the Target Company, pursuant to Regulation 3(2), Regulation 4 and Regulation 5(1) read with Regulations 13(2)(e), 13(2)(g) and 13(2A) of the SEBI (SAST) Regulations. The Acquirer is the holding company of the Target Company and as of the date hereof owns 60.45% of the issued, subscribed and paid up equity share capital of the Target Company.

2. This is not a competing offer in terms of Regulation 20 of SEBI (SAST) Regulations and is being made as a result of the acquisition of substantial shares and voting rights of the Acquirer, the direct acquisition of certain convertible securities of the Target Company accompanied with the acquisition of indirect control in the Target Company by PAC1, PAC2 and PAC3, in their capacity as persons acting in concert with the Acquirer.

3. On 17 July 2013, PAC1 and PAC2 entered into the SSPA with respect to the subscription and purchase of shares of the Acquirer in the following manner:

(a) subscription to 6,176,806 equity shares of the Acquirer, representing 11.63% of the issued and paid up share capital of the Acquirer, for a consideration of Rs. 395,000,000;

(b) purchase of 27,375,200 equity shares of the Acquirer, representing 51.56% of the issued and paid up share capital of the Acquirer, from HBL Power Systems Limited, for a consideration of Rs. 1,750,614,251; and

(c) purchase of 2,451,900 equity shares of the Acquirer, representing 4.62% of the issued and paid up share capital of the Acquirer, from the Target Company, for a consideration of Rs. 156,796,337.

4. In addition, on 17 July 2013, PAC1 and PAC2 entered into the SPAs with respect to purchase of shares of the Acquirer in the following manner:

(a) purchase of 8,928,308 equity shares of the Acquirer, representing 16.82% of the issued and paid up share capital of the Acquirer, from PAC3, for a consideration of Rs. 570,955,581;

(b) purchase of 6,280,640 equity shares of the Acquirer, representing 11.83% of the issued and paid up share capital of the Acquirer, from Mr. Jose K. Joseph, for a consideration of Rs. 401,640,093; and

(c) purchase of 760,000 equity shares of the Acquirer, representing 1.43% of the issued and paid up share capital of the Acquirer, from Mr. Kewal Krishan Nohria, for a consideration of Rs. 48,601,173.

5. On 17 July 2013, PAC3 entered into the OCD Subscription Agreement to subscribe to 9,232,362 OCDs, with a maximum term of eighteen (18) months from the date of allotment, with an option to convert each OCD into 1 Equity Share of the Target Company within a period of eighteen (18) months, with the Offer Size being calculated assuming that: (a) all OCDs have been converted by PAC3; and (b) all other outstanding convertible securities including any ESOs granted to employees of the Target Company and which have vested, have been converted by the holders of such convertible securities, within ten (10) Working Days after the closure of the Tendering Period for the Open Offer. The key terms and conditions of the OCDs are as set out below:

(a) the OCDs constitute direct, general and unconditional obligations of the Target Company which rank *pari passu* among themselves and at all times rank at least *pari passu* with all other future unsecured obligations of the Target Company, except for those obligations as may be preferred by law;

(b) each OCD has a term of eighteen (18) months, during which term it may be, at the option of its holder, converted into 1 Equity Share of the Target Company. In the event that an OCD is not converted into an Equity Share prior to the expiry of eighteen (18) months from the date of issuance of such OCD, the OCD will be redeemed by the Target

Company. Each OCD is, at the option of its holder, redeemable by the Target Company at any time prior to the expiry of eighteen (18) months from the date of issuance;

(c) OCDs are entitled to receive interest calculated at the rate of 9% per annum, which will commence accruing upon the expiry of six (6) months from the date of issuance of the OCDs and will thereafter be accrued on a day to day basis and such interest is payable in six (6) monthly rests; and

(d) interest will cease to accrue on an OCD from the date of conversion of the OCD into an Equity Share of the Target Company.

6. PAC3 is the managing director of the Target Company and has agreed to subscribe to the OCDs. The price at which the OCDs were to be issued was determined by the Board, provided that such price would be the higher of: (a) Rs. 65 per OCD and (b) such price determined in accordance with Chapter VII of the ICDR Regulations, and is Rs. 65 pursuant to the preferential issue of OCDs to PAC3 on 28 August 2013.

7. The notice of postal ballot was issued by the Target Company on 17 July 2013, *inter alia*, for issuance and allotment, for cash, on a preferential basis, of 9,232,362 OCDs to PAC3.

8. Subsequently, the shareholders resolution was passed on 19 August 2013 approving the issuance and allotment, for cash, on a preferential basis, of 9,232,362 OCDs to PAC3. Under the postal ballot notice, the 'relevant date' for the purposes of determining the conversion price of the OCDs was 18 July 2013 or, in case of delay in announcement of shareholders' resolution, the date thirty (30) days prior to the date on which the shareholders' resolution was approved in accordance with the ICDR Regulations or any other applicable regulations. Accordingly, the relevant date for determining the conversion price of the OCDs is 20 July 2013, being the date that is thirty (30) days prior to the date on which the shareholders resolution was approved.

9. Under Regulation 74(1) of the ICDR Regulations, a preferential allotment pursuant to a special resolution needs to be completed within a period of fifteen (15) days from the date of passing of such resolution, provided that where permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen (15) days will be counted from the date of approval or permission, as the case may be.

10. However, under Regulation 74(3) of the ICDR Regulations, notwithstanding paragraph 9 above, where a preferential allotment is made that attracts an obligation to make an open offer for equity shares of the issuer under the SEBI (SAST) Regulations, and there is no offer made under Regulation 20(1) of the SEBI (SAST) Regulations, the period of fifteen (15) days will be counted from the expiry of the period specified in Regulation 20(1) of the SEBI (SAST) Regulations or the date of receipt of all statutory approvals required for the completion of the open offer under the SEBI (SAST) Regulations, provided that if an offer is made under Regulation 20(1) of the SEBI (SAST) Regulations, then the period of fifteen (15) days will be counted from the expiry of the

Offer Period as defined in the SEBI (SAST) Regulations. Sub-regulation (3) of regulation 74 of the ICDR Regulations further provides that the provisions of that sub-regulation shall not apply to an offer made under Regulation 20(1) of the SEBI (SAST) Regulations pursuant to a preferential allotment.

11. The announcement of the transaction in the public domain and the entering into the Acquisition Documents, the OCD Subscription Agreement and the board meeting on 17 July 2013 for the issuance of the OCDs (on the assumption that such number of OCDs amounting to more than 5% of the fully diluted Equity Share capital of the Target Company will be converted within ten (10) Working Days of the closure of the Tendering Period for the Offer) triggered Regulation 3(2) and Regulation 4 read with Regulation 5(1) of the SEBI (SAST) Regulations, and is a combination offer under Regulation 13(2A) of the SEBI (SAST) Regulations.

12. The subscription to the OCDs by PAC3 was subject to the receipt of the following approvals:

(a) receipt of approval from the shareholders of the Target Company in accordance with section 81(1A) of the Companies Act, 1956, Chapter VII of the ICDR Regulations and other applicable laws and rules for the issue of preferential shares to the Acquirer; and

(b) receipt of 'in-principle' approval from the BSE, the NSE and the MSE under clause 24(a) of the Listing Agreement for listing of the Equity Shares received upon conversion of OCDs into Equity Shares.

13. The subscription to and purchase of the equity shares of the Acquirer under the Acquisition Documents was subject to satisfaction of certain conditions precedent, including:

(a) receipt of prior written approval from the German Federal Cartel Office ("**German Anti-Trust Authority**") for subscription to and acquisition of equity shares of the Acquirer;

(b) receipt of prior written approval from the Reserve Bank of India in relation to the purchase of 6,280,640 equity shares of the Acquirer from Mr. Jose K. Joseph by PAC1 and PAC2 since Mr. Jose K. Joseph is a non-resident Indian; and

(c) receipt of consents by the Acquirer from lenders of the Acquirer and the Target Company, including ICICI Bank, Axis Bank and State Bank of India for, *inter alia*, subscription to and acquisition of equity shares of the Acquirer.

14. With respect to the above, please note the following:

(a) the German Anti-Trust Authority, vide its letter dated 1 August 2013, granted approval for the subscription to and acquisition of equity shares of the Acquirer by PAC1 and PAC2;

(b) ICICI Bank Limited, vide its letter dated 16 August 2013, granted approval for, *inter alia*, subscription to and acquisition of equity shares of the Acquirer;

(c) Axis Bank Limited, vide its letter dated 12 August 2013, granted approval for, *inter alia*, subscription to and acquisition of equity shares of the Acquirer;

(d) State Bank of India, vide its letter dated 14 August 2013, granted approval for, *inter alia*, subscription to and acquisition of equity shares of the Acquirer;

(e) L&T Finance Limited, vide its letter dated 12 August 2013, granted approval for, *inter alia*, subscription to and acquisition of equity shares of the Acquirer; and

(f) the Acquirer passed the resolutions of the board of directors and the shareholders on 26 August 2013 for, *inter alia*, subscription to equity shares of the Acquirer by PAC1 and PAC2.

15. Accordingly, completion under the Acquisition Documents occurred on 26 August 2013, pursuant to which PAC1 and PAC2 subscribed to 6,176,806 equity shares and purchased 39,515,408 equity shares of the Acquirer. Approval from the Reserve Bank of India is still pending in relation to the purchase of 6,280,640 equity shares of the Acquirer from Jose K. Joseph by PAC1 and PAC2 and, upon receipt of such approval, the PAC1 and the PAC2 intend to purchase such equity shares of the Acquirer.

16. In addition, PAC3 was issued and allotted 9,232,362 OCDs of the Target Company on 28 August 2013. PAC3 intends to convert all or part of the 9,232,362 OCDs within ten (10) Working Days of closure of the Tendering Period for the Open Offer.

17. The Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations and is not a competitive bid in terms of Regulation 20 of the SEBI (SAST) Regulations.

18. The Open Offer is a conditional offer under Regulations 23(1) and 23(2) of the SEBI (SAST) Regulations with respect to the receipt of approval from the German Anti-Trust Authority, which approval was received on 1 August 2013.

19. Mr. Kewal Krishan Nohria and PAC3 are Directors of the Target Company. They are thus insiders within the meaning of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. In compliance with Regulation 24(4) of the SEBI (SAST) Regulations, they recused themselves and have not participated in any deliberations of the board of directors of the Target Company or voted on any matter in relation to the Open Offer, including but not limited to the board resolution dated 17 July 2013 passed by the Directors of the Target Company for the issuance of 9,232,362 OCDs to PAC3 on a preferential basis.

20. As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors of the Target Company is required to, upon receipt of the Detailed Public Statement, constitute a committee of independent directors to provide its reasoned recommendations on the Open Offer to the Eligible Shareholders. As per Regulation 26(7) read with Regulation 26(6) of the SEBI (SAST) Regulations, the written reasoned recommendations of the committee of independent directors is required to be published by the Target Company at least two (2) Working Days prior to the commencement of the Tendering Period in the same newspapers where the Detailed Public Statement was published and simultaneously, a copy of such recommendations needs to be sent to SEBI, the BSE, the NSE, the MSE and to the Manager to the Offer.

**Details of the Open Offer**

21. The Public Announcement announcing the Open Offer, under Regulations 3(2), 4 and 5(1) read with Regulations 13(2)(e), 13(2)(g) and 13(2A) read with Regulation 15(1) of the SEBI (SAST) Regulations, was made on 17 July 2013 to the BSE, the NSE and the MSE and a copy thereof was also filed with SEBI and the Target Company at its registered office.

22. The Detailed Public Statement in respect of the Open Offer was published on 30 August 2013 in the following newspapers:

| Newspaper | Language | Editions |
|---|---|---|
| Business Standard | English | Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Chandigarh, Lucknow, Bhubaneshwar and Kochi editions |
| Business Standard | Hindi | Mumbai, Delhi, Kolkata, Bhopal, Chandigarh, Lucknow, Patna and Raipur editions |
| Mumbai Lakshadeep | Marathi | Mumbai edition |
| Makkal Kural | Tamil | Chennai edition |

*(The Public Announcement and the Detailed Public Statement are available at the SEBI website: www.sebi.gov.in)*

23. The Open Offer is being made by the Acquirer and the PACs to all Eligible Shareholders of the Target Company in terms of Regulation 3(2) and Regulation 4 read with Regulation 5(1) of the SEBI (SAST) Regulations. The date of opening of the Tendering Period for the Open Offer is 18 October 2013.

24. The Acquirer and the PACs are making the Open Offer to the Eligible Shareholders under the SEBI (SAST) Regulations for the acquisition of up to the Offer Size i.e., 7,954,036 fully paid-up Equity Shares representing 26% of the total shares of the Target Company on a fully diluted basis as of the tenth ($10^{th}$) Working Day from the closure of the Tendering Period from the Eligible Shareholders at the Offer Price, payable in cash, subject to the terms and conditions mentioned hereinafter. The Offer Price comprises the Base Offer Price and an additional amount of Rs. 0.80

per Equity Share of the Target Company, being an amount greater than the sum determined at the rate of 10% per annum on the Base Offer Price for the period between 17 July 2013 (being the date on which the transaction was contracted and announced in the public domain) and 30 August 2013, being the date of the Detailed Public Statement, in accordance with Regulation 8(12) of the SEBI (SAST) Regulations.

25. The Equity Shares are infrequently traded as per Regulation 2(1)(j) of the SEBI (SAST) Regulations. The Offer Price per offer share has been determined by the Acquirer and the PACs together with the Manager to the Offer in accordance with the provisions of the SEBI (SAST) Regulations taking into account, *inter alia*, the valuation report dated 17 July 2013 issued by Ramesh Babu & Associates, Chartered Accountants (Firm Registration No. 06789S), and has been enhanced by an amount greater than a sum determined at the rate of 10% per annum on the Base Offer Price for the period between the date on which the transaction was contracted and announced in the public domain (i.e., 17 July 2013, in both cases), and the date of the Detailed Public Statement published in relation to the Offer pursuant to the SEBI (SAST) Regulations, being 30 August 2013, in accordance with Regulation 8(3) read with Regulation 8(12) of the SEBI (SAST) Regulations. The Offer Price will be paid in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in the Public Announcement, the Detailed Public Statement and the Letter of Offer.

26. There are no partly paid-up shares in the Target Company. (Source: Annual report of the Target Company for the year 2013 and Stock Exchange filings.)

27. This Open Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations. All Equity Shares validly tendered by the Eligible Shareholders pursuant to the Open Offer will be accepted at the Offer Price by the Acquirer, in accordance with the terms and conditions contained in the Detailed Public Statement and the Letter of Offer. In the event that the Equity Shares tendered in the Open Offer by the Eligible Shareholders are more than the Equity Shares to be acquired under the Open Offer, the acquisition of the Equity Shares from each Eligible Shareholder will be on a proportionate basis as detailed in paragraph 147 of this DLoF.

28. This Open Offer is not a competing offer under Regulation 20 of the SEBI (SAST) Regulations. To the knowledge of the Acquirer, the PACs and the Target Company, there has been no competing offer as on the date of this DLoF.

29. The Acquirer and the PACs may withdraw the Open Offer in accordance with the conditions specified in paragraphs 132 and 133 of this DLoF. In the event of such withdrawal, it shall be notified in accordance with Regulation 23 of the SEBI (SAST) Regulations by way of a public announcement in the same newspapers in which the Detailed Public Statement had appeared and simultaneously to, in writing, SEBI, the NSE, the MSE and the BSE and the Target Company at its registered office. The status of the above mentioned statutory approval (i.e., approval from the German Anti-Trust Authority) is outlined in paragraph 14(a) of this DLoF.

30. MAPE Advisory Group Private Limited, Manager to the Offer, does not hold any Equity Shares in the Target Company. In terms of the SEBI (SAST) Regulations, the Manager to the Offer shall not deal in the Equity Shares during the Offer Period.

31. There is no agreement by the Acquirer and the PACs with any person/entity, in connection with this Open Offer. The entire shares proposed to be acquired under this Open Offer will be acquired by the Acquirer and the PACs and no other person/entity proposes to take part in the acquisition.

32. In the event of any further acquisition of Equity Shares during the Offer Period by the Acquirer and/or the PACs, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price shall be revised to the highest price paid or payable for any such acquisition.

33. On 13 August 2013, PAC3 acquired 693,700 Equity Shares through exercise of ESOs at a price of Rs. 40.15 per Equity Share. In addition, on 28 August 2013, PAC3 has acquired 9,232,362 OCDs, each convertible into 1 Equity Share with a maximum term of eighteen (18) months. Other than the above subscriptions by PAC3, the Acquirer and the PACs have not acquired any shares of the Target Company after the date of the Public Announcement and up to the date of this DLoF.

34. The Offer Price is subject to revisions pursuant to the SEBI (SAST) Regulations, if any, or at the discretion of the Acquirer and the PACs at any time prior to three (3) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations.

35. The Equity Shares are listed on the BSE, the NSE and the MSE. Under Clause 40A of the listing agreement read with Rule 19A of the SCRR, the Target Company is required to maintain at least 25% public shareholding (i.e., Equity Shares held by the public) as determined in accordance with the SCRR, on a continuous basis for listing. If, pursuant to this Open Offer, the public shareholding in the Target Company reduces below the minimum level required under the listing agreement entered into by the Target Company with the BSE, the NSE and the MSE read with Rule 19A of the SCRR, the Acquirer and the PACs hereby undertake to reduce the shareholding of the Acquirer and/or the PACs in the Target Company, within the period specified in the SCRR and SEBI (SAST) Regulations, such that the Target Company complies with the minimum public shareholding requirements prescribed in the listing agreement entered into between the Target Company and the BSE, the NSE and the MSE, read with Rule 19A of the SCRR.

**Object of the Open Offer**

36. The Open Offer is being made as a result of the acquisition of 86.07% of shares, voting rights and control of the Acquirer by PAC1 and PAC2 resulting in an indirect change of control of the Target Company, and the subscription of 9,232,362 OCDs of the Target Company by PAC3 in terms of Regulations 3(2) and 4 read with Regulation 5(1) of the SEBI (SAST) Regulations. Following the completion of the Open Offer, the Acquirer intends to work with the management and employees of the Target Company to grow the business of the Target Company.

37. The amounts received by the Target Company pursuant to the preferential allotment of OCDs to PAC3 will be used in the ordinary course of the Target Company's business, including as working capital (including, for the avoidance of doubt, to pay its own costs and expenses in relation to the preferential allotment), for the purposes of any capital expenditure by the Target Company and for such other corporate purposes of the Target Company as the Target Company may determine from time to time.

38. The Acquirer and PACs may, as permitted by applicable law and in accordance with the procedures of the Target Company, rationalise or restructure the existing lines of business, assets, investments, liabilities or otherwise of the Target Company or any of its subsidiaries. In terms of Regulation 25(2) of SEBI (SAST) Regulations, the Acquirer and the PACs do not currently have any intention to alienate any material assets of the Target Company or of any of its subsidiaries outside the ordinary course of business for a period of two (2) years after completion of the Open Offer, other than those already disclosed and/or publicly announced by the Target Company. The Acquirer and the PACs are debarred from causing any alienation of material assets of the Target Company or of any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise outside the ordinary course of business for a period of two (2) years after completion of the Open Offer, unless such alienation of assets is approved by a special resolution passed by the shareholders of the Target Company by way of postal ballot and the notice for such postal ballot, *inter alia*, contains reasons as to why such alienation is necessary, in accordance with Regulation 25(2) of SEBI (SAST) Regulations to the extent applicable.

39. The Target Company is presently engaged in the manufacture of electric motors, and certain parts thereof. The Acquirer and the PACs propose to continue with the existing activities.

40. The Acquirer and the PACs reserve the right to streamline/restructure the operations, assets, liabilities and/or businesses of the Target Company through arrangement/reconstruction, restructuring, merger (including but not limited to merger with the Acquirer) and/or demerger/delisting of the shares of the Target Company from the Stock Exchanges and/or sale of assets or undertakings, at a later date. The Acquirer and/or the PACs may also dispose-off or otherwise encumber any assets or investments of the Target Company or any of its subsidiaries, through sale, lease, reconstruction, restructuring and/or re-negotiation or termination of existing contractual/operating arrangements, for restructuring and/or rationalising the assets, investments or liabilities of the Target Company and/or its subsidiaries, to improve operational efficiencies and for other commercial reasons. The board of directors of the Target Company will take decisions on these matters in accordance with the requirements of the business of the Target Company.

## III. Background of the Acquirer and the PACs

### A. <u>Information about the Acquirer:</u>

**Agile Electric Sub Assembly Private Limited**

41. Agile Electric Sub Assembly Private Limited, being the Acquirer, is a private limited company and was incorporated on 10 August 2005 with the Registrar of Companies, Tamil Nadu under the name and style of 'Igarashi Brush Cards Private Limited'. The name of the Acquirer was changed to 'Agile Electric Sub Assembly Private Limited' on 24 January 2008 and a fresh certificate of incorporation was issued. The corporate identity number of the Acquirer is U34300TN2005PTC057151.

42. The registered office of the Acquirer is located at Plot Numbers A 33 and 36, Phase I, MEPZ–SEZ, Tambaram, Chennai 600 045. The contact details of the Acquirer are as follows: telephone number: + 91 44 4229 8199; fax number. +91 44 2262 8143.

43. The Acquirer is in the business of manufacture, fabrication, repair, maintenance, purchase, sale, lease or otherwise dealing in all types of electric generators, alternators, sub-assemblies, parts for sub-assemblies, production of AC motors and assembly lines for electric motors.

44. Subsequent to the acquisition of 45,692,214 equity shares of the Acquirer on 26 August 2013 by PAC1 and PAC2 pursuant to the Acquisition Documents, control of the Acquirer has been acquired by PAC1 and PAC2. As of the date of this DLoF, PAC1 and PAC2 together hold 45,692,214 equity shares of the Acquirer, representing 86.07% of the issued and paid-up equity share capital of the Acquirer, which consists of 53,089,254 equity shares of face value of Rs. 10 each.

45. As on the date of this DLoF, the shareholding pattern of the Acquirer is as follows:

| Sl. No. | Name of the shareholder | No. of equity shares held | % |
|---|---|---:|---:|
| **1** | **Promoters** | **45,692,214** | **86.07%** |
| 1A | PAC1 | 45,562,282 | 85.82% |
| 1B | PAC2 | 129,932 | 0.24% |
| **2** | **Public** | **7,397,040** | **13.93%** |
| 2A | Igarashi Electric Works (H.K.) Limited, Hong Kong | 866,400 | 1.63% |
| 2B | PAC3 | 250,000 | 0.47% |
| 2C | Jose K. Joseph | 6,280,640 | 11.83% |
| | **TOTAL** | **53,089,254** | **100.00%** |

46. The details of Directors of the Acquirer are as follows:

| Name | Date of appointment | Other details | Other directorships |
|---|---|---|---|
| Akhilesh K Gupta (DIN: 0359325) | 26 August 2013 | Mr. Gupta, aged 61, is a nominee of PAC1 and PAC2. He is the Senior Managing Director and Chairman of Blackstone Advisory India Private Limited since 2005. Previously, he was the CEO, Corporate Development at Reliance Industries Limited, Reliance Infocomm Limited. Mr. Gupta received an M.B.A. from Graduate School of Business, Stanford University in 1981 and a B.Tech. in Chemical Engineering, with distinction, from the Indian Institute of Technology, Delhi, India in 1973. | Blackstone Advisors India Private Limited, Moser Baer Projects Private Limited, Jagran Media Network Investment Private Limited, Jagran Prakashan Limited, Trans Maldivian Airways, NCC Limited, Allcargo Logistics Limited |
| Mayank Rawat (DIN: 06528218) | 26 August 2013 | Mr. Rawat, aged 31, is a nominee of PAC1 and PAC2. He is a Principal with Blackstone Advisory India Private Limited. Before joining Blackstone Advisory India Private Limited, he worked as a Business Analyst with McKinsey & Co. Mr. Rawat has a B.Tech in Electrical Engineering from the Indian Institute of Technology, Delhi and a Post Graduate Diploma in Management from Indian Institute of Management Ahmedabad, where he graduated with the President's Gold medal. | MTAR Technologies Private Limited |
| Rajagopalan Chandrasekaran (DIN: 00012643) | 19 February 2011 | Mr. Chandrasekaran, aged 48, has an experience of more than 24 years in the auto components industry. He holds a post-graduate degree in Commerce. | NIL |

47. Dr. A.J. Prasad, Ms. Kavita Prasad and Mr. Nathamuni Rangaswamy Venkatesan, have resigned from the board of directors of the Acquirer on 26 August 2013.

48. The equity shares of the Acquirer are not listed on any stock exchanges in India or abroad.

49. Details of Amalgamations:

**(a) AETPL Scheme**

Under the AETPL Scheme, AETPL and IJT Plastics amalgamated with the Acquirer. The High Court of Madras sanctioned the AETPL Scheme on 2 March 2011. By virtue of this order, AETPL and IJT Plastics were dissolved without being wound up. The AETPL Scheme became effective on 2 April 2011. Under the AETPL Scheme, the appointed date was set as 1 April 2010. The applicable share swap ratios for the shareholders of AETPL and IJT Plastics under the AETPL Scheme are as follows:

(i) 236 equity shares of the Acquirer were allotted for every 100 fully paid up equity shares held in AETPL; and

(ii) 33 equity shares of the Acquirer were allotted for every 100 fully paid up equity shares held in IJT Plastics.

**(b) AEDPL Scheme**

Under the AEDPL Scheme, AEDPL amalgamated with the Acquirer. The High Court of Madras sanctioned the AEDPL Scheme on 20 July 2012. By virtue of this order, AEDPL was dissolved without being wound up. The AEDPL Scheme became effective on 4 August 2012. Under the AEDPL Scheme, the appointed date was set as 1 April 2011. 38 equity shares of the Acquirer were allotted for every 100 fully paid up equity shares held in AEDPL.

The Acquirer acquired its current shareholding in the Target Company through the implementation of the AEDPL Scheme. Prior to this amalgamation, AEDPL was the promoter of the Target Company.

50. The Acquirer is the promoter of the Target Company and, as of the date of this DLoF, owns 12,824,225 Equity Shares, representing 60.45% of the equity share capital of the Target Company.

51. The Acquirer has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.

52. The relevant provisions of Chapter II of the SEBI (SAST) Regulations 1997 is not applicable to the Acquirer with respect to the Target Company since the Acquirer did not acquire or sell any Equity Shares prior to the repeal of the SEBI (SAST) Regulations 1997 by the SEBI (SAST) Regulations. The status of compliance with the relevant provisions of Chapter V of the SEBI (SAST) Regulations by the Acquirer with respect to the Target Company is provided in the next page:

| Sl. No. | Regulation | Due date for compliance as mentioned in the regulation | Actual date of compliance | Delay, if any (in no. of days) Col. 4 - Col. 3 | Status of compliance with SEBI (SAST) Regulations | Remarks |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | 10(6) | 16 Nov 2012 | 8 Nov 2012 | Nil | Complied with | Upon transfer of equity shares pursuant to merger of AEDPL with the Acquirer |
| | 29(1) and 29(2) | 8 Nov 2012 | | Nil | Complied with | |
| 2 | 30(1) and (2) | 7 Apr 2013 | 3 Apr 2013 | Nil | Complied with | |
| 3 | 29(2) | 14 Aug 2013 | 14 Aug 2013 | Nil | Complied with | Upon acquisition of 693,700 Equity Shares by PAC3 through conversion of ESOs |
| 4 | 29(2) | 29 Aug 2013 | 29 Aug 2013 | Nil | Complied with | Upon acquisition of 9,232,362 OCDs by PAC3 |

53. The key financial information of the Acquirer, as derived from its audited standalone financial statements as at and for the twelve (12) month period ended 31 March 2013, 31 March 2012 and 31 March 2011, prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, are as follows:

| **Profit and Loss Statement** | **Amount in Rs. (Mn.)** | | |
|---|---|---|---|
| | **Financial year ended 31 March** | | |
| | **2011** | **2012** | **2013** |
| Income from Operations | 2,013.97 | 2,561.35 | 2,640.83 |
| Other Income | 7.97 | 4.77 | 3.55 |
| Total Income | 2,021.94 | 2,566.12 | 2,644.38 |
| Total Expenditure | 1,708.74 | 2,186.02 | 2,248.34 |
| Profit before Depreciation, Interest and Tax | 313.20 | 380.11 | 396.04 |
| Depreciation and Amortisation | 69.93 | 76.03 | 89.58 |
| Interest | 57.48 | 126.46 | 199.92 |
| Profit before Tax | 185.79 | 177.62 | 106.54 |
| Provision for Tax | 38.13 | 58.71 | 45.35 |
| **Profit After Tax** | **147.66** | **118.90** | **61.19** |

| Balance Sheet | Amount in Rs. (Mn.) | | |
|---|---|---|---|
| | As it 31 March | | |
| | 2011 | 2012 | 2013 |
| Sources of Funds | | | |
| Paid up Share Capital | 406.89 | 469.12 | 469.12 |
| Reserves and Surplus | 512.67 | 656.48 | 717.67 |
| Net Worth | 919.57 | 1,125.60 | 1,186.79 |
| Secured Loans | 288.21 | 491.99 | 861.22 |
| Unsecured Loans | 10.00 | 297.00 | 479.00 |
| Deferred Tax Liabilities | 65.86 | 87.25 | 111.28 |
| **Total** | **1,283.64** | **2,001.84** | **2,638.29** |
| | | | |
| Uses of Funds | | | |
| Net Fixed Assets | 956.31 | 1,198.65 | 1,367 |
| Investments | - | 907.43 | 907 |
| Long-term Loans and Advances | 6.01 | 25.55 | 24 |
| Net Current Assets | 321.32 | (129.79) | 340 |
| **Total** | **1,283.64** | **2,001.84** | **2,638.29** |

| Other Information | Amount in Rs. | | |
|---|---|---|---|
| | Financial year ended 31 March | | |
| | 2011 | 2012 | 2013 |
| Earnings per share (basic and diluted) | 3.63 | 2.53 | 1.30 |
| Dividend % | Nil | Nil | Nil |

54. The key financial information of the Acquirer, as derived from its audited consolidated financial statements as at and for the twelve (12) month period ended 31 March 2013, 31 March 2012 and 31 March 2011, prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, are as follows:

| Profit and Loss Statement | Amounts in Rs. (Mn.) | | |
|---|---|---|---|
| | Financial year ended 31 March | | |
| | 2011 | 2012 | 2013 |
| Income from Operations | N/A | 4,537.99 | 4,850.43 |
| Other Income | | 11.69 | 12.55 |
| Total Income | | 4,549.68 | 4,862.98 |
| Total Expenditure | | 3,761.70 | 3,961.77 |
| Profit before Depreciation, Interest and Tax | | 787.99 | 901.21 |
| Depreciation and Amortisation | | 187.87 | 221.52 |
| Interest | | 266.08 | 309.29 |
| Profit before Tax | | 334.04 | 370.40 |
| Provision for Tax | | 72.03 | 126.17 |
| Profit After Tax | | 262.01 | 244.23 |

| Balance Sheet Statement | Amounts in Rs. (Mn.) | | |
|---|---|---|---|
| | As at 31 March | | |
| | 2011 | 2012 | 2013 |
| Sources of Funds | N/A | | |
| Paid up Share Capital | | 444.61 | 444.61 |
| Reserves and Surplus | | 701.37 | 842.85 |
| Net Worth | | 1,145.98 | 1,287.46 |
| Minority Interest | | 385.99 | 490.40 |
| Secured Loans | | 1,172.10 | 1,488.15 |
| Unsecured Loans | | 344.62 | 334.35 |
| Deferred Tax Liabilities | | 169.76 | 213.73 |
| **Total** | | **3,218.45** | **3,814.09** |
| | | | |
| Uses of Funds | | | |
| Net Fixed Assets | | 2,690.58 | 2,949.83 |
| Investments | | 211.86 | 211.86 |
| Long-term Loans and Advances | | 48.32 | 43.70 |
| Net Current Assets | | 267.69 | 608.70 |
| **Total** | | **3,218.45** | **3,814.09** |

| Other Information | Amounts in Rs. | | |
|---|---|---|---|
| | Financial year ended 31 March | | |
| | 2011 | 2012 | 2013 |
| Earnings per share (basic and diluted) | N/A | 4.39 | 3.60 |

** The Acquirer did not have any subsidiaries during the financial year ended 31 March 2011 and thus no consolidated financial statements were prepared for that period.*

55. As per the financial statements for the year ended 31 March 2013, the contingent liabilities of the Acquirer are:

| | | in Rs. (Mn.) |
|---|---|---|
| **A** | **Contingent Liabilities** | |
| A1 | Bills discounted | 60.03 |
| A2 | Income tax liability that may arise in respect of matters on appeal | 34.41 |
| **B** | **Commitments** | |
| B1 | Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 48.23 |
| **Total contingent liabilities and commitments** | | **142.67** |

56. Subsidiaries of the Acquirer

The Acquirer has two subsidiaries: The Target Company and Igarashi Motors Sales Private Limited.

Igarashi Motors Sales Private Limited, which was incorporated in Chennai on 24 October 2005, is involved in the marketing of motors and related sub-assembly. It is not a sick company.

The key financial information of Igarashi Motors Sales Private Limited, as derived from its audited financial statements as at and for the twelve (12) month period ended 31 March 2013, 31 March 2012 and 31 March 2011, prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, are as follows:

| **Profit and Loss Statement** | **Amounts in Rs. (Mn.)** | | |
|---|---|---|---|
| | **For the financial year ended 31 March** | | |
| | **2011** | **2012** | **2013** |
| Income from Operations | 6.80 | 5.88 | 4.17 |
| Other Income | 0.28 | - | - |
| Total Income | 7.08 | 5.88 | 4.17 |
| Total Expenditure | 1.91 | 2.38 | 1.56 |
| Profit before Depreciation, Interest and Tax | 5.16 | 3.49 | 2.61 |
| Depreciation and Amortisation | 0.02 | 0.03 | 0.02 |
| Interest | - | 0.10 | 0.08 |
| Profit before Tax | 5.14 | 3.36 | 2.52 |
| Provision for Tax | 1.62 | 1.07 | 0.80 |
| **Profit After Tax** | **3.52** | **2.29** | **1.72** |

| **Balance Sheet** | **Amounts in Rs. (Mn.)** | | |
|---|---|---|---|
| | **As at 31 March** | | |
| | **2011** | **2012** | **2013** |
| <u>Sources of Funds</u> | | | |
| Paid up Share Capital | 7.50 | 7.50 | 7.50 |
| Reserves and Surplus | 4.72 | 7.01 | 8.72 |
| Net Worth | 12.22 | 14.51 | 16.22 |
| Secured Loans | - | - | - |
| Unsecured Loans | - | - | - |
| Deferred Tax Liabilities | 0.01 | 0.01 | 0.01 |
| **Total** | **12.23** | **14.52** | **16.23** |
| | | | |
| <u>Uses of Funds</u> | | | |
| Net Fixed Assets | 0.07 | 0.04 | 0.02 |

| | | | |
|---|---|---|---|
| Investments | - | - | - |
| Net Current Assets | 12.16 | 14.48 | 16.21 |
| **Total** | **12.23** | **14.52** | **16.23** |

| **Other relevant information** | **Amounts in Rs. (Mn.)** | | |
|---|---|---|---|
| | **For the financial year ended 31 March** | | |
| | **2011** | **2012** | **2013** |
| Earnings per share (basic and diluted) | 4.69 | 3.05 | 2.29 |

## B. <u>Information about the persons acting in concert</u>

### B1. Blackstone Capital Partners (Singapore) VI FDI Three Pte. Ltd.

57. Blackstone Capital Partners (Singapore) VI FDI Three Pte. Ltd., being the PAC1, is a private company limited by shares, was incorporated on 25 June 2013 under the laws of the Republic of Singapore and is registered with the Accounting and Corporate Regulatory Authority of Singapore under registration number 201317090C. Its registered office is located at 1 Marina Boulevard, #28-00, One Marina Boulevard, Singapore 018989. The contact details of PAC1 are as follows: telephone number: +65 6850 7500 and fax number: +65 6850 7501. There has been no change in the name of PAC1 since its incorporation.

58. The principal activity of PAC1 is that of investment and related activities.

59. PAC1 is promoted, controlled and 100% owned by Blackstone Capital Partners (Singapore) VI Holding Co. Pte. Ltd.

60. The details of Directors of PAC1 are as follows:

| Name | Director since | Other details |
|---|---|---|
| Susannah Lindenfield (DIN: N/A) | 25 June 2013 | Susannah Lindenfield is a Managing Director at Blackstone in the Legal & Compliance Group based in Hong Kong. She is Head of International Compliance. Prior to joining Blackstone in 2008, Ms. Lindenfield served as counsel to KBC Financial Products covering the Asian fund of funds, the hedge fund derivatives and convertible bonds businesses. She received an LLB in English and French Law from King's College London, a maîtrise en droit privé from the Université de Paris I - Panthéon Sorbonne and an LLM in comparative law from McGill University in Montreal, Canada. |
| Pithambar Gona (DIN: N/A) | 25 June 2013 | Pithambar Gona is a Principal at Blackstone in the Private Equity group and is currently based in Singapore. Before joining Blackstone in 2008, Mr. Gona worked as an Associate at Lehman Brothers in the Global Industrials Group. Mr. Gona received a B.E. with distinction in Mechanical Engineering from Osmania University in India, a Master's in |

| Name | Director since | Other details |
|---|---|---|
| | | Manufacturing Management from the Pennsylvania State University, and an M.B.A. from the Wharton School, University of Pennsylvania, United States of America. |
| Kishore Moorjani (DIN: N/A) | 25 June 2013 | Kishore Moorjani is a Managing Director at Blackstone and leads the Asia efforts for Blackstone's Tactical Opportunities Group. Prior to joining Blackstone, Mr. Moorjani was the Founder and Chief Investment Officer of Credit Asia Capital, an Asian special situations investment firm. Prior to that, Mr. Moorjani was Co-Head of Asia at D.B. Zwirn. From 1998 to 2004, Mr. Moorjani was with Colony Capital. Mr. Moorjani received an MBA in Real Estate Finance and a BBA in Finance/Strategy (honors) from the Schulich School of Business at York University in Toronto, Canada. |

61. The equity shares of PAC1 are not listed on any stock exchanges in India or abroad.

62. As of the date of this DLoF, PAC1, its directors and key employees do not have any interest in the Target Company except for the transactions detailed in Part II (Background to the Offer) which have triggered the Offer.

63. PAC1 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.

64. Since PAC1 does not and has never owned any Equity Shares directly, the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations do not apply to PAC1.

65. The first financial statements of PAC1 are yet to be prepared.

**B2. BFIP (Cayman) VI-ESC FDI Three Limited**

66. BFIP (Cayman) VI-ESC FDI Three Limited, being the PAC2, is an exempted company and was incorporated on 11 July 2013 under the laws of Cayman Islands. The registered office of PAC2 is located at 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. The contact details of PAC2 are as follows: telephone number: +1 345 943 3100 and fax number: +1 345 945 4757. There has been no change in the name of PAC2 since its incorporation.

67. The principal activity of PAC2 is that of investment and related activities.

68. PAC2 is promoted, controlled and 100% owned by Blackstone Family Investment Partnership (Cayman) VI-ESC LP.

69. The details of Directors of PAC2 are as follows:

| Name | Director since | Other details |
|---|---|---|
| Susannah Lindenfield (DIN: N/A) | 11 July 2013 | Susannah Lindenfield is a Managing Director at Blackstone in the Legal & Compliance Group based in Hong Kong. She is Head of International Compliance. Prior to joining Blackstone in 2008, Ms Lindenfield served as counsel to KBC Financial Products covering the Asian fund of funds, the hedge fund derivatives and convertible bonds businesses. She received an LLB in English and French Law from King's College London, a maîtrise en droit privé from the Université de Paris I - Panthéon Sorbonne and an LLM in comparative law from McGill University in Montreal, Canada. |
| Pithambar Gona (DIN: N/A) | 11 July 2013 | Pithambar Gona is a Principal at Blackstone in the Private Equity group and is currently based in Singapore. Before joining Blackstone in 2008, Mr. Gona worked as an Associate at Lehman Brothers in the Global Industrials Group. Mr. Gona received a B.E. with distinction in Mechanical Engineering from Osmania University in India, a Master's in Manufacturing Management from the Pennsylvania State University, and an MBA from the Wharton School, University of Pennsylvania, United States of America. |
| Kishore Moorjani (DIN: N/A) | 11 July 2013 | Kishore Moorjani is a Managing Director at Blackstone and leads the Asia efforts for Blackstone's Tactical Opportunities Group. Prior to joining Blackstone, Mr. Moorjani was the Founder and Chief Investment Officer of Credit Asia Capital, an Asian special situations investment firm. Prior to that, Mr. Moorjani was Co-Head of Asia at D.B. Zwirn. From 1998 to 2004, Mr. Moorjani was with Colony Capital. Mr. Moorjani received an MBA in Real Estate Finance and a BBA in Finance/Strategy (honors) from the Schulich School of Business at York University in Toronto, Canada. |

70. The equity shares of PAC2 are not listed on any stock exchanges in India or abroad.

71. As of the date of this DLoF, PAC2, its directors and key employees do not have any interest in the Target Company except for the transactions detailed in Part II (*Background to the Offer*) which have triggered the Offer.

72. PAC2 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.

73. Since PAC2 does not and has never owned any Equity Shares directly, the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations do not apply to PAC2.

74. The first financial statements of PAC2 are yet to be prepared.

**B3. Padmanabhan Mukund**

75. Padmanabhan Mukund, being the PAC3, is an individual who is an Indian national.

76. PAC3 is the Managing Director of the Target Company since 10 February 1999 prior to which, he was the manager of the Target Company as per section 269 of the Companies Act, 1956 since 1 November 1993.

77. The residential address of PAC3 is New No. 207/2, Old No. 93/2, TTK Road, Alwarpet, Chennai 600 018. The PAN of PAC3 is AAIPM6590R and his passport number is Z1744573.

78. As per the certificate issued by M/s. Ramesh Babu & Associates, Chartered Accountants, the net worth of PAC3 as on 28 August 2013 is Rs. 270.1 million.

79. Other than the Target Company, PAC3 is on the board of directors of the following companies, none of which are listed:

| Sl. No. | Name of the company | CIN of the company |
|---|---|---|
| 1 | Igarashi Motors Sales Private Limited | U51505TN2005PTC057898 |
| 2 | Bosch Electrical Drives India Private Limited | U31103TN2008PTC067493 |

80. PAC3 is not the whole-time director in any other company except the Target Company.

81. PAC3 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made under the SEBI Act.

82. As on the date of this DLoF, PAC3 holds 746,022 Equity Shares, representing 3.52% of the equity share capital of the Target Company. 693,700 Equity Shares were allotted to PAC3 on 13 August 2013 pursuant to the exercise of ESOs. The Equity Shares were allotted to PAC3 at a price of Rs. 40.15 per Equity Share, which is less than the Offer Price.

83. Since PAC3 continues to hold less than 5% of the outstanding Equity Shares, the relevant provisions of Chapter II of the SEBI (SAST) Regulations, 1997 do not apply. PAC3, in its capacity as a person acting in concert with the Acquirer, has made joint filings with the Acquirer for the acquisition of 693,700 Equity Shares on 13 August 2013 and for the acquisition of 9,232,362 OCDs on 28 August 2013 under Chapter V of the SEBI (SAST) Regulations.

84. As on the date of the Public Announcement, PAC3 held 9,178,308 equity shares of the Acquirer, forming 19.56% of the equity capital of the Acquirer. On 26 August 2013, PAC1 and PAC2 have together acquired 8,928,308 shares held by PAC3 in the Acquirer and as on the date of this DLoF, PAC3 holds 250,000 equity shares of the Acquirer, forming 0.47% of the equity capital of the Acquirer.

**B4. Other persons which may be deemed to be acting in concert with the Acquirer and the PACs**

85. Other than PAC1, PAC2 and PAC3, no other persons are acting in concert with the Acquirer and the PACs for the purposes of the Offer within the meaning of Regulation 2(1)(q)(1) of the SEBI (SAST) Regulations. However, as per Regulation 2(1)(q)(2), there may be other entities or persons which may be deemed to be acting in concert with the Acquirer and the PACs.

## IV. Background of the Target Company

*Note: The information above under this section has been sourced from information published by the Target Company or publicly available sources.*

86. The Target Company was incorporated on 10 January, 1992 with the Registrar of Companies, Tamil Nadu at Chennai as a public limited company under the name and style of 'CG Igarashi Motors Limited'. The name of the Target Company was changed to 'Igarashi Motors India Limited' on 30 July 2003 and a fresh certificate of incorporation was issued by the Assistant Registrar of Companies. The corporate identity number of the Target Company is L29142TN1992PLC021997.

87. The registered office of the Target Company is situated at Plot Nos. B-12 to B-15, Phase II, MEPZ–SEZ, Tambaram, Chennai 600 045. The contact details of the Target Company are as follows: telephone number: +91 44 4229 8114, fax number: +91 44 2262 8143 and e mail address: investorservices@igarashimotors.co.in.

88. The Target Company was set up as a 100% Export Oriented Unit to manufacture permanent magnet micrometers and its accessories mainly for the automotive sector at Madras Export Processing Zone – Special Economic Zone (MEPZ-SEZ) Chennai. It is currently engaged in the business of assembling DC motors and actuation systems for various automotive and non automotive applications, the manufacture of sub assemblies that go into a DC motor and the production of certain parts of electric motors.

89. As of the date of this DLoF, the total authorised share capital of the Target Company is Rs. 350,000,000 (Rupees three hundred fifty million only) consisting of 35,000,000 Equity Shares. The total paid-up share capital of the Target Company is Rs. 212,130,820 consisting of 21,213,082 Equity Shares. As of the date of this DLoF, the Target Company does not have any partly paid-up equity shares outstanding. The capital structure of the Target Company as of the date of this DLoF is:

| Equity Shares of Target Company | No. of Equity Shares/ voting rights | % of Equity Shares/ voting rights |
|---|---|---|
| Fully paid up Equity Shares | 21,213,082 | 100.00% |
| Partly paid Up Equity Shares | NIL | NIL |
| Total paid up Equity Shares | 21,213,082 | 100.00% |
| Total voting rights in Target Company | 21,213,082 | 100.00% |

90. Besides the Equity Shares, as on the date of this DLoF, there are 172,000 ESOs outstanding, out of which 147,000 ESOs are vested. In addition, there are 9,232,362 OCDs outstanding, each convertible into 1 Equity Share within eighteen (18) months of the date of allotment. There are no other warrants, ESOs or convertible instruments outstanding as on date in the Target Company.

91. The emerging voting capital of the Target Company has been calculated in compliance with Regulation 7 of the SEBI (SAST) Regulations in the following manner:

| Sl. No. | Particulars | No. of instruments (as of the date of the DLoF) |
|---|---|---|
| A | No. of Equity Shares outstanding | 21,213,082 |
| B | No. of ESOs eligible for exercise until the tenth ($10^{th}$) Working Days from the Tendering Period | 147,000 |
| C | No. of OCDs allotted to PAC3 as proposed in the Transaction Documents | 9,232,362 |
| | Emerging voting capital as on the tenth ($10^{th}$) Working Day from the Tendering Period (A+B+C) | 30,592,444 |
| | Offer size calculated as 26% of the emerging voting capital | 7,954,036 |

92. The Equity Shares are listed on the BSE (Scrip Code: 517380), the NSE (Symbol: IGARASHI) and the MSE (Symbol: CGIMOTOR) under the ISIN: INE188B01013. The Equity Shares are infrequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations for the twelve (12) calendar months from 1 July 2012 to 30 June 2013. Other than 793,700 Equity Shares which have been issued on 13 August 2013 pursuant to the conversion of ESOs (which are presently in the process of being listed on the Stock Exchanges), there are no Equity Shares which are not listed on the Stock Exchanges.

93. As on the date of this DLoF, the composition of the board of directors of the Target Company is as follows:

| Name | Director Identification Number | Date of appointment | Designation |
|---|---|---|---|
| Kewal Krishan Nohria | 00060015 | 03/07/1993 | Non Executive, Non-Independent Chairman |
| P Mukund | 00007788 | 12/07/1999 | Managing Director |
| Kazuharu Igarashi | 00558629 | 08/07/1998 | Non Executive, Non-Independent Director |
| Keiichi Igarashi | 00356779 | 17/07/2003 | Non Executive, Non-Independent Director |
| G N Mani | 00060175 | 09/06/2007 | Non Executive, Independent Director |
| S Ravindran | 05259775 | 17/07/2013 | Non Executive, Independent Director |

94. Except the mergers pursuant to the AETPL Scheme and the AEDPL Scheme elaborated in paragraph 49 of this DLoF, there have been no other mergers / demergers / spin-offs involving the Target Company during the last three (3) years.

95. The Target Company does not have any subsidiaries.

96. The key financial information of the Target Company, as derived from its audited financial statements as at and for the twelve (12) month period ended 31 March 2013, 31 March 2012 and 31 March 2011, prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, is as follows:

| **Profit and Loss Statement** | **Amounts in Rs. (Mn.)** | | |
|---|---|---|---|
| | **Financial year ended 31 March** | | |
| | **2011** | **2012** | **2013** |
| Income from Operations | 1,967.63 | 2,685.29 | 2,907.80 |
| Other Income | 4.08 | 10.38 | 23.92 |
| Total Income | 1,971.71 | 2,695.67 | 2,931.72 |
| Total Expenditure | 1,690.69 | 2,269.28 | 2,384 |
| Profit before Depreciation, Interest and Tax | 281.02 | 426.39 | 547.62 |
| Depreciation and Amortisation | 105.33 | 111.94 | 134 |
| Interest | 105.03 | 136.79 | 120.38 |
| Profit before Tax | 70.67 | 177.66 | 293.58 |
| Provision for Tax | (5.17) | 12.25 | 80.02 |
| **Profit After Tax** | **75.84** | **165.41** | **213.56** |

| **Balance Sheet** | **Amounts in Rs. (Mn.)** | | |
|---|---|---|---|
| | **As at 31 March** | | |
| | **2011** | **2012** | **2013** |
| Sources of Funds | | | |
| Paid up Share Capital | 203.74 | 203.94 | 204.19 |
| Reserves and Surplus | 630.05 | 808.22 | 1023.18 |
| Net Worth | 833.79 | 1,012.16 | 1,227.38 |
| Secured Loans | 574.47 | 783.24 | 730.67 |
| Unsecured Loans | 31.32 | 56.99 | 47.62 |
| Deferred Tax Liabilities | 87.50 | 82.51 | 102.45 |
| **Total** | **1,527.08** | **1,934.89** | **2,108.12** |
| | | | |
| Uses of Funds | | | |
| Net Fixed Assets | 866.89 | 1,129.16 | 1250.58 |
| Investments | 286.16 | 286.16 | 286.16 |
| Long-term Loans and Advances | 35.14 | 22.77 | 19.69 |
| Net Current Assets | 338.89 | 496.80 | 551.69 |
| **Total** | **1,527.08** | **1,934.89** | **2,108.12** |

| **Other relevant information** | **Amounts in Rs.** | | |
|---|---|---|---|
| | **Financial year ended 31 March** | | |
| | **2011** | **2012** | **2013** |
| Earnings per share | | | |
| *Basic* | 5.04 | 8.11 | 10.46 |
| *Diluted* | 4.92 | 8.10 | 10.25 |
| Dividend % | Nil | Nil | Nil |

97. The changes in the shareholding pattern of the Target Company shall be as follows:

**Based on Voting Rights**

| | **Shareholders' category** | **Shareholding and voting rights prior to the Public Announcement (As on 12 July 2013)** | | **Shares/voting rights acquired between the date of the Public Announcement and the DLoF** | | **Shares/voting rights to be acquired in Offer** | | **Shares/voting rights after the acquisition and the Offer** | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of Equity Shares | % | No. of Equity Shares | % | No. of Equity Shares | % | No. of Equity Shares | % |
| **1** | **Acquirer and the PACs** | | | | | | | | |
| a | Acquirer | 1,28,24,225 | 62.80% | - | 0.00% | 71,92,835 | 33.91% | 2,00,17,060 | 94.36% |
| b | PAC1 | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| c | PAC2 | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| d | PAC3^ | 52,322 | 0.26% | 6,93,700 | 3.27% | - | 0.00% | 7,46,022 | 3.52% |
| | Total 1 | 1,28,76,547 | 63.06% | 6,93,700 | 3.27% | 71,92,835 | 33.91% | 2,07,63,082 | 97.88% |
| **2** | **Parties to the Transaction Documents other than (1)** | 4,00,000 | 1.96% | 50,000 | 0.24% | - | 0.00% | 4,50,000 | 2.12% |
| **3** | **Public** | | | | | | | | |
| A | FIs/MFs/FIIs/Banks, SFIs, others | 0 | 0.00% | - | 0.00% | -71,92,835 | -33.91% | - | 0.00% |
| B | Others | 71,42,835 | 34.98% | 50,000 | 0.24% | | | | |
| | Total 3 | 71,42,835 | 34.98% | 50,000 | 0.24% | -71,92,835 | -33.91% | - | 0.00% |
| | **Grand Total** | 2,04,19,382 | 100.00% | 7,93,700 | 3.74% | - | 0.00% | 2,12,13,082 | 100.00% |

[@] *On 13 August 2013, PAC3 acquired 693,700 Equity Shares through the exercise of ESOs. Post such exercise, PAC3 does not own any ESOs in the Target Company.*

[^] *On 28 August 2013, 9,232,362 OCDs were issued to PAC3. PAC3 was not the promoter of the Target Company as on the date of the Public Announcement and has become the Promoter from 28 August 2013 onwards pursuant to the allotment of OCDs.*

** Since any of the persons specified in 1 and 2 above are not eligible to participate in the Offer, the maximum number of Equity Shares that are available for acquisition in the Offer as on the date of this DLoF are 7,192,835 (excluding the vested and outstanding ESOs), which is less than the Offer Size of 7,954,036 equity shares of the Target Company. As defined in clause 2(1)(q)(2) of the SEBI (SAST) Regulations, there may be other persons deemed to be acting in concert with the Acquirer and the PACs. Such deemed persons acting in concert also not be eligible for tendering their Equity Shares in the Offer.*

## Based on diluted capital

| | Shareholders' category | Fully diluted Shareholding prior to the Public Announcement (As on 12 July 2013) | | Fully diluted Shareholding acquired between the date of the Public Announcement and the DLoF | | Shares/voting rights to be acquired in Offer | | Fully diluted Shareholding after the acquisition and the Offer | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of Equity Shares | % | No. of Equity Shares | % | No. of Equity Shares | % | No. of Equity Shares | % |
| **1** | **Promoter Group including Acquirer and the PACs** | | | | | | | | |
| a | Acquirer | 1,28,24,225 | 60.04% | - | 0.00% | 73,39,835 | 23.99% | 2,01,64,060 | 65.91% |
| b | PAC1 | | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| c | PAC2 | | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| d | PAC3[@] | 7,46,022 | 3.49% | 92,32,362 | 30.18% | - | 0.00% | 99,78,384 | 32.62% |
| | Total 1 | 1,35,70,247 | 63.53% | 92,32,362 | 30.18% | 73,39,835 | 23.99% | 3,01,42,444 | 98.53% |
| **2** | **Parties to the Transaction Documents other than 1 above** | 4,50,000 | 2.11% | | 0.00% | - | 0.00% | 4,50,000 | 1.47% |
| **3** | **Public** | | | | | | | | |
| A | FIs/MFs/FIIs/Banks, SFIs, others | 0 | 0.00% | - | 0.00% | -73,39,835 | -23.99% | - | 0.00% |
| B | Others | 73,39,835 | 34.36% | - | 0.00% | | | | |
| | Total 3 | 73,39,835 | 34.36% | - | 0.00% | -73,39,835 | -23.99% | - | 0.00% |
| | **Grand Total** | 2,13,60,082 | 100.00% | 92,32,362 | 30.18% | - | 0.00% | 3,05,92,444 | 100.00% |

*^ On 28 August 2013, 9,232,362 OCDs were issued to PAC3. PAC3 was not the promoter of the Target Company as on the date of the Public Announcement and has become the Promoter from 28 August 2013 onwards pursuant to the allotment of OCDs.*

*# Assumes that 147,000 ESOs, which are eligible for exercise by the Eligible Shareholders as on the date of this DLoF, have been converted into Equity Shares by the Eligible Shareholders and tendered in the Offer.*

*Note: As defined in clause 2(1)(q)(2) of the SEBI (SAST) Regulations, there may be other persons deemed to be acting in concert with the Acquirer and the PACs. Such deemed persons acting in concert also not be eligible for tendering their Equity Shares in the Offer.*

## V. Offer Price and Financial Arrangements

### Justification of Offer Price

98. The Equity Shares are listed on the BSE, the NSE and the MSE.

99. The trading turnover of the Equity Shares for the BSE and the NSE from 1 July 2012 to 30 June 2013 (twelve (12) calendar months preceding the calendar month in which the Public Announcement is made) are set forth below:

| Stock Exchange | Number of Equity Shares traded | Total number of listed Equity Shares | Trading turnover (as a percentage of total listed Equity Shares) |
|---|---|---|---|
| NSE | 1,785,880 | 20,419,382 | 8.75% |
| BSE | 1,419,506 | 20,419,382 | 6.95% |

*(Source for the BSE and the NSE trading information: www.bseindia.com and www.nseindia.com. Trading data for MSE could not be obtained)*

100. Since the Equity Shares have an annual trading turnover of less than 10% of total listed shares in the Stock Exchanges, in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations, the Equity Shares are infrequently traded.

101. The Offer Price of Rs. 65.80 (Rupees sixty five and paise eighty only) per Equity Share of the Target Company is justified in terms of Regulation 8(3) and 8(5) of the SEBI (SAST) Regulations, in view of the following:

| | | |
|---|---|---|
| 1 | The highest negotiated price per equity share for any acquisition under the agreement(s) attracting the obligation to make the Offer | Not applicable as the Offer is triggered due to an indirect acquisition. |
| 2 | The volume-weighted average price paid or payable for any acquisition by the Acquirer or the PACs during the 52 weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain | Not applicable as the Acquirer and the PACs have not acquired any Equity Shares during the 52 weeks preceding the date of the Public Announcement. |
| 3 | The highest price paid or payable for any acquisition, whether by the Acquirer or PACs, during the 26 weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision | Not applicable as the Acquirer and the PACs have not acquired any Equity Shares during the 26 weeks preceding the date of the Public Announcement. |

| | | |
|---|---|---|
| | to make the primary acquisition is announced in the public domain | |
| 4 | The highest price paid or payable for any acquisition, whether by the Acquirer or by the PACs, between the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the public announcement of the open offer for shares of the Target Company | Not applicable as the Public Announcement was released on the same day as the date of execution of the Transaction Documents. |
| 5 | The volume-weighted average market price of such shares for a period of sixty (60) trading days immediately preceding the date of the Public Announcement | Not applicable as the Equity Shares are infrequently traded |
| 6 | The price determined under regulation 8(5) of the SEBI (SAST) Regulations | Rs. 60.58* |
| 7 | The price at which the OCDs are convertible into equity shares, as per Regulation 8(6) of the SEBI (SAST) Regulations | Rs. 65.00 |
| 8 | Price computed including interest at the rate of 10% for the period between the date of the Public Announcement and the date of the Detailed Public Statement, in accordance with Regulation 8(12) of the SEBI (SAST) Regulations | Rs. 65.79 |

**M/s. Ramesh Babu & Associates, Chartered Accountants with Firm Registration No. 06789S having their office at 19, New No. 45, III Main Road, Gandhi Nagar, Adyar, Chennai 600 020; Telephone Number: 044 2440 2459; by its certificate dated 17 July 2013, has certified that they have considered the: (i) Price to Book Value, (ii) Enterprise Value to EBITDA, and (iii) discounted cash flow methods and accorded weights of 25%, 25% and 50% to the values arrived at under each methodology for the purpose of arriving at the fair value for the Equity Shares.*

102. In view of the parameters considered and presented above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs 65.80 (Rupees sixty five and paise eighty only) being the highest of the prices mentioned above, is justified in terms of the SEBI (SAST) Regulations.

103. There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations.

104. In terms of Regulation 8(12) of the SEBI (SAST) Regulations, the Offer Price has been revised to Rs. 65.80 from Rs. 65.00 as earlier communicated in the Public Announcement, which is greater than the initial offer price of Rs. 65.00 plus interest payable at the rate of 10% for the period of forty four (44) days, being the period between 17 July 2013, being the day on which the Acquisition Documents were executed, and 30 August 2013, being the date of the Detailed Public Statement.

105. In the event of acquisition of the Equity Shares by the Acquirer and/or the PACs 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, the Acquirer and/or the PACs shall not acquire any Equity Shares after the third ($3^{rd}$) Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period. An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, may be done at any time prior to the commencement of the last three (3) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PACs shall:

(a) make further deposits into the Escrow Account and increase the Bank Guarantee;

(b) issue a supplement to the Letter of Offer in the same newspapers in which the Detailed Public Statement has been published; and

(c) simultaneously with the issue of such supplement, inform the Stock Exchanges, SEBI and the Target Company at its registered office of such revision.

**Financial Arrangements**

106. The total funding requirement for the Offer is the Maximum Consideration i.e., Rs. 523,375,569 (Rupees five hundred twenty three million three hundred seventy five thousand five hundred sixty nine only) assuming full acceptance of the Offer.

107. By way of security for performance of the Acquirer's and the PACs' obligations under the SEBI (SAST) Regulations, the Acquirer has furnished an unconditional, irrevocable and on demand bank guarantee dated 26 August 2013 in favour of the Manager to the Offer from Axis Bank

Limited acting through its Corporate Banking Branch Office located at Ground Floor, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025, having Bank Guarantee No: 11650100004526 for an amount of Rs. 125,000,000 (Rupees one hundred twenty five million only) ("**Bank Guarantee**"). The Bank Guarantee is valid up to 31 December 2013. The Manager to the Offer has been duly authorised to realise the value of the Bank Guarantee in terms of the SEBI (SAST) Regulations.

108. In addition in accordance with Regulation 17(4) of the SEBI (SAST) Regulations, the Acquirer, the PACs, the Manager to the Offer and Axis Bank Limited, having its registered office at "TRISHUL", Third Floor, Opp. Samartheshwar Temple, Near Law Garden, Ellisbridge, Ahmedabad 380 006 ("**Escrow Bank**") have entered into an escrow agreement on 26 August 2013 ("**Escrow Agreement**"). Pursuant to the Escrow Agreement, the Acquirer has established an escrow account under the name and title of "AGILE ELECTRIC SUB ASSEMBLY PVT LTD - OPEN OFFER ESCROW ACCOUNT" bearing no. 913020039330883 ("**Escrow Account**") with the Escrow Bank and has made a cash deposit of Rs. 6,000,000 (Rupees six million only) in the Escrow Account in accordance with the Regulation 17(3)(a) read with Regulation 17(4) of the SEBI (SAST) Regulations, which is in excess of 1% of the Maximum Consideration. The cash deposit has been confirmed pursuant to a confirmation letter dated 27 August 2013 issued by the Escrow Bank. The Manager to the Offer has been solely authorised by the Acquirer to operate and realise the monies lying to the credit of the Escrow Account in terms of the SEBI (SAST) Regulations.

109. In terms of RBI's A.P. (DIR Series) Circular No. 62 dated 24 May 2007, persons resident outside India are permitted to open escrow accounts and special accounts for open offers under the SEBI (SAST) Regulations, without the prior approval of the RBI.

110. The amount deposited in the Escrow Account, along with the Bank Guarantee amount are in excess of 25% of the Maximum Consideration in accordance with Regulation 17(3)(b) of the SEBI (SAST) Regulations.

111. In case of any upward revision in the Offer Price or the Offer Size, the cash in the Escrow Account and Bank Guarantee shall be increased by the Acquirer and/or PACs in terms of Regulation 17(2) of the SEBI (SAST) Regulations, prior to effecting such revision.

112. The Acquirer proposes to fund the Offer either by way of internal accruals or funds which are available to it, including pursuant to funds received from allotment of equity shares or convertible securities. M/s. Ramesh Babu & Associates, Chartered Accountants with Firm Registration No. 06789S having its office at 19, New No. 45, III Main Road, Gandhi Nagar, Adyar, Chennai 600 020; Telephone Number: +91 44 2440 2459; by its certificate dated 28 August 2013, has certified that the Acquirer has made firm financial arrangements to meet their payment obligations under the Offer. The Acquirer and the PACs have made firm financial arrangements for fulfilling the payment obligations under the Open Offer and the Acquirer and the PACs are able to implement this Open Offer. The Acquirer and the PACs have adequate resources to meet the financial requirements of this Open Offer.

113. Based on the above, the Manager to the Offer is satisfied of the ability of the Acquirer and the PACs to implement the Offer in accordance with the SEBI (SAST) Regulations and that firm financial arrangements for funds and money for payment through verifiable means have been made by the Acquirer and the PACs to fulfill the obligations of the Acquirer and PACs under the Offer.

## VI. Terms and Conditions of the Offer

114. The Offer is not conditional and is not subject to any minimum level of acceptance and the Acquirer and the PACs will be obliged to acquire 7,954,036 Equity Shares representing 26% of the total Equity Shares as of the tenth ($10^{th}$) Working Day from the closure of the Tendering Period for the Offer, that are tendered in the valid form in terms of the Offer subject to the terms and conditions mentioned in the Public Announcement, the Detailed Public Statement and this DLoF.

115. This DLoF specifying the detailed terms and conditions of the Offer along with the Form of Acceptance-cum-Acknowledgement will be mailed to all the Eligible Shareholders, whose names appear on the register of members of the Target Company at the close of business hours on 3 October 2013, i.e. the Identified Date, being registered Equity Shareholders as per the records of NSDL and CSDL, and registered Equity Shareholders holding Equity Shares in physical form as per the records of the Target Company, as on the Identified Date. Accidental omission to dispatch this DLoF to any person to whom the Offer is made or the non-receipt or delayed receipt of this DLoF by any such person will not invalidate the Offer in any way. The last date by which the Letter of Offer would be dispatched to each of the Eligible Shareholders is 10 October 2013.

116. There shall be no discrimination in the acceptance of locked-in and non locked-in Equity Shares in the Offer. The Equity Shares to be acquired under the Offer must be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

117. The Offer is made to all Eligible Shareholders as on the Identified Date, and also to persons who acquire Equity Shares before the closure of the Offer and tender these Equity Shares into the Offer in accordance with this Letter of Offer, save and except for the parties to the Transaction Documents. Persons who have acquired Equity Shares (irrespective of the date of purchase) but whose names do not appear on the register of members of the Target Company on the Identified Date are also eligible to participate in the Offer.

118. The Acquirer and the PACs reserve the right to revise the Offer Price and/or the Offer Size upwards up to three (3) Working Days prior to the commencement of the Tendering Period in terms of Regulation 18(4) of the SEBI (SAST) Regulations, i.e. up to 11 October 2013, in accordance with the SEBI (SAST) Regulations and the revisions, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the Detailed Public Statement was published. In the event of such revision, the Acquirer and/or the PACs will make corresponding increases to the amount kept in escrow pursuant to Regulation 17 of the SEBI (SAST) Regulations. The Acquirer would pay such revised price for all the Equity Shares validly

tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the Detailed Public Statement and the Letter of Offer.

119. Eligible Shareholders to whom the Offer is being made are free to offer their shareholding in the Target Company in whole or in part while accepting the Offer. The acceptance must be unconditional and should be absolute and unqualified.

120. Eligible Shareholders who hold Equity Shares in physical form and who wish to tender their Equity Shares will be required to send the Form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in Part VII of this DLoF entitled "Procedure for Acceptance and Settlement of the Offer", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 137 of this DLoF so that the same are received by the Registrar to the Offer no later than the date of closure of the Tendering Period, i.e. 31 October 2013.

121. In respect of dematerialised Equity Shares, Eligible Shareholders must ensure that the credit for the Equity Shares tendered must be received in the special depository account (as specified in paragraph 140) no later than 31 October 2013. If the Eligible Shareholders hold their Equity Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction from CDSL for the purpose of crediting their Equity Shares in favour of the special depository account with NSDL as mentioned in paragraph 140(a) below.

122. Eligible Shareholders 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 those who have not received the Letter of Offer may also participate in the Offer by submitting an application on plain paper giving details regarding their shareholding and confirming their agreement to participate in the Offer as per the terms and conditions of the Offer, so as to reach the Registrar to the Offer on or before closure of the Tendering Period i.e., no later than 31 October 2013. This is to be sent to the Registrar to the Offer together with:

    (a) In case of Eligible Shareholders holding Equity Shares in dematerialised form, the name, address, number of Equity Shares held, number of Equity Shares offered, Depository Participant name, DP ID number, beneficiary account number along with a photocopy of the delivery instruction in "off- market" mode, duly acknowledged by the DP in favour of the demat account styled 'CAMEO CORPORATE SERVICES LIMITED ESCROW A/C IMIL OPEN OFFER', as per instructions mentioned below; and

    (b) In case of Eligible Shareholders holding Equity Shares in physical form, the relevant share certificate(s) and transfer deeds, and the original contract note issued by a registered share broker of a recognised stock exchange through whom such Equity Shares were acquired wherever applicable

123. Eligible Shareholders who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

124. The Eligible Shareholders who tender their Equity Shares under the Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances and shall ensure that such Equity Shares when acquired by the Acquirer will be acquired free and clear from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends, bonus and rights declared thereafter.

125. No indemnity shall be required from unregistered Equity Shareholders regarding their title to their Equity Shares.

126. The Acquirer and the PACs shall not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interests in this regard.

127. The instructions, authorisations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute an integral part of this DLoF.

128. The Acquirer and the PACs shall, within ten (10) Working Days from the last date of the Tendering Period of the Offer, complete all requirements under the SEBI (SAST) Regulations and other applicable law relating to the Offer including payment of consideration to the Eligible Shareholders who have validly tendered their acceptance to the Offer and for that purpose open a special account provided under Regulation 21(1) of the SEBI (SAST) Regulations.

129. In accordance with Regulation 27(7) of the SEBI (SAST) Regulations, the Manager to the Offer shall file a final report with SEBI within fifteen (15) Working Days from the closure of the Tendering Period of the Offer confirming the status of completion of various Open Offer requirements.

**Statutory and other approvals**

130. Non-resident Indian Eligible Shareholders are not allowed to transfer their Equity Shares to non-residents (other than NRIs) without the prior approval of the RBI under the Master Circular dated 1 July 2011, issued by the RBI, and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Accordingly, the Acquirer has filed an application on 4 September 2013 with the RBI seeking permission so that the Acquirer and the PACs are able to acquire Equity Shares tendered by the Eligible Shareholders in the Offer, including such Eligible Shareholders who are non-resident Indians.

131. To the best knowledge and belief of the Acquirer and PACs, as of the date of this DLoF, there are no other statutory approvals required to implement the Offer. If any other statutory approvals are required or become applicable prior to completion of the Offer, the Offer would also be subject to the receipt of such other statutory approvals.

132. In case of delay/non-receipt of any approval, including the approval from the RBI as mentioned above, SEBI may, if satisfied that non-receipt of the requisite approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Eligible Shareholders as directed by SEBI, in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

133. While, as of the date of this DLoF, no other statutory approvals are required by the Acquirer and/or the PACs to complete the Open Offer, if any other statutory approvals are required by the Acquirer at a later date before the closure of the Tendering Period, the Offer will be subject to such statutory approval(s). If such statutory approval(s), as may be required at a later date, are not obtained for reasons beyond the reasonable control of the Acquirer, or in the event any such statutory approval is finally refused, the Acquirer shall have the right to withdraw the Offer in terms of Regulation 23 of the SEBI (SAST) Regulations.

134. Eligible Shareholders who are NRIs and OCBs, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to the Offer and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept the Offer. Further, if the Eligible Shareholders who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approval from the RBI or the Foreign Investment Promotion Board or any other regulatory body in respect of the Equity Shares held by them in the Target Company, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares to tender the Equity Shares held by them pursuant to the Offer, along with the Form for Acceptance-cum-Acknowledgement and other documents required to be tendered to accept the Offer. In the event such approvals are not submitted, the Acquirer and the PACs reserve the right to reject such Equity Shares tendered in the Offer.

## VII. Procedure for Acceptance and Settlement of the Offer

135. A tender of Equity Shares pursuant to any of the procedures described in the Letter of Offer will constitute a binding agreement between the Acquirer and the tendering holder, including the tendering holder's acceptance of the terms and conditions of the Letter of Offer.

136. The Offer is made to the Eligible Shareholders as defined in this Letter of Offer. While the Letter of Offer shall be dispatched to the Eligible Shareholders of the Target Company whose name appears in the register of members as of the Identified Date, all Eligible Shareholders of the Target Company may tender their Equity Shares in the Offer. Accordingly, all Eligible Shareholders, whether holding Equity Shares in dematerialised form or physical form, registered or unregistered, are eligible to participate in the Offer at any time during the Tendering Period. No indemnity is needed from unregistered Eligible Shareholders.

137. Eligible Shareholders of the Target Company who wish to accept the Offer and tender their Equity Shares can send/deliver the Form of Acceptance-cum-Acknowledgment duly signed along

with all the relevant documents at any of the collection centers of the Registrar to the Offer mentioned below during the working hours on or before the date of closure of the Tendering Period, i.e. no later than 31 October 2013, in accordance with the procedure as set out in the Letter of Offer.

| S.no | City | Contact Person | Address | Telephone/email/fax | Mode |
|---|---|---|---|---|---|
| 1. | Ahmedabad | Mr. M Bala Subramanian | Cameo Corporate Services Limited, C/o. Shree Vidhya Consultancy, No.4, II Floor, Prasiddhi Complex–1, Opp.: Ambedkar Hall, Saraspur, Ahmedabad – 380 018. | Ph: +91 79 2292 0024 bhavani0811@gmail.com | Hand delivery |
| 2. | Bangalore | Mr. Janardhana | Cameo Corporate Services Limited, No.9, KRV Tower, 4th Floor, T C Palya Main Road, Akshaya Nagar, Near Rammurthy Nagar, Bangalore – 560 016 | Ph: +91 80 4209 7498 janardhana@cameoindia.com | Hand delivery |
| 3. | Chennai | Ms. K Sreepriya | Cameo Corporate Services Limited, Subramanian Building, V floor, No. 1, Club House Road, Chennai 600 002. | Ph: +91 44-2846 0390/1989 investor@cameoindia.com Fax: 044-2846 0129 | Post and Hand delivery |
| 4. | Hyderabad | Mr. Suresh.K | Cameo Corporate services Limited, Plot No. 21-22, Meena Arcade II Floor, Goel Corporate Housing Society, Moti Valley, Trimalgerry, Secunderabad – 500 015. | suresh.k@cameoindia.com Ph: 08686036367 | Hand delivery |
| 5. | Mumbai | Mr. Ashish Binsale | Cameo Corporate Services Limited, 304, Sai Sadan, 76-78 Mody Street, Fort, Mumbai – 400 001. | 022-2264 4325/2979 ashish@cameoindia.com Fax :022-2264 4325 | Hand delivery |
| 6. | Jaipur | Mr.Ashok Kumar | Cameo Corporate Services Limited C/o. Saraswat India Ltd G-4 & G-5, Ground Floor Jaipur Tower, Opp All India Radio Mirza Ismail Road, Jaipur 302 001 | 0141-2204100 09929107583 | Hand Delivery |
| 7. | New Delhi | Mr.R.Sridhar | Cameo Corporate Services Limited C/o. Sterling Services F-63 1st Floor, Bhagat Singh Market Near Gole Market, Opp SBI ATM Cannaught Place, New Delhi 110 001 | 011-4353 3256 09312546905 sterlingservices@in.com | Hand Delivery |
| 8. | Vadodara | Mr.Jaydeep Mehta | Cameo Corporate Services Limited 202 Pavan Flats, 7 Anand Nagar Society, Alkapuri, Vadodara 390 007 | 098240-99514 jaydeep@cameoindia.com | Hand Delivery |

*Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, except public holidays*

138. Equity Shares should not be submitted/tendered to the Manager to the Offer, the Acquirer, the PACs or the Target Company.

139. Applicants who cannot hand deliver their documents at the collection centre referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk

and cost, to the Registrar to the Offer at its address, Cameo Corporate Services Limited (Address: Subramaniam Building, Road No. 1, Club House Road, Chennai 600 002; Telephone number: +91 44 28460390; Fax number: +91 44 28460129; e mail address: investor@cameoindia.com; and contact person: Ms. K. Sreepriya)

140. In case of non-receipt of the Letter of Offer, the Eligible Shareholders may: (i) download the same from the SEBI website, (http://www.sebi.gov.in); (ii) obtain a copy of the same by writing to the Manager to the Offer or the Registrar to the Offer; or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, distinctive numbers, folio number, number of Equity Shares offered along with documents as mentioned below so as to reach the Registrar to the Offer on or before the closure of the Tendering Period i.e., no later than 31 October 2013, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Tendering Period i.e., no later than 31 October 2013.

(a) In respect of dematerialised Equity Shares, Eligible Shareholders must ensure that the credit for the Equity Shares tendered is received in the special depository account as specified below on or before 31 October 2013. If the Eligible Shareholders hold their Equity Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Equity Shares in favour of the special depository account with NSDL as mentioned below.

| | |
|---|---|
| **Depository Name** | National Securities Depository Limited |
| **Account Name** | CAMEO CORPORATE SERVICES LIMITED ESCROW A/C IMIL OPEN OFFER |
| **DP Name** | Stock Holding Corporation of India Limited |
| **DP ID Number** | IN301080 |
| **Beneficiary Account Number** | 22833991 |
| **ISIN** | INE188B01013 |
| **Mode** | Off-Market |
| **Date of Credit** | On or before 31 October 2013 |

*It is the sole responsibility of the Eligible Shareholders to ensure credit of their Equity Shares in the depository account above, prior to the closure of the Offer.*

(b) Eligible Shareholders who are holding the Equity Shares in physical form and who wish to tender the Equity Shares in the Offer are required to submit the Form of Acceptance-cum-Acknowledgment together with the original share certificate(s), valid Transfer Deed(s) and such other documents as may be specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgment, duly signed and addressed to the Registrar to the Offer, either by hand delivery on weekdays or by registered post or courier, so as to reach the Registrar to the Offer on or before the closure of the Tendering Period i.e., no later than 31 October 2013 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgment.

141. Documents to be delivered by all Eligible Shareholders:

(a) For Equity Shares held in the DEMATERIALISED FORM:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Equity Shares, as per the records of the DP.

(ii) Photocopy of the Delivery Instruction in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the DP.

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgment.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Equity Shares have not been credited to the above special account or for Equity Shares that are credited in the above special account but the corresponding Form of Acceptance-cum- Acknowledgment has not been received as on the date of closure of the Offer.

(b) In case of Equity Shares held in the PHYSICAL MODE by REGISTERED EQUITY SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement should be duly completed and signed, in accordance with the instructions contained therein, by all Eligible Shareholders. In case of Equity Shares held in joint names, names should be filled up in the same order in which they hold Equity Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(ii) Original Equity Share certificate(s).

(iii) Valid Equity Share transfer form(s) duly signed by transferor (by all the Eligible Shareholders in case the Equity Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

**PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

(c) In case of Equity Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS EQUITY SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.

(ii) Original Equity Share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in.

(iii) Original broker contract note of a registered broker of a recognised stock exchange in relation to the purchase of the Equity Shares being tendered in this case.

(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s).

(v) No indemnity regarding title is required from persons not registered as Equity Shareholders.

142. Non-resident Eligible Shareholders should, in addition to the above, enclose copy(ies) of permission(s) received from RBI or any other regulatory authority to acquire Equity Shares held by them in the Target Company. OCBs are requested to seek a specific approval of the RBI for tendering their Equity Shares in the Offer and a copy of such approval must be provided along with other requisite documents in the event that any OCB Eligible Shareholder tenders its Equity Shares in the Open Offer. In case the above approvals from the RBI are not submitted, the Acquirer reserve the right to reject such Equity Shares tendered.

143. Eligible Shareholders who have sent the Equity Shares held by them for dematerialisation need to ensure that the process of getting the Equity Shares held by them dematerialised is completed in time for the credit in the special depository account, to be received on or before the closure of the Tendering Period, i.e. no later than 31 October 2013 or else their application will be rejected.

144. Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer.

145. Applications in respect of Equity Shares that are the subject matter of litigation wherein the Eligible Shareholders of the Target Company may be prohibited from transferring such Equity Shares during the pendency of the said litigation are liable to be rejected if the directions/orders regarding such Equity Shares are not received together with the Equity Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

146. The Eligible Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- Duly attested death certificate and succession certificate/probate/letter of administration (in case of single Eligible Shareholder) if the original Eligible Shareholder has expired;
- Duly attested power of attorney if any person apart from the Eligible Shareholder has signed the acceptance form and/or transfer deed(s);
- No objection certificate from any lender, if the Equity Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;
- In case of companies, the necessary corporate authorisation (including certified copy of board and/or general meeting resolution(s)); and
- Any other relevant documents

147. In case the number of Equity Shares validly tendered in the Offer by the Eligible Shareholders are more than the Equity Shares to be acquired under the Offer, the acquisition of Equity Shares from each Eligible Shareholder will be on a proportionate basis in such a way that the acquisition from any Eligible Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Equity Shares trade in the compulsory dematerialised settlement segment of the BSE, the minimum marketable lot for the Equity Shares is one Equity Share.

148. Subject to the receipt of such approvals as mentioned in paragraphs 130, 131 and 133, the Acquirer intends to complete all formalities, including the payment of consideration within a period of ten (10) Working Days from the closure of the Tendering Period, i.e. 18 November 2013, and for the purpose open a special account as provided under Regulation 21(1) of the SEBI (SAST) Regulations, provided that where the Acquirer are unable to make the payment to the Eligible Shareholders who have accepted the Offer before the said period of ten (10) Working Days due to non-receipt of such approvals, SEBI may, if satisfied that non-receipt of such approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose,

subject to the Acquirer agreeing to pay interest to the Eligible Shareholders for delay beyond such ten (10) Working Days period, as may be specified by SEBI from time to time.

149. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Eligible Shareholders' sole risk. Unaccepted Equity Shares held in dematerialised form will be credited back to the beneficial owners' depository account with the respective depository participant as per details received from their depository participant. It will be the responsibility of the Eligible Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Eligible Shareholders holding Equity Shares in dematerialised form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. Eligible Shareholders should ensure that their depository account is maintained till all formalities pertaining to the Offer are completed.

150. The Registrar to the Offer will hold in trust the Form of Acceptance, Equity Shares, share certificates, transfer deed(s) and/or other documents on behalf of the Eligible Shareholders of the Target Company who have accepted the Offer, until the warrants/cheques/drafts for the consideration are dispatched and unaccepted share certificate/Equity Shares, if any, are dispatched/returned to the relevant Eligible Shareholders.

151. Payment to those Eligible Shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer, will be by way of a crossed account payee cheque/demand draft/pay order/through Direct Credit ("**DC**")/National Electronic Clearance System ("**NECS**")/Electronic Clearing Services ("**ECS**")/National Electronic Funds Transfer ("**NEFT**")/Real Time Gross Settlement ("**RTGS**"). So as to avoid fraudulent encashment in transit, the Eligible Shareholder(s) holding Equity Shares in physical form should provide details of bank account of the first/sole shareholder as provided in the Form of Acceptance-cum-Acknowledgment and the consideration cheque or demand draft will be drawn accordingly. For Equity Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance-cum-Acknowledgment. In case of Eligible Shareholder(s) holding Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at their own risk). The decision regarding (i) the acquisition (in part or full), of the Equity Shares tendered pursuant to the Offer, or (ii) rejection of the Equity Shares tendered pursuant to the Offer along with (a) any corresponding payment for the acquired Equity Shares and/or (b) return of share certificates for any rejected Equity Shares or Equity Shares accepted in part, will be dispatched to the Eligible Shareholders by registered post or by ordinary post as the case may be, at the Eligible Shareholder's sole risk. Equity Shares held in dematerialised form to the extent not acquired will be credited back to the respective beneficiary account with their respective

Depository Participants as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgment.

152. For Eligible Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/not credited through DC/NECS/ECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered post at the Eligible Shareholder's sole risk.

153. All cheques/demand drafts/pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note.

154. In case of rejection of Equity Shares tendered for any reason, the unaccepted original share certificates, Transfer Forms and other documents, if any, will be returned by registered post at the Eligible Shareholder's/unregistered holder's sole risk as per the details provided in the Form of Acceptance-cum-Acknowledgement. Equity Shares held in dematerialised form, to the extent not accepted, will be returned to the beneficial owner to the credit of the beneficial owner's DP account with the respective DP as per the details furnished by the beneficial owner(s) in the Form of Acceptance-cum-Acknowledgement.

155. A copy of the Letter of Offer (including Form of Acceptance-cum-Acknowledgment) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.

**Tax Provisions**

**General**

156. As per the provisions of section 195(1) of the I-T Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess, as applicable). Since the consideration payable under the Offer would be chargeable to capital gains or as business profits, as the case may be, under the provisions of I-T Act, the Acquirer/PACs will be required to deduct taxes at source (including surcharge and education cess), as applicable.

157. The payment of any interest (paid for delay in payment of the Offer Price) by the Acquirer/PACs to a resident and non-resident Eligible Shareholder may be chargeable to tax, as income from other sources under Section 56 of the I-T Act in the hands of such Eligible Shareholder. The Acquirer/PACs will be required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the I-T Act on such interest (paid for delay in payment in the Offer Price).

158. Resident and non-resident Eligible Shareholders (including FIIs and FII sub-accounts) as per the I-T Act are required to submit their Permanent Account Number ("**PAN**") for income-tax purposes.

In case the PAN is not submitted (including where such PAN has been applied for but not obtained), or is invalid or does not belong to the Eligible Shareholder, the Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in Section 206AA of the I-T Act) or at the rates in force or at the rate specified in the relevant provisions of the I-T Act as discussed in paragraphs below, whichever is higher.

159. All non-resident Eligible Shareholders shall certify its nature of income arising from the sale of the Equity Shares i.e., whether capital gains or business income or interest, if any, by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement.

160. Each Eligible Shareholder shall certify its tax residency status (i.e. whether resident or non-resident) and its tax status (i.e. whether individual, firm, company, association of persons/body of individuals, trust, any other, etc.) by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer/PACs, it would be assumed that the Eligible Shareholder is a non-resident Eligible Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the Eligible Shareholder under the I-T Act, on the gross consideration towards acquisition of Equity Shares and interest, if any, payable to such Eligible Shareholder under the Offer.

161. Securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

162. All references to maximum rate include applicable surcharge and education cess, as may be applicable.

163. Any Eligible Shareholder claiming benefit under any DTAA between India and any other foreign country should furnish a TRC provided to him/it by the Income Tax Authority of such other foreign country of which it claims to be a tax resident. In case such TRC is in a language other than English, then the apostile or consularised version (as may be applicable) of such TRC in the English language shall be provided. The reference of TRC shall include such apostile or consularised version of the translated TRC. In addition, such Eligible Shareholder shall need to provide a self-attested declaration containing the following information in Form 10F to the Income Tax Rules, 1962:

(a) Status of the Eligible Shareholder (whether an individual, a company, a firm, etc.);

(b) PAN of the Eligible Shareholder, if allotted;

(c) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

(d) The Eligible Shareholder’s tax identification number in the country or specified territory of residence and, in case there is no such number, then a unique number on the basis of which such Eligible Shareholder is identified by the government of the country or specified territory of which the Eligible Shareholder claims to be a resident;

(e) Period for which the residential status, as mentioned in the TRC, is applicable; and

(f) Address of the Eligible Shareholder during the period for which the TRC is applicable.

**Withholding tax implications for Non-resident Eligible Shareholders (other than FIIs and FII sub- accounts)**

164. While tendering Equity Shares under the Offer, all non-resident Eligible Shareholders (other than FIIs and FII sub-accounts) including NRIs/OCBs/foreign Eligible Shareholders shall be required to submit a valid WTC issued by the Income-tax Authorities under section 195(3) or section 197 of the I-T Act along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer/PACs before remitting the consideration (and the interest paid for the delay in payment of the Offer Price, if any). The Acquirer/PACs will arrange to deduct taxes at source in accordance with such WTC issued by the Income-tax Authorities under section 195(3) or section 197 of the I-T Act only if such WTC has been submitted along with the Form of Acceptance-cum-Acknowledgement and the said WTC is valid and effective as of the date on which tax is required to be deducted at source.

165. In case the aforesaid WTC is not submitted as aforesaid or is otherwise not valid and effective as of the date on which tax is required to be deducted at source, the Acquirer/PACs will arrange to deduct tax at the maximum rate as may be applicable to the Eligible Shareholder under the I-T Act, on the gross consideration towards acquisition of Equity Shares and interest, if any, payable to such Eligible Shareholder under the Offer.

166. All non-resident Eligible Shareholders (excluding FII and FII sub accounts) will be required to submit their PAN for income tax purposes. In case PAN is not submitted or is invalid or does not belong to the Eligible Shareholder, the Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the I-T Act, whichever is higher.

167. All non-resident Eligible Shareholders (excluding FII and FII sub accounts) claiming benefit under any DTAA between India and any other foreign country should furnish the TRC provided to him/it by the Income Tax Authority of such other foreign country of which he/it claims to be a tax resident. In addition, such Eligible Shareholder shall also be required to provide a self attested declaration containing the following information in Form 10F to the Income Tax Rules, 1962:

(a) Status of the Eligible Shareholder (whether an individual, a company, a firm, etc.);

(b) PAN of the Eligible Shareholder, if allotted;

(c) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

(d) The Eligible Shareholder's tax identification number in the country or specified territory of residence and, in case there is no such number, then a unique number on the basis of which such Eligible Shareholder is identified by the government of the country or specified territory of which the Eligible Shareholder claims to be a resident;

(e) Period for which the residential status, as mentioned in the TRC, is applicable; and

(f) Address of the Eligible Shareholder during the period for which the TRC is applicable.

168. It is to be noted that benefit under DTAA or withholding of tax at lower/nil rate will not be entertained in absence of a valid WTC issued by the income tax authorities under Section 195(3) or Section 197 of the I-T Act.

169. All non-resident Eligible Shareholders (excluding FII and FII sub accounts) should certify the nature of its income arising from the sale of Equity Shares as per the I-T Act in the Form of Acceptance-cum-Acknowledgement as either capital gains or business income.

170. All non-resident Eligible Shareholders (excluding FII and FII subaccounts) where the income arising from the sale of Equity Shares as per the I-T Act is in the nature of business income will be required to provide a self declaration that such non-resident Eligible Shareholder does not have any permanent establishment or business connection in India in terms of Indian tax laws. However, such non-resident Eligible Shareholders will also be required to submit a WTC for the purposes of withholding taxes at source, else taxes will be withheld at the maximum rate applicable to the relevant category to which such shareholder belongs under the I-T Act.

**Withholding tax implications for FIIs and FII sub-accounts**

171. As per the provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to a FII or the FII sub-account, as defined in section 115AD of the I-T Act. The Acquirer/PACs would not withhold tax on the purchase consideration to a FII or FII sub-account subject to the receipt of a confirmation from the FII or the FII sub-account, as the case may be, of the following:

(a) Residential status of the FII/FII sub-account;

(b) FII/FII sub-account is holding the Equity Shares in the Target Company on the capital account and not on the trade account as on the date of tendering the Equity Shares under the Offer;

(c) Income arising from sale of the Equity Shares is in nature of capital gain and not business income or income from other sources in the hands of the FII/FII sub-account; and

(d) FII/FII sub-account neither has a business connection in India as defined in Explanation 2 to section 9(1)(i) of the I-T Act (along with the provisos thereto) nor a permanent establishment in India under any treaty (if applicable) to the FII/FII sub-account.

172. In the absence of the confirmation specified in the paragraph above, the Acquirer/PACs will deduct tax at the maximum rate applicable to such FII/FII sub-account under the I-T Act on the gross consideration payable to such FII/FII sub-account towards acquisition of Equity Shares under the Offer. Should the FII/FII sub-account submit a WTC issued by the Income-tax Authorities under section 195(3) or section 197 of the I-T Act while tendering the Equity Shares, indicating the amount of tax to be deducted by the Acquirer, the Acquirer/PACs will deduct tax in accordance with such WTC only if the said WTC has been submitted along with the Form of Acceptance-cum-Acknowledgement and the WTC is valid and effective as of the date on which tax is required to be deducted at source.

173. In respect of interest income (paid for delay in payment of the Offer Price), should the FII/FII sub-account submit a WTC issued by the Income-tax Authorities under section 195(3) or section 197 of the I-T Act indicating the amount of tax to be deducted by the Acquirer/PACs, the Acquirer/PACs will deduct tax in accordance with the WTC so submitted only if the said WTC has been submitted along with the Form of Acceptance-cum-Acknowledgement and such WTC is valid and effective as of the date on which tax is required to be deducted at source. In absence of such WTC, the Acquirer/PACs will arrange to deduct tax at the maximum rate applicable to the category to which such FII/FII sub-account belongs.

174. It is to be noted that benefit under the applicable DTAA or withholding of tax at source at lower or nil rate will not be entertained without an appropriate certificate issued under section 195 or section 197 of the I-T Act and the TRC provided to it by the Income Tax Authority of such other foreign country of which it claims to be a tax resident. In addition, such Eligible Shareholder shall also be required to provide a self attested declaration containing the following information in Form 10F to the Income Tax Rules, 1962:

(a) Status of the Eligible Shareholder (whether an individual, a company, a firm, etc.);

(b) PAN of the Eligible Shareholder, if allotted;

(c) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

(d) The Eligible Shareholder's tax identification number in the country or specified territory of residence and, in case there is no such number, then a unique number on the basis of which such Eligible Shareholder is identified by the government of the country or specified territory of which the Eligible Shareholder claims to be a resident;

(e) Period for which the residential status, as mentioned in the TRC, is applicable; and

(f) Address of the Eligible Shareholder during the period for which the TRC is applicable.

175. All FII's will be required to submit their PAN for income tax purposes. In case a PAN is not submitted or is invalid or does not belong to the Eligible Shareholder, the Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in section 206AA of the I-T Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.

**Withholding tax implications for resident Eligible Shareholders**

176. In absence of any specific provision under the I-T Act, the Acquirer/PACs will not deduct tax on the consideration payable to resident Eligible Shareholders for acquisition of Equity Shares under the Offer.

177. The Acquirer/PACs will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest (paid for the delay in payment of the Offer Price), if any, payable to resident Eligible Shareholders, if amount of interest payable is in excess of Rs.5,000 (Rupees five thousand only) as per the provisions of section 194A the I-T Act.

178. The resident Eligible Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount (relatable to the delay in payment of the Offer Price), should submit along with the Form of Acceptance-cum-Acknowledgement a WTC issued by the Income Tax Authorities under section 197 of the I-T Act indicating the amount of tax to be deducted by the Acquirer/PACs or, in the case of resident Eligible Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Eligible Shareholder furnishes PAN in such declaration along with a self attested copy of PAN Card. In case the aforesaid WTC or Form 15G or 15H, if applicable, is not submitted, and the amount of interest (relatable to the delay in payment of the Offer Price) payable exceeds Rs. 5,000 (Rupees five thousand only), the Acquirer/PACs will arrange to deduct tax at the maximum rate as may be applicable to the Eligible Shareholder under the I-T Act. Also, no tax is to be deducted on interest amount in the case of the resident Eligible Shareholder being an entity specified as a Mutual Fund under section 10(23D) of the I-T Act or an entity specified under section 194A(3)(iii) of the I-T Act if it submits a self attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement.

**Issue of tax deduction at source certificate**

179. The Acquirer/PACs will issue a certificate in the prescribed form to the Eligible Shareholders (resident and non- resident) who have been paid the consideration and interest (paid for delay in payment of the Offer Price) after deduction of tax, if any, on the same, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of section 203 of the I-T Act read with the Income-tax Rules, 1962.

**Withholding taxes in respect of overseas jurisdictions**

180. Apart from the above, the Acquirer and the PACs will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Eligible Shareholder is a resident for tax purposes ("**Overseas Tax**").

181. For this purpose, the non-resident Eligible Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Eligible Shareholder is a tax resident, and the Acquirer and the PACs will be entitled to rely on this representation at their sole discretion

182. Eligible Shareholders who wish to tender their Equity Shares must submit the following information/documents, as applicable, along with the Form of Acceptance-cum-Acknowledgement:

**Information requirement from non-resident Eligible Shareholders**

(a) Self attested copy of PAN card;

(b) Confirmation in respect of residential status (for tax purposes), status of Eligible Shareholders (e.g. Individual, HUF, Firm, Company, FII, Trust, or any other - please specify);

(c) WTC issued by the Income-tax Authorities under section 195(3) or section 197 of the I-T Act;

(d) TRC along with such information as prescribed in paragraph 163 above where the non-resident Eligible Shareholder is claiming a benefit under the DTAA;

(e) In case of other non-resident Eligible Shareholders (excluding a FII), a self-attested declaration certifying the nature of income arising from the sale of Equity Shares i.e., whether capital gains or business income or interest, if any, by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement;

(f) Self declaration that the non-resident Eligible Shareholder (including a FII) does not have any permanent establishment or business connection in terms of Indian tax laws in case where the income arising from the sale of Equity Shares is in the nature of business income;

(g) In case of FII/FII sub-account, confirmation as referred in paragraph 171 above;

(h) Self attested copy of SEBI registration certificate for FII/FII sub-account; and

(i) Approvals from the RBI and other approval(s) obtained for acquiring the Equity Shares, if applicable.

**Information requirement in case of resident Eligible Shareholder**

(j) Self attested copy of PAN card;

(k) Confirmation in respect of residential status (for tax purposes), status of Eligible Shareholders (e.g. Individual, Firm, Company, Trust, or any other - please specify);

(l) WTC issued by the Income Tax Authorities under section 197 of the I-T Act (applicable only for the interest payment relatable to delay in payment of the Offer Price, if any);

(m) A self declaration form in Form 15G or Form 15H (in duplicate), as applicable for interest payment (relatable to delay in payment of the Offer Price), if any; and

(n) For Mutual Funds and specified entities under section 194A(3)(iii) of the I-T Act – self attested copy of relevant registration or notification (applicable only for the interest payment, if any).

183. Notwithstanding the details given above, all payments will be made to all the Eliglble Shareholders subject to compliance with the prevailing tax laws. The tax deducted under the Offer is not the final liability of the Eligible Shareholders or in no way discharges the obligation of Eligible Shareholders to disclose the amount received pursuant to the Offer in their respective tax returns. The tax rates and other provisions may undergo change.

184. All Eligible Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PACs and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth hereinabove. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

## VIII. Documents for Inspection

Copies of the following documents will be available for inspection to the Eligible Shareholders at the office of the Manager to the Offer at 13/14, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai – 400 030 on any Working Day, *i.e.* Monday to Friday and not being a bank holiday in Mumbai, between 10:30 a.m. to 1:00 p.m. from the date of opening of the Offer until the closure of the Offer:

1. Certified true copies of the Certificate of Incorporation and Memorandum and Articles of Association of the Acquirer;

2. Audited standalone financial statements of the Acquirer for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013 and consolidated financial statements for the financial years ended 31 March 2012 and 31 March 2013;

3. Constitutional documents of PAC1 and PAC2;

4. Certified true copies of the Certificate of Incorporation and Memorandum of Association and Articles of Association of the Target Company;

5. Annual reports of the Target Company for the financial years ended 31 March 2011, 31 March 2012 and 31 March 2013;

6. Certificate from M/s. Ramesh Babu & Associates, Chartered Accountants dated 28 August 2013, certifying the adequacy of financial resources of the Acquirer to fulfil its Offer obligations;

7. Bank Guarantee dated 26 August 2013 issued by Axis Bank Limited for Rs. 125,000,000 in favour of the Manager to the Offer;

8. Escrow Agreement dated 26 August 2013 between the Acquirer, PAC1, PAC2, PAC3, Axis Bank Limited and the Manager to the Offer;

9. Letter dated 27 August 2013 from Axis Bank Limited, confirming the deposit of Rs. 6,000,000 in the Cash Escrow Account and a lien in favour of Manager to the Offer;

10. Copy of the Public Announcement dated 17 July 2013 and published copy of the Detailed Public Statement dated 30 August 2013 and the Offer opening advertisement dated [●];

11. Copy of the recommendation dated [●] made by the committee of the independent directors of the Target Company; and

12. Copy of the letter number [●] from SEBI dated [●] 2013 containing its comments on the DLoF.

## IX. Declaration by the Acquirer and the PACs

For the purpose of disclosures in this DLoF relating to the Target Company, the Acquirer and the PACs have relied on the information provided by the Target Company and have not independently verified the accuracy of details of the Target Company. Subject to the aforesaid, the Acquirer and the PACs accept full responsibility for the information contained in this DLoF, including the attached Form of Acceptance-cum-Acknowledgement (other than such information as has been obtained from public sources or provided or confirmed by the Target Company or any subsidiaries or entities controlled by the Target Company).

The Acquirer and the PACs also accept full responsibility for their obligations under the Offer and shall be severally and jointly liable for ensuring compliance with the SEBI (SAST) Regulations.

Signed by

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|---|---|
| **For and on behalf of the Acquirer**<br>**Agile Electric Sub Assembly Private Limited**<br><br>Sd /-<br><br>Authorised Signatory<br>Name: Rajagopalan Chandrasekaran<br>Place: Chennai<br>Date: 6 September 2013 | **For and on behalf of PAC1**<br>**Blackstone Capital Partners (Singapore) VI FDI Three Pte. Ltd.**<br><br>Sd /-<br><br>Authorised Signatory<br>Name: Kishore Moorjani<br>Place: Singapore<br>Date: 6 September 2013 |
| **On behalf of the PAC2**<br>**BFIP (Cayman) VI-ESC FDI Three Limited**<br><br>Sd /-<br><br>Authorised Signatory<br>Name: Kishore Moorjani<br>Place: Singapore<br>Date: 6 September 2013 | **PAC3**<br>**Padmanabhan Mukund**<br><br>Sd/-<br><br>For himself<br>Place: Chennai<br>Date: 6 September 2013 |

Encl:

Form of Acceptance-cum-Acknowledgement
Mandate Form – Electronic Clearing Service
Transfer Deed for shareholders holding shares in physical form.