

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (“LoF”) is sent to you as a shareholder of Kernex Microsystems (India) Limited (“KMIL”/“Target Company”). If you require any clarifications about the action to be taken, you may consult your stock broker or Investment Consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer (“LoF”) and the accompanying form of acceptance and Transfer Deed to the member of the Stock Exchanges through whom the said sale was effected.

OPEN OFFER BY

Mr. Anji Raju Manthena (“Acquirer”)

Residing at 1906, Ray Shell CT, Seabrook, Texas-77586, United States of America.

Contact No.: +1 83272 41855, **E-Mail ID:** ragu043@aol.com

to the existing shareholders of

KERNEX MICROSYSTEMS (INDIA) LIMITED



(CIN: L30007TG1991PLC013211)

Registered Office: Plot No 38 (part)-41, Survey No 1/1, Hardware Technology Park, TSIIIC Layout, Kancha Imarat, Raviryal Village, Maheswaram Mandal, Ranga Reddy District, Hyderabad- 501 510. Telangana. India.

Contact No.: +91 84146 67601; **E-Mail ID:** acs@kernex.in; **Website:** www.kernex.in

to acquire 32,50,000 Equity Shares of ₹10 each representing 26% of Equity Share Capital/Voting Capital of the Target Company at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share (“Offer Price”), payable in cash

- This Offer is being made by the Acquirer pursuant to Regulation 3(1) and Regulation 3(3) of SEBI (SAST) Regulations 2011.
- This Offer is not conditional upon any minimum level of acceptance by the Shareholder(s) of the Target Company.
- As on date of this Letter of Offer, there are no Statutory Approvals required to acquire Equity Shares that are validly tendered pursuant to this Open Offer. However, the Open Offer would be subject to all Statutory Approvals that may become applicable at a later date but before completion of the Open Offer.
- If there is any upward revision in the Offer Price/Offer Size at any time prior to commencement of one (1) working day before the commencement of the Tendering Period i.e. January 13, 2022 (Thursday) in terms of the SEBI (SAST) Regulations, 2011, the same would also be informed by way of an announcement in the same newspapers where the Detailed Public Statement (‘DPS’) was published. Such revised Offer Price would be payable to all the Shareholders, who have validly tendered their Equity Shares anytime during the Tendering Period to the extent their Equity Shares have been verified and accepted under the Offer, by the Acquirer. If the Offer is withdrawn pursuant to Regulation 23 of SEBI (SAST) Regulations, 2011, the same would be communicated within two (2) working days by an announcement in the same newspapers in which the DPS had been published.
- **There was no Competitive Bid.**
- A copy of the Public Announcement (‘PA’), Detailed Public Statement (‘DPS’), Draft Letter of Offer (‘DLoF’) and Letter of Offer (‘LoF’) is also available on the website of Securities and Exchange Board of India (‘SEBI’) at www.sebi.gov.in.

MANAGER TO THE OFFER		REGISTRAR TO THE OFFER	
	Mark Corporate Advisors Private Limited CIN: U67190MH2008PTC181996 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057, Maharashtra, India. Tel. No.: +91 22 2612 3207/08 E-Mail ID: openoffer@markcorporateadvisors.com Contact Person: Mr. Manish Gaur SEBI Reg. No.: INM000012128		Venture Capital And Corporate Investments Private Limited CIN: U65993TG1986PTC06936 12-10-167, Bharat Nagar, Hyderabad, Telangana-500 018. India. Tel. No.: +91 40 2381 8475/2381 8476/2386 8023 E-Mail ID: investor.relations@vccipl.com/ pvsrinivas@vccipl.com Contact Person: P V Srinivasa Rao Website: www.vccipl.com SEBI Reg. No.: INR000001203
Offer Opens on : January 17, 2022 (Monday)		Offer Closes on : January 31, 2022 (Monday)	

SCHEDULE OF MAJOR ACTIVITIES PERTAINING TO THE OFFER:

Nature of Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Date of the Public Announcement	September 20, 2021	Monday	September 20, 2021	Monday
Date of publishing the Detailed Public Statement	September 27, 2021	Monday	September 27, 2021	Monday
Last date for filing of Draft Letter of Offer with SEBI	October 04, 2021	Monday	October 04, 2021	Monday
Last date of a competing offer	October 20, 2021	Wednesday	October 20, 2021 [^]	Wednesday
Last date for receipt of SEBI observations on the DLOF	October 27, 2021	Wednesday	December 30, 2021 [@]	Thursday
Identified Date*	October 29, 2021	Friday	January 03, 2022	Monday
Last date by which the Letter of Offer will be dispatched to the Shareholders (<i>Except the Acquirer/Promoter/Promoter Group of the Target Company/ Seller(s)</i>) as on the identified date	November 09, 2021	Tuesday	January 10, 2022	Monday
Last date by which the recommendation of the committee of Independent Directors of the Target Company will be given and published	November 11, 2021	Thursday	January 12, 2022	Wednesday
Last Date for revising the Offer Price/number of shares	November 12, 2021	Friday	January 13, 2022	Thursday
Date of Public Announcement for Opening the Offer	November 15, 2021	Monday	January 14, 2022	Friday
Date of Commencement of the Tendering Period (“Offer Opening date”)	November 16, 2021	Tuesday	January 17, 2022	Monday
Date of Closing of the Tendering Period (“Offer Closing date”)	November 30, 2021	Tuesday	January 31, 2022	Monday
Last date for communicating rejection/acceptance and payment of consideration for accepted equity shares/credit of unaccepted shares to demat account	December 14, 2021	Tuesday	February 14, 2022	Monday

[^] There is no competing offer as on the date of this LOF.

[@] Actual date of receipt of SEBI’s final observations on the DLOF.

* Identified Date is only for the purpose of determining the names of the Eligible Shareholders (*Except the Acquirer/Promoter/Promoter Group of the Target Company/Seller(s)*) as on such date to whom the Letter of Offer will be sent. It is clarified that all the holders (registered or unregistered) of Equity Shares (*except those who are excluded in the ambit of Eligible Shareholders*) of the Target Company, are eligible to participate in this Offer any time during the tendering period of the Offer.

RISK FACTORS:

Given below are the risks related to the proposed Offer and those associated with the Acquirer:

Relating to the Proposed Offer:

- 1) This Offer is not subject to the receipt of any statutory approvals. If any Statutory Approval is required or become applicable at a later date, the Acquirer shall make the necessary applications for such Statutory Approvals and therefore, in the event that either the statutory approvals or regulatory approvals, if any, are not received in a timely manner or there is any litigation to stay the Offer, or SEBI instructs the Acquirer not to proceed with the Offer, the Offer process may be delayed beyond the schedule of activities indicated in this LoF. Consequently, the payment of consideration to the Eligible Shareholders of Target Company, whose Equity Shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirer, may be delayed. Where the statutory approvals extend to some but not all of the Eligible Shareholders, the Acquirer shall have the option to make payment to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the Eligible Shareholders of the Target Company who have accepted the Offer within such period, subject to the Acquirer agreeing to pay interest for the delayed period, if directed by SEBI, in terms of Regulation 18(11A) of the Regulations.
- 2) In case of over-subscription in the Offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the shareholders in the Offer will be accepted.
- 3) Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw their shares, even if the acceptance of equity shares under this Offer and despatch of consideration are delayed.

Relating to the Acquirer:

- 1) The Acquirer cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- 2) The Acquirer and the Manager to the Offer accepts no responsibility for the statements made otherwise than in the Public Announcement ('PA')/Detailed Public Statement ('DPS')/Draft Letter of Offer ('DLoF')/Letter of Offer ('LoF') and anyone placing reliance on any other sources of information, not released by the Acquirer, would be doing so at his / her / its own risk.

The Risk Factors set forth above pertain to the Offer and does not relate to the present or future business or operations of the Target Company or any other matters and are neither exhaustive nor intended to constitute a complete or comprehensive analysis of the risks involved in or associated with the participation by any Shareholder in the Offer. Each Shareholder of the Target Company is hereby advised to consult with legal, financial, tax, investment or other advisors and consultants of their choice, if any, for further risks with respect to each such Shareholder's participation in the Offer.

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1. ABBREVIATIONS/DEFINITIONS

Acquirer	Mr. Anji Raju Manthena
BSE	BSE Limited, Mumbai
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and Companies Act, 2013
CP	Conditions Precedent
DP	Depository Participant
Detailed Public Statement/ DPS	Detailed Public Statement relating to the Offer published on September 27, 2021 (Monday)
Eligible Shareholders	All shareholders of the Target Company who are eligible to tender their Equity Shares in the Open Offer, excluding (i) the Acquirer; (ii) parties to the underlying Share Sale/Purchase Confirmation (“SSPC”); (iii) members of the Promoter and the Promoter Group of the Target Company
Equity Share Capital of the Target Company	Paid-up Equity Share Capital of ₹12,49,96,550 (Rupees Twelve Crores Forty Nine Lakhs Ninety Six Thousand Five Hundred Fifty only) comprising of 1,24,99,655 (One Crore Twenty Four Lakhs Ninety Nine Thousand Six Hundred Fifty Five) Equity Shares of ₹10 each fully paid-up
Equity Shares	Fully paid-up Equity Shares of the Target Company of the Face Value of ₹10 each
Escrow Account	Shall have the meaning given to it in paragraph 6.2.2 of this LoF
Escrow Amount	Shall have the meaning given to it in paragraph 6.2.2 of this LoF
Escrow Bank	IndusInd Bank Limited
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FIIs/FPIs	Foreign Institutional Investors / Foreign Portfolio Investors registered with SEBI
Identified Date	January 03, 2022 (Monday) i.e. date falling on the tenth (10 th) Working Day prior to the commencement of Tendering Period, for the purposes of determining the Eligible Shareholders to whom this LoF shall be sent
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961, as amended from time to time
INR/Rs./ ₹	Indian Rupees, the legal currency of India
KMIL/Target Company	Kernex Microsystems (India) Limited
Letter of Offer/LoF	This Letter of Offer dated January 05, 2022
Manager/Manager to the Offer	Mark Corporate Advisors Private Limited
MICR	Magnetic Ink Character Recognition
NA/N.A.	Not Applicable
Non-Resident Shareholder(s)	Persons resident outside India as defined under FEMA, holding Equity Shares of the Target Company
NRI	Non-Resident Indian
NSE	National Stock Exchange of India Limited, Mumbai
OCBs	Overseas Corporate Bodies
Offer Period	Period from the date of entering into an agreement, to acquire Equity Shares, Voting Rights in, or control over a Target Company requiring a Public Announcement, or the date of Public Announcement, and the date on which the payment of consideration to Shareholders who have accepted the Open Offer is made, or the date on which the Open Offer is withdrawn
Offer/Open Offer	The Open Offer is made by the Acquirer to the Eligible Shareholders to acquire up to 32,50,000 Equity Shares representing 26% of the Equity Share Capital/Voting Capital of the Target Company
Offer Price	₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share
Offer Size	Upto 32,50,000 Equity Shares representing 26% of Equity Share Capital/Voting Capital of the Target Company at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share, aggregating to ₹24,21,25,000 (Rupees Twenty Four Crores Twenty One Lakhs Twenty Five Thousand only)
Public Announcement/PA	Public Announcement of the Offer issued by the Manager to the Offer, on behalf of the Acquirer on September 20, 2021 (Monday)

Promoters	Promoters of Kernex Microsystems (India) Limited as per Regulation 31(1)(b) of SEBI (LODR) Regulations, 2015
Public Shareholders	The Equity Shareholders of the Target Company other than the Acquirer, Selling Shareholders and the Promoters/Promoter Group of the Target Company
Registrar/Registrar to the Offer	Venture Capital and Corporate Investments Private Limited
RTGS	Real Time Gross Settlement
Sale Shares	10,98,000 Equity Shares of ₹10 each of Kernex Microsystems (India) Limited
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended or modified from time to time
SEBI (LODR) Regulations, 2015	Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, and subsequent amendments thereof
SEBI (SAST) Regulations, 2011/ SEBI Takeover Code/ Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and subsequent amendments thereof
Sellers/Selling Shareholders	Mr. Anand Raju Datla (“Seller 1”), Mr. Meduri Raghunath (“Seller 2”) and Mr. Rajendra Kumar Penumatsa (“Seller 3”)
SSPC/Agreement	Share Sale/Purchase Confirmation dated September 20, 2021 (Monday)
Stock Exchanges	BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai
Tendering Period	Period within which Shareholders of the Target Company may tender their Equity Shares in acceptance to the Offer, i.e. the period between and including January 17, 2022 (Monday) and January 31, 2022 (Monday)

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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. THE 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 SHAREHOLDERS OF KERNEX MICROSYSTEMS (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 OR THE COMPANY WHOSE SHARES AND CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES HIS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, MARK CORPORATE ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 04, 2021 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1. BACKGROUND OF THE OFFER

3.1.1. This Open Offer is being made by Mr. Anji Raju Manthena one of the Promoter and Director of the Target Company (hereinafter referred to as “Acquirer”) to the Eligible Shareholders of Kernex Microsystems (India) Limited (hereinafter referred to as “KMIL”/“Target Company”) pursuant to and in compliance with Regulation 3(1) and Regulation 3(3) of the Regulations to acquire upto 32,50,000 Equity Shares of ₹10 each representing 26% of the Equity Share Capital/Voting Capital of the Target Company (“Offer Size”) at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share (“Offer Price”), payable in cash, subject to the terms and conditions set out in the PA, DPS, DLoF and LoF that will be sent to the Public Shareholders of the Target Company.

3.1.2. The details of the Transactions which triggered the Open Offer are as under:

The Acquirer has entered into a separate Share Sale/Purchase Confirmation (“SSPC”) with each of the existing Shareholders (hereinafter referred to “Selling Shareholders”/“Sellers”) of the Target Company for 10,98,000 Equity Shares representing 8.78% of the Equity Share Capital/Voting Capital of the Target Company at a price of ₹55 per equity share. The details of the acquisitions through SSPC are as under:

Sr. No.	Name, PAN & Address	Part of Promoter Group (Yes/No)	Details of Shares/Voting Rights held by the Selling Shareholders			
			Pre Transaction		Post Transaction	
			No of Shares	% vis a vis total Share Capital	No of Shares	% vis a vis total Share Capital
1)	Mr. Anand Raju Datla (“Seller 1”) PAN: AAFPD 8638 N Address: Flat No. 302, Sai Raghavendra Brundavan, Plot No. 103, Near Zenas School, Mathrusri Nagar,	No	4,98,000	3.98%	Nil	Not Applicable

Sr. No.	Name, PAN & Address	Part of Promoter Group (Yes/No)	Details of Shares/Voting Rights held by the Selling Shareholders			
			Pre Transaction		Post Transaction	
			No of Shares	% vis a vis total Share Capital	No of Shares	% vis a vis total Share Capital
	Miyapur, Hyderabad, Telangana-500 049. India.					
2)	Mr. Meduri Raghunath (“Seller 2”) PAN: ABWPM 3542 Q Address: 1-66/mb/40, Meenakshi Bamboos, Opp. Ramky Towers, Gachibowli, Serilingampally, K. V. Rangareddy, Telangana-500 032. India.	No	4,00,000	3.20%	Nil	Not Applicable
3)	Mr. Rajendra Kumar Penumatsa (“Seller 3”) PAN: CALPP 9028 C Address: Flat No. 305, Rock Levelz Gulmohar Avenue, Road No. 12, Near ICICI Bank Banjara Hills, Khairatabad, Banjara Hills, Hyderabad, Telangana-500 034. India.	No	2,00,000	1.60%	Nil	Not Applicable
	TOTAL		10,98,000	8.78%	Nil	Not Applicable

3.1.3.A Demat Escrow Account has been opened with R.L.P. Securities Private Limited title being ANJI RAJU MANTHENA-DEMAT ESCROW ACCOUNT (“**DP Escrow Account**”) and accordingly the above Equity Shares is being transferred in the said DP Escrow Account. The Manager to the Offer shall have the right to operate the DP Escrow Account and the Acquirer will not be exercising any voting rights over the said Equity Shares.

3.1.4.The Sellers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended or under any other regulation made under the SEBI Act, 1992.

3.1.5.The common Salient features of the Share Sale/Purchase Confirmation (“SSPC”) are as under:

- (i) The Acquirer shall acquire in aggregate 10,98,000 (Ten Lakhs Ninety Eight Thousand) Equity Shares representing 8.78% of the paid-up Equity Share Capital and Voting Capital of the Target Company from the Sellers triggering the open offer under the SEBI Takeover Code.
- (ii) The Negotiated Price for the purchase of the said Equity Shares shall be ₹55 (Rupees Fifty Five only) per Equity Share aggregating ₹6,03,90,000/- (Rupees Six Crores Three Lakhs Ninety Thousand only) (“**Purchase Consideration**”).

- (iii) On signing of the Share Sale/Purchase confirmation, an earnest money deposit of 10.00% (Ten percent) of the total consideration i.e. ₹60,39,000 (Rupees Sixty Lakhs Thirty Nine Thousand) will be paid to the Sellers by the Acquirer for the Sale Shares and the said Sale Shares will be transferred to the Demat Escrow Account opened by the Acquirer and the operating authority for which rests with the Merchant Banker (“**Manager to the Offer**”).
- (iv) The balance amount of ₹5,43,51,000 will be paid after the completion of Open Offer formalities and transfer of Shares to the Demat Account of the Acquirer, which may be the date not later than 120 days from the date of execution of the Agreement or such extended period as may be mutually agreed upon in writing by the parties.

3.1.6. The Proposed change in control of the Target Company is not through any Scheme of Arrangement.

3.1.7. There may be changes in the composition of Board of Directors of the Target Company after the completion of Offer, in accordance with applicable laws (including without limitation, the Companies Act, 2013, the SEBI (LODR) Regulations and Regulation 24 of the SEBI (SAST) Regulations). No proposal in this regard has been finalized as on the date of this LOF.

3.1.8. As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors are required to constitute a committee of Independent Directors to provide reasoned recommendation on this Offer to the Eligible Shareholders. Such recommendation shall be published at least two (2) working days before the commencement of the Tendering Period in the same newspapers where the DPS was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

3.1.9. No other persons/individuals/entities are acting in concert with the Acquirer for the purpose of this Offer in terms of Regulation 2 (1) (q) of the SEBI (SAST) Regulations.

3.2. DETAILS OF THE PROPOSED OFFER

3.2.1. The PA announcing the Open Offer, under Regulation 3(1) and Regulation 3(3) read with Regulation 13, 14 and 15 of the Regulations was made on September 20, 2021 and was submitted with Securities and Exchange Board of India (“**SEBI**”), BSE Limited, Mumbai (“**BSE**”), National Stock Exchange of India Limited, Mumbai (“**NSE**”) and the Target Company on the same day through e-mail and submitted the hard copy to Securities and Exchange Board of India (“**SEBI**”), on September 21, 2021.

3.2.2. In accordance with Regulations 13(4) and 14(3) of the SEBI (SAST) Regulations, the DPS was published on September 27, 2021 (Monday) in the following newspapers:

Publication	Language	Edition(s)
Business Standard	English	All Editions
Business Standard	Hindi	All Editions
Nava Telangana	Telugu	Hyderabad
Navshakti	Marathi	Mumbai

The Public Announcement and Detailed Public Statement are also available on the website of SEBI at www.sebi.gov.in.

A copy of the DPS was filed through the Manager to the Offer with SEBI, Stock Exchanges and the Target Company through e-mail on September 27, 2021. The hard copy was submitted to Securities and Exchange Board of India (“**SEBI**”), on September 27, 2021.

3.2.3. This Offer is made by the Acquirer to all Eligible Shareholders, to acquire upto 32,50,000 Equity Shares representing 26% of the Equity Share Capital/Voting Capital, at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share, to be paid in cash, in accordance with Regulation 9(1)(a) of the Regulations and subject to the terms and conditions set out in the PA, the DPS and LoF.

3.2.4. There is no differential pricing for the Offer.

3.2.5. This is not a Competing Offer in terms of Regulation 20 of the Regulations. There has been no competing offer as of the date of this LoF.

- 3.2.6. The Offer is unconditional and not subject to any minimum level of acceptance from the shareholders. In terms of Regulation 19(1) of the Regulations, the Acquirer will accept those Equity Shares of the Target Company which are tendered in valid form in terms of this Offer upto a maximum of 32,50,000 Equity Shares representing 26% of the Equity Share Capital/Voting Capital of the Target Company.
- 3.2.7. The Acquirer has not acquired any shares of the Target Company after the date of PA i.e. September 20, 2021 and up to the date of this LoF.
- 3.2.8. The Acquirer will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, 2011 in the event Statutory Approvals are refused. In the event of withdrawal of this Offer, a Public Announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which the DPS has been published and such Public Announcement will also be sent to SEBI, Stock Exchanges and the Target Company.
- 3.2.9. As on date, the Manager to the Offer, Mark Corporate Advisors Private Limited does not hold any Equity Shares in the Target Company. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period as per Regulation 27(6) of the SEBI (SAST) Regulations, 2011.
- 3.2.10. The Equity Shares of the Target Company acquired by the Acquirer shall be free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 3.2.11. As per Regulation 38 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI (LODR) Regulations, 2015**”) read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended (“**SCRR**”), the Target Company is required to maintain at least 25% Public Shareholding, on continuous basis for listing. If, as a result of the acquisition of Equity Share through SSPC and/or after completion of this Offer, assuming full acceptance, the Public Shareholding in the Target Company will not fall below the minimum public shareholding requirement as per SCRR as amended and the SEBI (LODR) Regulations, 2015, as amended.

3.3. OBJECT OF THE OFFER

- 3.3.1. This Offer is being made to the public shareholders of Target Company pursuant to and in compliance with regulation 3(1) and 3(3) of the Regulations.
- 3.3.2. At present, the Acquirer does not have any plans to make major changes to the existing line of business of the Target Company except in the ordinary course of business. The main purpose of takeover is to expand the Company’s existing business activities in the same line through exercising the effective management and control over the Target Company. The Acquirer may reorganize the present Capital structure of the Company and also further strengthen the Board.
- 3.3.3. The Object of the acquisition is substantial acquisition of Shares/Voting Rights of the Target Company and to consolidate his shareholding in the Target Company.
- 3.3.4. The Acquirer do not have any plans to alienate any significant assets of the Target Company whether by way of sale, lease, encumbrance or otherwise for a period of two years except in the ordinary course of business of the Target Company. The Target Company's future policy for disposal of its assets, if any, for two years from the completion of Offer will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders through Special Resolution passed by way of postal ballot in terms of regulation 25(2) of the Regulations.

4. BACKGROUND OF THE ACQUIRER

4.1. Information about Mr. Anji Raju Manthena (“Acquirer”)

- 4.1.1. Mr. Anji Raju Manthena, s/o Rama Raju Manthena, aged about 76 years, is presently residing at 1906, Ray Shell CT, Seabrook, Texas-77586, United States of America, Contact No.: +1 83272 41855, E-Mail ID: ragu043@aol.com. He did Masters of Surgery in General Surgery from Andhra University. His Permanent Account Number (PAN) under Indian Income Tax Act is ARHPM 7137 J. He has over four decades of

experience as a practicing Physician in Houston, Texas, USA including over two decades of experience in the field of software related activities.

- 4.1.2. The Acquirer is not part of any group.
- 4.1.3. As on date, the Acquirer is already a member of the Promoter/Promoter Group of the Target Company. He individually holds 4,14,078 Equity Shares representing 3.31% of the Equity Share Capital of the Target Company. However, his holding along with other members of the Promoter/Promoter Group aggregates to 27,92,245 Equity Shares representing 22.34% of the Equity Share Capital of the Target Company. Further, he has also entered into a Share Sale/Purchase Confirmation (“SSPC”) with the existing members of the Non-Promoter Group (“Sellers”) of the Target Company on September 20, 2021 for acquisition of 10,98,000 Equity Shares representing 8.78% of the Equity Share Capital of the Target Company.
- 4.1.4. The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11 B of the SEBI Act, 1992 and there are no directions subsisting and proceedings pending against the Acquirer under SEBI Act, 1992 and regulations made thereunder or by any other Regulator.
- 4.1.5. The Net Worth of Acquirer is \$73,88,877 (US Dollars Seventy Three Lakhs Eighty Eight Thousand Eight Hundred Seventy Seven only) equivalent to ₹54,30,82,459.50 (Rupees Fifty Four Crores Thirty Lakhs Eighty Two Thousand Four Hundred Fifty Nine and Paise Fifty only) as on August 31, 2021 as certified vide certificate dated September 01, 2021 issued by Francisco Lopez, CPA (Membership No. TX092607) having office at 5629 Cypress Creek Pkwy, Suite 340, Houston, Texas-77069, Contact No.: +1 83223 60275, E-Mail ID: francisco.j.lopez25@gmail.com. (One US Dollar = ₹73.50).
- 4.1.6. Neither the Acquirer nor any of the entities with whom the Acquirer is associated, are in Securities related business and registered with SEBI as a Market Intermediary.
- 4.1.7. Mr. Anji Raju Manthena is a registered Overseas Citizen of India and holding a valid registration card. The Equity Shares to be acquired by him by way of SSPC as well as in this Open Offer will be on a non-repatriable basis.
- 4.1.8. Mr. Anji Raju Manthena is already on the Board of the Target Company as Non-Executive Non-Independent Director. Apart from him, his daughter, Ms. Sreelakshmi Manthena is also on the Board of the Target Company as Non-Executive Non-Independent Director and his son, Mr. Sitarama Raju Manthena is also on the Board of the Target Company as a Whole Time Director. They will recuse themselves and not participate in any matter concerning or relating to this Offer including any preparatory steps leading to this Offer.
- 4.1.9. The Acquirer has not promoted any company whether listed or not on any Stock exchange in India except for the Kernex Microsystems (India) Limited (“Target Company”).
- 4.1.10. The Acquirer will continue to be the Promoter of the Company, after completing all the Open Offer formalities pursuant to the Regulations.
- 4.1.11. The Acquirer is not in the list of ‘wilful defaulters’ issued by any bank, financial institution, or consortium thereof in accordance with guidelines on wilful defaulters issued by RBI and as per Regulation 6A of SEBI (SAST) Regulations.
- 4.1.12. The Acquirer has not been declared as a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018) as per Regulation 6B of SEBI (SAST) Regulations.
- 4.1.13. There are no persons Acting in Concert in relation to the Offer within the meaning of 2(1)(q)(1) of the Regulations.
- 4.1.14. The Acquirer undertake not to directly/indirectly sell any equity shares in the Target Company during the Offer Period in terms of Regulations 25(4) of SEBI (SAST) Regulations, 2011.
- 4.1.15. The Acquirer has complied with Regulation 29 (3) of SEBI (SAST) Regulations, 2011, wherever applicable.

5. BACKGROUND OF THE TARGET COMPANY-KERNEX MICROSYSTEMS (INDIA) LIMITED

- 5.1. The Target Company, bearing CIN L30007TG1991PLC013211 was incorporated on September 16, 1991 in the name of 'Kernex Microsystems (India) Private Limited' in the State of Andhra Pradesh pursuant to the provisions of the Companies Act, 1956. Subsequently, the name of the Target Company was changed to Kernex Microsystems (India) Limited and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh Hyderabad, on September 26, 2000. There has been no change in the name of the Company during the last three years.
- 5.2. The Registered Office is currently situated at Plot No 38 (part)-41, Survey No 1/1, Hardware Technology Park, TSIIC Layout, Kancha Imarat, Raviryal Village, Maheswaram Mandal, Ranga Reddy District, Hyderabad-501 510. Telangana. India. Contact No.: +91 84146 67601.
- 5.3. The Authorized Share Capital of the Target Company is ₹15,00,00,000 (Rupees Fifteen Crores only) consisting of 1,50,00,000 (One Crore Fifty Lakhs only) Equity Shares of ₹10 each. The Paid-up Equity Share Capital of the Target Company is ₹12,49,96,550 (Rupees Twelve Crores Forty Nine Lakhs Ninety Six Thousand Five Hundred Fifty only) comprising of 1,24,99,655 (One Crore Twenty Four Lakhs Ninety Nine Thousand Six Hundred Fifty Five) Equity Shares of ₹10 each fully paid-up.
- 5.4. The Target Company is engaged in the business of Embedded Solutions Provider and System integrator with proven track record in providing professional Electronics Equipment operating under stringent / harsh environmental conditions for the Rail industry.
- 5.5. The Equity Shares of the Target Company are listed on BSE Limited, ("BSE") (Scrip Code: 532686 and Symbol: KERNEX) and National Stock Exchange of India Limited, Mumbai ("NSE") (Symbol: KERNEX) (hereinafter collectively referred to as "Stock Exchanges"). The ISIN of the Target Company is INE202H01019.
- 5.6. As on date, the Target Company is fully compliant with applicable provisions of the Listing Agreement as well as SEBI (LODR) Regulations, 2015 as amended except non-dematerialisation of 1,18,675 Equity Shares belonging to the Promoter/Promoter Group representing 0.95% of the Equity Share Capital/Voting Capital of the Target Company. Further, there has not been any penal/punitive action taken by the Stock Exchanges.
- 5.7. As on date of LoF there are no directions subsisting or proceedings pending against the Target Company under SEBI Act, 1992 and regulations made thereunder or by any other Regulator.
- 5.8. SEBI may initiate appropriate actions against the Promoter(s)/Promoter Group in terms of SEBI (SAST) Regulations, 2011 and provisions of SEBI Act for certain Non-Compliances by Promoter(s)/Promoter Group.
- 5.9. As on date there has been no action initiated against the Promoters/Promoter Group of the Target Company for non-compliance with Regulation 29(2) of SEBI (SAST) Regulations, 2011.
- 5.10. The Promoters/Promoter Group, Directors and KMPs of the Target Company are not in the list of 'wilful defaulters' issued by any bank, financial institution, or consortium thereof in accordance with guidelines on wilful defaulters issued by RBI and as per Regulation 6A of SEBI (SAST) Regulations.
- 5.11. The Promoters/Promoter Group, Directors and KMPs of the Target Company have not been declared as a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018) as per Regulation 6B of SEBI (SAST) Regulations.

5.12. Share Capital Structure:

The Equity Share Capital Structure of the Target Company is as follows:

Paid-up Shares	No. of Equity Shares/Voting Rights	% of Equity Shares/Voting Rights
Fully Paid-up Equity Shares	12,49,96,550	100.00%
Partly Paid-up Equity Shares	Nil	N.A.
Total Paid-up Equity Shares	12,49,96,550	100.00%

5.13. As of the date of this LoF, there are no: (i) partly paid-up Equity Shares; and (ii) outstanding convertible instruments (warrants/fully convertible debentures/partially convertible debentures) issued by the Target Company. Further, there is no differential pricing for the Offer. There has been no merger/de-merger or spin off in the Target Company during the past three years.

5.14. Details of the Board of Directors of the Target Company:

As on the date, the Directors representing the Board of the Target Company are:

Sr. No.	Name of the Director, DIN, PAN & Designation	Address of the Director	Date of Appointment	Experience and Field		No of Shares held in the TC	
				Years	Field	No. of Shares	%
1)	Anji Raju Manthana <i>Designation:</i> Non-Executive Non-Independent Director <i>DIN:</i> 01022368 <i>PAN:</i> ARHPM 7137 J	1906, Rayshell CT, Sea Brook, Texas- 77586, USA	September 30, 2019	47	Medical	414078	3.31
2)	Janardhana Reddy Vinta <i>Designation:</i> Non-Executive – Non-Independent Director <i>DIN:</i> 02414912 <i>PAN:</i> AGAPV 5054 F	2314, Sycamoregrove Drive, Houston, Texas-77062, USA	September 30, 2019	47	Physician	199655	1.60
3)	Sreelakshmi Manthana <i>Designation:</i> Non-Executive Non-Independent Director <i>DIN:</i> 07996443 <i>PAN:</i> ARJPM 3530 B	1906, Rayshell CT, Sea Brook , Texas 77586, USA	November 20, 2017	7	Business Development	640398	5.12
4)	Sitarama Raju Manthana <i>Designation:</i> Whole Time Director <i>DIN:</i> 08576273 <i>PAN:</i> ARJPM 3294 J	B-410, Vertex Sadguru Krupa, Nizampet Road, Kukatpally, Beside Sangmitra School Hyderabad-500 085	September 02, 2020	20	International Business and Development	712992	5.70

Sr. No.	Name of the Director, DIN, PAN & Designation	Address of the Director	Date of Appointment	Experience and Field		No of Shares held in the TC	
				Years	Field	No. of Shares	%
5)	Manthena Badari Narayana Raju <i>Designation:</i> Whole Time Director <i>DIN:</i> 07993925 <i>PAN:</i> AFYPM 7323 P	16-3-21, Plot No 1113 G 1, Bhagathsingh Nagar, Phse 2, Hyder Nagar, Kukatpally, Hyderabad, Telangana-500 072	September 02, 2020	20	Administration	2078	0.001
6)	Sreenivasa Rao Ravinuthala <i>Designation:</i> Non-Executive Independent Director & Chairperson <i>DIN:</i> 03271625 <i>PAN:</i> ACHPR 8944 H	Plot No.31,32-126/3, Bank Colony, Remakrishnapuram, Secunderabad - 500 056	September 30, 2019	32	Practicing Cost & Management Accountant	Nil	N.A.
7)	Koganti Somasekhara Rao <i>Designation:</i> Non-Executive Independent Director <i>DIN:</i> 08576216 <i>PAN:</i> AEGPS 0752 M	MIG B 64, Dr. A S Rao Nagar, Ranga Reddy District, ECIL (PO), Hyderabad - 500 062	September 30, 2019	23	design, development Engineering and execution of SCADA projects	Nil	N.A.
8)	Krishna Mohan A V S <i>Designation:</i> Non-Executive Independent Director <i>DIN:</i> 07967460 <i>PAN:</i> ABAPK 3456 B	8-3-898/25, Flat no 402, Bhaskar Enclave, Nagarjuna Nagar, Road no.7, Near Nagarjuna Nagar Community hall, Khairatabad, Srinagar Colony, Hyderabad - 500073	February 08, 2020	40	Commercial Banking	Nil	N.A.

5.15. The Audited key Financial Information on Consolidated Basis as at and for the Financial Year ended March 31, 2021, March 31, 2020 and March 31, 2019 of the Target Company are as under:

Audited Consolidated Profit and Loss Statement:

(Amount in Lakhs)

Particulars	For the financial year ended		
	2020 - 2021	2019 - 2020	2018 - 2019
	(Audited)	(Audited)	(Audited)
Revenue from Operations	1,832.34	1,488.12	813.61
Other Income	125.86	1,828.84	2,072.81
Total Income	1,958.21	3,316.96	2,886.43
Expenses:			
Cost of Material Consumed	943.72	906.34	549.49
Purchase of Stock-in-Trade	-	-	12.25
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(532.55)	121.66	(90.26)
Employee Benefit Expenses	512.90	444.99	491.69
Other Expenses	525.57	748.67	1,136.82
Sub-Total	1,449.64	2,221.66	2,099.99
Finance Cost	145.64	583.03	229.03
Depreciation and Amortisation Expenses	155.61	173.16	210.33
Total Expenses	1,750.89	2,977.85	2,539.36
Profit / (Loss) before extraordinary, exceptional items and tax	207.32	339.11	347.07
Exceptional Items	-	-	(2,504.64)
Profit / (Loss) before Tax	207.32	339.11	(2,157.58)
Tax Expenses:			
Previous year's Tax	-	-	29.20
Deferred Tax	5.27	(3.39)	(53.79)
Net Profit / (Loss) for the year	202.05	342.50	(2,132.99)
Other Comprehensive Income			
Items that will not be re-classified to Statement of Profit & Loss	3.94	(0.27)	(1.52)
Items that will be re-classified to Statement of Profit & Loss	268.78	(1.35)	-
Total Comprehensive Income	474.77	340.88	(2,134.51)
Attributable to			
Shareholders of the Company	464.42	340.58	-
Non-Controlling Interest	10.35	0.30	(2,134.51)

Audited Consolidated Statement of Assets and Liabilities:

(Amount in Lakhs)

Particulars	As at		
	2020 - 2021	2019 - 2020	2018 - 2019
	(Audited)	(Audited)	(Audited)
ASSETS:			
Non-Current Assets:			
Property, Plant & Equipment	3,153.58	3,257.32	4,264.70
Capital Work-in-Progress	-	2.51	-
Intangible Assets	1.75	3.04	1.45
Financial Assets:			
Other Financial Assets	870.73	905.77	617.29
Other Non-Current Assets	246.08	235.14	206.31
Total Non-Current Assets	4,272.14	4,403.79	5,089.75
Current Assets			
Inventories	834.66	128.22	249.50

Particulars	As at		
	2020 - 2021	2019 - 2020	2018 - 2019
	(Audited)	(Audited)	(Audited)
Financial Assets			
Trade Receivables	1,198.07	1,287.00	1,503.87
Cash & Cash Equivalents	484.51	49.67	55.39
Other Bank Balances	1,285.74	1,440.33	691.79
Other Financial Assets	234.07	16.76	25.46
Other Current Assets	920.56	565.94	792.95
Total Current Assets	4,957.61	3,487.92	3,318.97
Total Assets	9,229.75	7,891.70	8,408.72
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	1,249.97	1,249.97	1,249.97
Other Equity	5,015.27	4,647.43	4,310.56
Equity attributable to Shareholders of the Company	6,265.24	5,897.40	5,560.53
Non-Controlling Interests	10.35	0.30	-
Total Equity	6,275.59	5,897.70	5,560.53
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings			
Provisions	-	-	1.94
Deferred Tax Liabilities	40.69	35.42	38.81
Other Non-Current Liabilities	299.28	299.47	0.19
Total Non-Current Liabilities	339.97	334.88	40.93
Current Liabilities:			
Financial Liabilities			
Borrowings	2,024.63	1,064.70	2,046.20
Trade Payables	113.59	55.69	23.95
Other Financial Liabilities	2.46	4.39	10.37
Other Current Liabilities	473.52	534.34	726.74
Total Current Liabilities	2,614.20	1,659.12	2,807.26
Total Equity & Liabilities	9,229.75	7,891.70	8,408.72

Other Financial Data:

(Amount in Lakhs)

Particulars	As at		
	2020 - 2021	2019 - 2020	2018 - 2019
	(Audited)	(Audited)	(Audited)
Dividend (%)	0.00%	0.00%	0.00%
Earnings Per Share (₹)	1.62	2.73	-17.08
Return on Networth (%)	3.22%	5.78%	-38.39%
Book Value (₹)	50.21	47.18	44.49

5.16. Pre and Post-Offer Shareholding Pattern of the Target Company as on date of LoF are as follows:

Shareholders' Category	Equity Share Capital/ Voting Capital prior to SSPC and Offer		Equity Share Capital/Voting Capital agreed to be acquired which triggered off the Regulations		Equity Share Capital/ Voting Rights to be acquired in the Open Offer (assuming full acceptance)		Equity Share Capital/ Voting Rights after SSPC and Offer	
	(A)		(B)		(C)		(D)	
	No.	%	No.	%	No.	%	No.	%
1) Promoter Group								
a) Anji Raju Manthena	4,14,078	3.31	10,98,000	8.78	32,50,000	26.00	47,62,078	38.10
b) Promoters other than (a) above	23,78,167	19.03	Nil	N.A.	Nil	N.A.	23,78,167	19.02
Total 1 (a+b)	27,92,245	22.34	10,98,000	8.78	32,50,000	26.00	71,40,245	57.12

Shareholders' Category	Equity Share Capital/ Voting Capital prior to SSPC and Offer		Equity Share Capital/Voting Capital agreed to be acquired which triggered off the Regulations		Equity Share Capital/ Voting Rights to be acquired in the Open Offer (assuming full acceptance)		Equity Share Capital/ Voting Rights after SSPC and Offer	
	(A)		(B)		(C)		(D)	
	No.	%	No.	%	No.	%	No.	%
2) Parties to SSPC other than (1) (a)	10,98,000	8.78	(10,98,000)	(8.78)	Nil	N.A.	Nil	N.A.
Total 2	10,98,000	8.78	(10,98,000)	(8.78)	Nil	N.A.	Nil	N.A.
3) Public (other than parties to SSPC)								
a) FIs/MFs/FIIs/Banks, SFIs (indicate names)	Nil	N.A.	Nil	N.A.	Nil	N.A.	Nil	N.A.
b) Others	86,09,410	68.88	Nil	N.A.	(32,50,000)	(26.00)	53,59,410	42.88
Total 4 (a+b)	86,09,410	68.88	Nil	N.A.	(32,50,000)	(26.00)	53,59,410	42.88
GRAND TOTAL (1+2+3+4)	1,24,99,655	100.00	Nil	N.A.	Nil	N.A.	1,24,99,655	100.00

Note: Total Number of Public Shareholders as on Identified Date are 13,180.

5.17. Details of the Compliance Officer:

Name : Prasada Rao Kalluri
Registered Office Address : Plot No 38 (part) to Plot No. 41, Hardware Technology Park, TSIIC Layout, Survey No 1/1, Kancha Imarat, Raviryal (Village), Maheswaram Mandal, Hyderabad-501510
Contact No. : +91 8414 667695 / +91 99080 80804
E-Mail ID : acs@kernex.in

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. JUSTIFICATION OF OFFER PRICE

6.1.1. The Equity Shares of the Target Company are presently listed on BSE Ltd, Mumbai ("BSE") (Scrip Code: 532686 and Symbol: KERNEX) and National Stock Exchange of India Limited, Mumbai ("NSE") (Symbol: KERNEX). The Equity Shares of the Target Company is frequently traded on NSE and infrequently traded on BSE during the twelve (12) calendar months preceding the month in which PA was made as set out under Regulation 2(1) (j) of the Regulations.

6.1.2. The annualized trading turnover of the Equity Shares of the Target Company during Twelve (12) calendar months preceding the month of PA (September 2020 to August 2021) on the Stock Exchanges on which the Equity Shares of the Target Company are traded is detailed below:

Name of the Stock Exchange	Total Number of shares traded during the preceding 12 calendar months prior to the month of PA	Total No. of Equity Shares listed	Annualized trading turnover (as % of total number of listed shares)
BSE Limited	9,04,842	1,24,99,655	7.24%
National Stock Exchange of India Limited	52,41,486	1,24,99,655	41.93%

(Source: www.bseindia.com and www.nseindia.com)

6.1.3. The Offer Price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations on the basis of the following:

Sr. No.	Particulars	Amount in ₹
a)	Negotiated Price as per SSPC	: ₹55.00
b)	The volume-weighted average price paid or payable for acquisition by the Acquirer, during 52 weeks preceding the date of PA	: Not Applicable
c)	The highest price paid or payable for any acquisition, by the Acquirer, during 26 weeks preceding the date of the PA	: Not Applicable

Sr. No.	Particulars	Amount in ₹
d)	The volume-weighted average market price of Equity shares of the Target Company for a period of sixty (60) trading days immediately preceding the date of PA as traded on NSE, being the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period	₹74.50
e)	The price determined by the Valuer taking into account Valuation Parameters per Equity Share including Book Value, Comparable Trading Multiples and such other parameters as are customary for Valuation of Equity Shares, since the Equity Shares are infrequently traded	Not Applicable
f)	Other Financial Parameters as at:	March 31, 2021 (Audited)
	(i) Return on Net Worth (%)	3.22%
	(ii) Book Value Per Share (₹)	50.21
	(iii) Earnings Per Share (₹)*	1.62

* Not Annualized.

Note: The Trading data with respect to NSE has been downloaded from website of NSE i.e. www.nseindia.com.

6.1.4. Calculation of the volume-weighted average market price of the Shares for a period of sixty (60) trading days immediately preceding the date of PA as traded on NSE (as the maximum volume of trading in the Shares of the Target Company was recorded on NSE during such period) as per regulation 8(2)(d) of the Regulations is as follows:

Sr. No.	Date	No. of Shares	Total Turnover (₹)
1)	23 June 2021	19,373	1,549,413.95
2)	24 June 2021	6,218	461,643.10
3)	25 June 2021	16,372	1,153,968.70
4)	28 June 2021	14,704	1,042,752.00
5)	29 June 2021	33,660	2,548,832.95
6)	30 June 2021	34,470	2,744,495.90
7)	01 July 2021	52,514	4,375,508.45
8)	02 July 2021	56,135	4,895,915.95
9)	05 July 2021	65,560	5,743,452.30
10)	06 July 2021	13,688	1,203,437.80
11)	07 July 2021	10,344	855,378.25
12)	08 July 2021	21,744	1,718,133.75
13)	09 July 2021	18,985	1,455,493.35
14)	12 July 2021	9,991	800,634.70
15)	13 July 2021	10,788	869,847.25
16)	14 July 2021	5,328	421,792.20
17)	15 July 2021	14,742	1,139,170.75
18)	16 July 2021	10,451	780,408.05
19)	19 July 2021	9,624	701,409.35
20)	20 July 2021	9,735	685,189.40
21)	22 July 2021	5,681	419,850.15
22)	23 July 2021	4,826	361,065.95
23)	26 July 2021	4,047	288,205.10
24)	27 July 2021	10,041	724,962.80
25)	28 July 2021	44,954	3,344,013.50
26)	29 July 2021	45,375	3,279,798.00
27)	30 July 2021	29,195	2,276,525.50
28)	02 August 2021	16,959	1,292,825.45
29)	03 August 2021	10,059	742,374.80
30)	04 August 2021	13,814	969,560.40
31)	05 August 2021	5,181	357,176.15
32)	06 August 2021	19,386	1,404,526.00
33)	09 August 2021	8,489	636,780.55
34)	10 August 2021	15,948	1,195,850.30

Sr. No.	Date	No. of Shares	Total Turnover (₹)
35)	11 August 2021	12,863	951,145.60
36)	12 August 2021	16,812	1,272,357.30
37)	13 August 2021	5,352	397,874.80
38)	16 August 2021	32,709	2,499,349.70
39)	17 August 2021	10,018	782,955.30
40)	18 August 2021	2,548	191,053.50
41)	20 August 2021	22,069	1,664,342.95
42)	23 August 2021	14,831	1,092,164.15
43)	24 August 2021	4,140	299,534.50
44)	25 August 2021	44,648	3,254,354.75
45)	26 August 2021	42,688	3,053,657.50
46)	27 August 2021	57,914	4,004,096.55
47)	30 August 2021	3,307	228,456.65
48)	31 August 2021	39,694	2,808,703.55
49)	01 September 2021	16,617	1,171,575.55
50)	02 September 2021	20,715	1,510,707.80
51)	03 September 2021	30,853	2,329,723.00
52)	06 September 2021	48,490	3,644,678.30
53)	07 September 2021	32,740	2,332,164.05
54)	08 September 2021	19,126	1,314,037.95
55)	09 September 2021	22,253	1,486,165.20
56)	13 September 2021	47,526	3,046,487.30
57)	14 September 2021	10,827	683,735.45
58)	15 September 2021	39,619	2,460,390.40
59)	16 September 2021	28,776	1,768,154.55
60)	17 September 2021	13,435	827,029.60
		1,308,951	97,515,288.75
Average Price Per Share			74.50

6.1.5. In view of the parameters considered and presented in the table above and in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share is justified in terms of Regulation 8(2) of the Regulations.

6.1.6. There have been no corporate actions in the Target Company warranting adjustment of relevant price parameters.

6.1.7. In the event of further acquisition of Equity Shares of the Target Company by the Acquirer during the Offer Period, at a price higher than the Offer Price, the Offer Price will stand revised equal to or more than the highest price paid for such acquisition in terms of regulation 8(8) of the Regulations. However, the Acquirer will not be acquiring any Equity Shares of the Target Company after the third working day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

6.1.8. If the Acquirer acquire Equity Shares of the Target Company during the period of twenty-six (26) weeks after the Tendering Period at a price higher than the Offer Price, they will pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose shares have been accepted in Offer within sixty (60) days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2021, or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Equity Shares whether by way of bulk deals, block deals or in any other form.

6.1.9. As on date, there is no revision in Open Offer Price or Open Offer Size. In case of any revision in the Open Offer Price or Open Offer Size, the Acquirer is permitted to revise the Offer Price upward at any time prior to commencement of the last one (1) working day before the commencement of the Tendering Period i.e. January 13, 2022 (Thursday) in accordance with Regulation 18(4) of the Regulations. If there is any such upward revision in the Offer Price by the Acquirer or in the case of withdrawal of Offer, the same would be informed by way of the Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirer for all the shares validly tendered in the Offer.

6.1.10. In the event that the number of Equity Shares validly tendered by the Eligible Shareholders of the Target Company under the Offer is higher than the Offer Size, the Equity Shares received from the Eligible shareholders shall be accepted on a proportionate basis, in consultation with the Manager to the Offer.

6.2. DETAILS OF FIRM FINANCIAL ARRANGEMENTS

- 6.2.1. The total funds required for the implementation of the Offer (assuming full acceptance), i.e., for the acquisition of upto 32,50,000 fully paid up Equity Shares of Face Value ₹10 each at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity Share is ₹24,21,25,000 (Rupees Twenty Four Crores Twenty one Lakhs Twenty Five Thousand only) (“**Maximum Consideration**”).
- 6.2.2. In accordance with Regulation 17 of Regulations, the Acquirer has opened a Cash Escrow Account under the name and style of “**KERNEX MICROSYSTEMS (INDIA) LTD-OPEN OFFER- ESCROW ACCOUNT**” (“**Escrow Account**”) with IndusInd Bank Limited, Mumbai (“**Escrow Banker**”) bearing account number 250557762580 and deposited an amount of ₹6,10,00,000 (Rupees Six Crore and Ten Lakhs only) in cash, being 25.19% of the Maximum Consideration payable. The Acquirer has authorized the Manager to the Offer to operate and realize the value of the Escrow Account in terms of the Regulations. The cash deposit in the Escrow Account has been confirmed by the Escrow Banker vide letter dated September 24, 2021.
- 6.2.3. The Acquirer has adequate financial resources and has made firm financial arrangements for implementation of the Open Offer, in terms of Regulation 25(1) of the Regulations. The Open Offer obligation shall be met by the Acquirer through its own resources and no borrowings from any bank and/or financial institution are envisaged. Mr. Francisco Lopez, CPA (Membership No. TX092607) having office at 5629 Cypress Creek Pkwy, Suite 340, Houston, Texas-77069, Contact No.: +1 83223 60275, E-Mail ID: francisco.j.lopez25@gmail.com, vide certificate dated September 20, 2021 has certified that sufficient resources are available with the Acquirer for fulfilling the obligations under this ‘Offer’ in full.
- 6.2.4. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer and to implement the offer in accordance with the Regulations. Further, the Manager to the Offer confirms that the funds/money are in place to fulfil the Open Offer obligations.
- 6.2.5. In case of any upward revision in the Offer Price or the Offer Size, the value of the Escrow Amount shall be computed on the revised consideration calculated at such revised Offer Price or Offer Size and any additional amounts required will be funded via cash in the Escrow Account by the Acquirer prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1. OPERATIONAL TERMS AND CONDITIONS

- 7.1.1. This Offer is being made by the Acquirer to (i) all the Eligible Shareholders, whose names appear in the register of members of the Target Company as on the Identified Date i.e. January 03, 2022 (Monday); (ii) the Beneficial Owners of the Equity Shares whose names appear as beneficiaries on the records of the respective depositories, as of the close of business on the Identified Date i.e. January 03, 2022 (Monday); and (iii) those persons who acquire the Equity Shares any time prior to the date of the closure of the Tendering Period for this Offer, i.e. January 31, 2022 (Monday), but who are not the registered Equity Shareholders.
- 7.1.2. This Offer is not conditional upon any minimum level of acceptance by the Shareholder(s) of the Target Company.
- 7.1.3. The Equity Shares tendered under this Offer shall be fully paid-up, free from all liens, charges, equitable interests and encumbrances and shall be tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter, and the tendering Eligible Shareholders shall have obtained any necessary consents for it to sell the Equity Shares on the foregoing basis.
- 7.1.4. The LoF along with Transfer Deed is being dispatched/ sent through electronic mail to all the Eligible Shareholders as on the Identified Date, who have registered their email ids with the Depositories and/or the RTA. In case of non-receipt of the LOF, such shareholders may download the same from the SEBI website (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable

documentary evidence of holding of the Offer Shares.

- 7.1.5. Neither the Acquirer, nor the Manager to the Offer or the Registrar to the Offer accepts any responsibilities in any manner for any loss of Equity Share Certificate(s), Share transfer forms and any other Offer acceptance documents, etc. during transit and Eligible Shareholders are advised to adequately safeguard their interest in this regard.
- 7.1.6. Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/restriction from other statutory authorities wherein the shareholder may be precluded from bidding of such Equity Shares during pendency of the said litigation and are liable to be rejected if directions/orders regarding the free transferability of such equity shares tendered under the Offer are not received prior to the date of Closing of the Offer.
- 7.1.7. Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case the documents/forms submitted are incomplete and/or if they have any defect or modifications, the acceptance is liable to be rejected.
- 7.1.8. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Eligible Shareholders who tendered their Equity Shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance.

7.2. LOCKED-IN SHARES

As on date, the Target Company does not have any Equity Shares under lock-in.

7.3. ELIGIBILITY FOR ACCEPTING THE OFFER

- 7.3.1. This Offer is being made by the Acquirers to (i) all the Eligible Shareholders, whose names appear in the register of members of the Target Company as on the Identified Date i.e. January 03, 2022 (Monday); (ii) the Beneficial Owners of the Equity Shares whose names appear as beneficiaries on the records of the respective depositories, as of the close of business on the Identified Date i.e. January 03, 2022 (Monday); and (iii) those persons who acquire the Equity Shares any time prior to the date of the closure of the Tendering Period for this Offer, i.e. January 31, 2022 (Monday), but who are not the registered Equity Shareholders.
- 7.3.2. Accidental omission to dispatch this LoF to any member entitled to this Open Offer or non-receipt of this LoF by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
- 7.3.3. The Public Announcement ('PA'), the Detailed Public Statement ('DPS') and the Letter of Offer ('LoF') shall also be available on the website of SEBI i.e. www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Equity Shareholders including those who have acquired Equity Shares of the Target Company after the Identified Date, if they so desire, may download the Letter of Offer from the website of SEBI for applying in the Offer.
- 7.3.4. By accepting this offer, the Eligible Shareholders confirm that they are not Persons Acting in Concert with the Acquirer for the purpose of this Offer.
- 7.3.5. The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever and should be received by the Registrar to the Offer at the address mentioned in this LoF on or before the closure of the Tendering Period i.e. January 31, 2022 (Monday).
- 7.3.6. The Acquirer reserve the right to revise the Offer Price and/or the Offer Size upwards at any time prior to commencement of one (1) working day before the commencement of the Tendering Period i.e. January 13, 2022 (Thursday), in accordance with the Regulations and the revision, if any, in the Offer Price would be announced in the Newspapers. The Acquirer would pay such revised price for all the shares validly tendered during the Tendering Period and accepted under the Offer in accordance with the terms of the LoF.
- 7.3.7. The acceptance of Equity Shares tendered in this Offer will be made by the Acquirer in consultation with the Manager to the Offer.

7.3.8. SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/144 dated July 31, 2020 has clarified that shareholders holding securities in physical form are also allowed to tender shares in the Open Offers. However, such tendering shall be as per the provisions of the Regulations.

7.4. STATUTORY APPROVALS

7.4.1. As on date, to the best of the knowledge of the Acquirer, there are no Statutory Approvals required by the Acquirer to complete this Offer. In case, if any Statutory Approval(s) are required or become applicable at a later date before the closure of the Tendering Period, the Offer shall be subject to the receipt of such Statutory Approval(s). The Acquirer shall make the necessary applications for such Statutory Approvals. In the event of non-receipt of any of such Statutory Approvals which may become applicable for the purchase of the Equity Shares under this Offer, the Acquirer shall have the right to withdraw the Offer in accordance with the provisions of Regulation 23(1) of the Regulations.

In the event of withdrawal of this Offer, for reasons outside the reasonable control of the Acquirer, a Public Announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which this DPS has been published and copy of such Public Announcement will also be sent to SEBI, Stock Exchange(s) and to the Target Company at its Registered Office.

7.4.2. In case of delay in receipt of any Statutory Approval(s), pursuant to Regulations 18(11) of the Regulations, SEBI may, if satisfied, that delay in receipt of requisite Statutory Approval(s) was not attributable to any wilful default, failure or neglect on the part of the Acquirer to diligently pursue such approvals, may grant an extension of time for the purpose of the completion of this Offer, subject to Acquirer agreeing to pay interest for the delayed period, provided where the Statutory Approval(s) extend to some but not all Equity Shareholders, the Acquirer has the option to make payment to such Shareholders in respect of whom no Statutory Approval(s) are required in order to complete this Open Offer. Further, in case the delay occurs on account of wilful default by the Acquirer in obtaining any Statutory Approval(s) in time, the amount lying in the Escrow Account will be liable to be forfeited and dealt with pursuant to Regulation 17(10)(e) of the Regulations.

7.4.3. NRI and OCB holders of the Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them in this Offer (including, without limitation, an approval from the RBI, since the Equity Shares validly tendered in this Offer will be acquired by a non-resident entity), and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept this Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, FIIs, FPIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit copies of such previous approvals, along with the other documents required to be tendered to accept this Offer. If such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered pursuant to this Offer.

7.4.4. No approval is required from any bank or financial institutions for this Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

8.1. The Acquirer has appointed Venture Capital and Corporate Investments Private Limited, as the Registrar to the Offer.

8.2. The Registrar would be accepting the documents by Hand Delivery/Regd. Post/Speed Post/Courier at the following specified centre:

Name & Address	Contact Person	Mode of Delivery
Venture Capital and Corporate Investments Private Limited CIN: U65993TG1986PTC06936 12-10-167, Bharat Nagar, Hyderabad, Telangana-500 018 Tel No.: +91 40 2381 8475/2381 8476/2386 8023 Fax No.: +91 40 2386 8024 E-Mail ID: investor.relations@vccipl.com/pvsrinivas@vccipl.com	P V Srinivasa Rao	Hand Delivery / Registered Post / Speed Post / Courier

8.3. The Target Company is having connectivity with Central Depository Services (India) Limited ('CDSL') and National Securities Depositories Limited ('NSDL').

- 8.4.** This Open Offer will be implemented by the Acquirer through Stock Exchange Mechanism made available by BSE Limited, Mumbai ('BSE') in the form of a separate window ('Acquisition Window') as provided under the SEBI (SAST) Regulations, 2011 and SEBI Circular No. CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015, as amended via Circular No. CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 and notices/guidelines issued by BSE and the Clearing Corporation in relation to the mechanism/process for acquisition of shares through stock exchange pursuant to the tender offers under takeovers, buy back and delisting, as amended and updated from time to time.
- 8.5.** BSE Limited, Mumbai ('BSE') shall be the Stock Exchange for the purpose of tendering the Equity shares in the Open Offer.
- 8.6.** The Acquirer has appointed R.L.P. Securities Private Limited ('**Buying Broker**') for the Open Offer through whom the purchases and settlement of the Offer Shares tendered in the Open Offer shall be made.

The Contact Details of the Buying Broker are mentioned below:

R.L.P. Securities Private Limited
402, Nirmal Towers, Dwarakapuri colony,
Punjagutta, Hyderabad-500 082
Contact Person: CH V A Varaprasad
E-Mail ID: rlpsecurities@yahoo.com
SEBI Registration INZ000166638
Tel. No.: +91 40 2335 2485/+91 93931 36201
Fax No.: +91 40 6610 8495

- 8.7.** All the Shareholders who desire to tender their Equity Shares under the Open Offer should consult with their respective depository participants and their respective Stock Brokers ('Selling Broker') well in advance to understand the process and methodology in relation to tendering of Equity Shares through the Designated Stock Exchange.
- 8.8.** During the Tendering Period, the tender of the Equity Shares by the Equity Shareholders in this Offer will be placed through their respective Selling Brokers during normal trading hours of the secondary market.
- 8.9.** Separate Acquisition window will be provided by the Stock Exchange to facilitate placing of Sell Orders. The Selling Members can enter Orders for Demat Shares as well as Physical Shares.
- 8.10.** The cumulative quantity tendered shall be updated on the website of the Designated Stock Exchange throughout the trading session at specific intervals by the Stock Exchange during tendering period.
- 8.11. Procedure for tendering Equity Shares in Demat Form:**
- 8.11.1. The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their Stock Broker/Selling Member indicating details of Shares they wish to tender in the Open Offer.
- 8.11.2. The Equity Shareholders are required to transfer, through their respective depository participants, the Equity Shares intended to be tendered to the early pay-in account of the Indian Clearing Corporation Limited (hereinafter referred to as 'Clearing Corporation'). Such Equity Shareholders shall provide early pay-in of demat Equity Shares (except for custodian participant orders) to the Clearing Corporation using the settlement number provided in the Offer opening circular before their respective Selling Broker places the bids / orders on their behalf and the same shall be validated at the time of order entry.
- 8.11.3. Shareholders will have to submit Delivery Instruction Slips ('DIS') duly filled in specifying market type as "Open Offer" and execution date along with other details to their respective broker so that Equity Shares can be tendered in Open Offer.
- 8.11.4. For Custodian participant order for demat Equity Shares, early pay-in is mandatory prior to confirmation of order by the Custodian. The Custodians shall either confirm or reject orders not later than the close of trading hours on the last day of the offer period. Thereafter, all unconfirmed orders shall be deemed to be rejected.

For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.

- 8.11.5. Upon placing the bid, the Seller Member(s) shall provide Transaction Registration Slip (“TRS”) generated by the Exchange Bidding System to the Shareholders. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No of Shares tendered, etc.
- 8.11.6. In case of receipt of Equity Shares in the Special Account of the Clearing Corporation and a valid bid in the exchange bidding system, the Open Offer shall be deemed to have been accepted.
- 8.11.7. The Eligible Persons will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to pro-rata acceptance in the Open Offer.

8.12. Procedure for tendering Equity Shares held in Physical Form:

- 8.12.1. The Equity Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach Selling Member and submit complete set of documents for verification procedure as mentioned below:
 - (a) Original share certificate(s)
 - (b) Valid share transfer deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with the RTA and duly witnessed at the appropriate place.
 - (c) Self-attested PAN Card copy (in case of Joint holders, PAN card copy of all Transferors)
 - (d) Any other relevant document such as Power of Attorney, corporate authorization (including Board Resolution/Specimen Signature)
 - (e) Self-attested copy of address proof such as valid Aadhar Card, Voter ID, Passport, etc.
- 8.12.2. The Seller Member should place bids on the Exchange Platform with relevant details as mentioned on Physical Share Certificate(s). The Seller Member(s) shall print the Transaction Registration Slip (TRS) generated by the Exchange Bidding System. TRS will contain the details of order submitted like Folio No., Certificate No., Dist. Nos., No. of shares, etc.
- 8.12.3. The Seller Member/Eligible Shareholder must deliver the Share Certificates & other requisite documents along with TRS to the RTA. Physical Share Certificates to reach RTA within two (2) days of bidding by Seller Member.
- 8.12.4. Shareholders holding Physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the Physical Shares in Open Offer shall be subject to verification by RTA. On receipt of the confirmation from RTA, the bid will be accepted else rejected and accordingly the same will be depicted on the exchange platform.
- 8.12.5. In case, any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Open Offer before Closing Date.

8.12.6. Acceptance of Equity Shares

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

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

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

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

In case the Equity Shares are in dematerialised form:

An Eligible Person may participate in the Offer by approaching Stock Broker/Selling Member and tender Equity Shares in the Open Offer as per the procedure mentioned in this LoF.

In case the Equity Shares are in Physical form:

An Eligible Persons may participate in the Offer by confirming their consent to participate in this Offer on the terms and conditions of this Offer as set out in the PA, DPS and the LoF. Equity Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in this LoF) should reach the Registrar of the Company before 5:00 PM on the Closing Date. If the signature(s) of the Equity Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Open Offer.

In case of non-receipt of the LoF, such Equity Shareholders of the Target Company may download the same from the website of SEBI i.e. www.sebi.gov.in or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company.

8.14. Settlement Process

- 8.14.1. On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list shall be provided to the Stock Exchange to facilitate settlement on the basis of Shares transferred to the account of Clearing Corporation.
- 8.14.2. The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
- 8.14.3. The Buying Broker will make the funds pay-in in the settlement account of the Clearing Corporation. For Equity Shares accepted under the Offer, the Equity Shareholders will receive funds pay-out directly in their respective bank accounts (in case of demat Equity Shares, in the bank accounts which are linked to the respective demat accounts) / as per secondary market pay-out mechanism (in case of physical Equity Shares). However, in the event that the pay-outs are rejected by the Equity Shareholder's bank accounts due to any reason, the pay-out will be transferred to their respective Selling Brokers' settlement accounts and their respective Selling Brokers will thereafter transfer the consideration to their respective Equity Shareholders. The Equity Shareholders will be required to independently settle fees, dues, statutory levies or other charges (if any) with their Selling Brokers.
- 8.14.4. In case of certain client types viz. NRI, Foreign Clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Selling Broker's settlement accounts for releasing the same to their respective Shareholder's account onwards. For this purpose, the client type details would be collected from the Registrar to the Offer.
- 8.14.5. Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Equity Shareholders would be returned to them by the Clearing Corporation. Any excess physical Equity Shares pursuant to proportionate acceptance/rejection will be returned back to the Equity Shareholders directly by the Registrar to the Offer. The Target Company is authorized to split the share certificate and issue new consolidated Share Certificate for the unaccepted Equity Shares, in case the Equity Shares accepted by the Target Company are less than the Equity Shares tendered in the Open Offer by the Equity Shareholders holding Equity Shares in the physical form.

- 8.14.6. Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of Equity Shares to the escrow account which is opened by the Acquirer.
- 8.14.7. Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholders directly by Registrar to the Offer.
- 8.14.8. Shareholders who intend to participate in the Offer should consult their respective Seller Member for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the Selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction) . The consideration received by the selling Shareholders from their respective Seller Member, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirer accepts no responsibility to bear or pay such additional cost, charges and expenses(including brokerage) incurred solely by the Selling Shareholder.
- 8.15.** Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected except where 'No Objection Certificate' from lenders is attached.
- 8.16.** The LoF would also be available on the website of SEBI i.e. www.sebi.gov.in.
- 8.17.** The LoF along with Transfer Deed is being dispatched/ sent through electronic mail to all the Public Shareholders as on the Identified Date, who have registered their email ids with the Depositories and/or the RTA In case of non-receipt of the LOF, such shareholders may download the same from the SEBI website (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Offer Shares.

8.18. Settlement of Funds/Payment Consideration

- 8.18.1. The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's bank account as per the prescribed schedule.
- 8.18.2. For Equity Shares accepted under the Open Offer, Clearing Corporation will make direct funds pay-out to respective Equity Shareholders. If shareholders' bank account details are not available or if the funds transfer instruction are rejected by RBI/Bank, due to any reason, then such funds will be transferred to the concerned Selling Broker settlement bank account for onward transfer to their respective shareholders.
- 8.18.3. The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Equity Shareholder/Selling Broker/Custodian participant will receive funds pay-out in their settlement bank account.
- 8.18.4. The funds received from the Buyer Broker by the Clearing Corporation will be released to the Equity Shareholder/Selling Broker(s)/Custodians as per secondary market pay out mechanism.
- 8.18.5. Shareholders who intend to participate in the Offer should consult their respective Selling Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling shareholders from their respective Selling Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirer accept no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.
- 8.18.6. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the shareholders of the Target Company who have accepted the Open Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18 (11) of the Regulations.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Eligible Shareholders of the Target Company at the office of the Manager to the Offer, Mark Corporate Advisors Private Limited at 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off Western Express Highway, Vile Parle (East), Mumbai-400 057, on any day (except Saturdays, Sundays and Public Holidays) between 10.30 AM to 2.00 PM from the Date of Opening of the Offer till the Date of Closure of the Offer:

- 1) Certificate of Incorporation, Memorandum and Articles of Association of the Target Company.
- 2) Audited Financials for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 of the Target Company.
- 3) Certificate dated September 20, 2021 issued by Mr. Francisco Lopez, CPA (Membership No. TX092607), certifying that the Acquirer has firm and adequate financial resources to meet the financial obligations under the Open Offer.
- 4) Memorandum of Understanding between Lead Manager i.e. Mark Corporate Advisors Private Limited and the Acquirer.
- 5) Share Purchase/Sale Confirmation (“SSPC”) entered between the Acquirer and the Sellers on September 20, 2021.
- 6) Acknowledgement from IndusInd Bank Limited dated September 24, 2021 confirming the balance of ₹6,10,00,000 in the Cash Escrow Account.
- 7) Due Diligence Certificate dated October 04, 2021 submitted to SEBI by Mark Corporate Advisors Private Limited, Manager to the Offer.
- 8) Undertaking from the Acquirer for unconditional payment of the consideration within 10 working days from the last date of the tendering period to all the Shareholders of the Target Company whose applications are accepted in the Open Offer.
- 9) Undertaking from the Acquirer with regard to Responsibility under Regulation 2(o) and Regulation 7(4) of the Regulations.
- 10) Copies of the Public Announcement (‘PA’) dated September 20, 2021 (Monday) and a published copy of Detailed Public Statement (‘DPS’) which appeared in the newspapers on September 27, 2021 (Monday).
- 11) A copy of the Recommendations to be published on or before January 12, 2022 (Wednesday) made by the Board of Independent Directors of the Target Company as required in terms of Regulation 26(7) of the Regulations.
- 12) Copy of the Observation Letter no SEBI/HO/CFD/DCR-III/OW/40223/1 dated December 30, 2021 issued by SEBI.

10. DECLARATION BY THE ACQUIRER

The Acquirer, accepts full responsibility, for the information contained in this LoF and also for ensuring the compliance with the obligations of the Acquirer as laid down in the Regulations.

We, the Acquirer, has made all reasonable inquiries, accept responsibility and confirm that this LoF is in compliance with the Regulations, and that it contains all information with regard to the Offer, which is material in the context of the issue, that the information contained in this LoF are true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Manager to the Offer hereby states that the persons signing this LoF is the Acquirer:

For and on behalf of the Acquirer:

Sd/-

Anji Raju Manthena*

* Signed by duly constituted Power of Attorney holder, Sitarama Raju Manthena.

Place : Hyderabad, Telangana

Date : January 05, 2022

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Eligible Shareholders holding shares in dematerialised form are not required to fill the Form of Acceptance, unless required by their respective Selling Broker. Eligible Shareholders holding shares in physical form (resident and non-resident) are required to fill this Form of Acceptance and are required to submit it along with TRS and other requisite enclosures directly or through their respective broker/Selling Broker to the Registrar to the Offer, at its registered office address provided in the Letter of Offer. Capitalized terms and expressions used herein but not defined, shall have the same meaning as ascribed to them in the Letter of Offer)

TENDERING PERIOD FOR THIS OPEN OFFER		
OFFER OPENS ON	:	January 17, 2022 (Monday)
OFFER CLOSES ON	:	January 31, 2022 (Monday)

From,
Name :
Address :
Tel. No. :
Fax No. :
E-Mail ID :

To,
Venture Capital and Corporate Investments Private Limited
 12-10-167, Bharat Nagar,
 Hyderabad, Telangana-500 018.
Tel No.: +91 40 2381 8475/2381 8476/2386 8023
E-Mail ID: investor.relations@vccipl.com/pvsrinivas@vccipl.com

Sub : Open Offer (“Offer/Open Offer”) for acquisition of upto 32,50,000 Equity Shares of ₹10 each, representing 26% of the paid up Equity Share Capital of Kernex Microsystems (India) Limited (“KMIL”/“Target Company”), from all the Eligible shareholders of Target Company, by Mr. Anji Raju Manthena (“Acquirer”) at a price of ₹74.50 (Rupees Seventy Four and Paise Fifty only) per Equity share, payable in cash, pursuant to and in compliance with regulation 3(1) and regulation 3(3) SEBI (SAST) Regulations,2011, as amended.

Dear Sir/Madam,

I/We refer to the Letter of Offer dated January 05, 2022 for acquiring the Equity Shares held by me/us in **Kernex Microsystems (India) Limited**.

I/We, the undersigned, have read the PA, the DPS, LOF, and the Offer Opening Public Announcement, and understood their contents, including the terms and conditions mentioned therein, and unconditionally accept the same. I/We acknowledge and confirm that all the particulars/statements given herein are true and correct.

Details of Eligible Shareholders:

Name (in BLOCK LETTERS)	Holder	Name of the Public Shareholder(s)	Permanent Account Number
(Please write names of the joint holders in the same order as appearing in the Equity Share certificate(s)/demat account)	Sole/First		
	Second		
	Third		
Contact number(s) of the first holder	Tel. No. (with STD Code):		Mobile No.:
Full address of the first holder (with pin code)			
Email address of first holder			
Date and place of incorporation (if applicable)			

FOR EQUITY SHARES HELD IN PHYSICAL FORM

I/We, confirm that our residential status for the purposes of tax under the Income Tax Act is as below (tick whichever is applicable).

- Resident
 Non-Resident.

I/We, hold shares, accept the offer and enclose the original Share certificate (s) and duly signed transfer deed (s) along with requisite enclosures in respect of my/our Shares as detailed below:

Sr. No.	Certificate No.	Share Certificate Number	Distinctive No(s)		Number of Shares
			From	To	
1)					
2)					
3)					
Total Number of Equity Shares					

(In case of insufficient space, please use additional sheet and authenticate the same)

Acknowledgement Slip Sr. No. _____

Received from Mr./Ms./M/s. _____

Address _____

Physical Shares: Folio No. _____ / Demat Shares: DP ID: _____ Client ID: _____

Form of Acceptance along with (Tick whichever is applicable):

Physical Shares: No. of Shares _____; No. of certificate enclosed _____

Demat Shares: Copy of delivery instruction for _____ No. of Shares

Signature of Official: _____ Date of Receipt _____ Stamp of collections Centre _____

I / We confirm that the equity shares which are being tendered herewith by me / us under this Offer, are free from liens, charges, equitable interests and encumbrances and are being tendered together with all rights attached thereto, including all rights to dividends, bonuses and rights offers, if any, declared hereafter and that I/ We have obtained any necessary consents to sell the equity shares on the foregoing basis.

I / We also note and understand that the obligation on the Acquirer to pay the purchase consideration arises only after verification of the certification, documents and signatures submitted along with this Form of Acceptance-cum-Acknowledgment.

I / We confirm that there are no taxes or other claims pending against us which may affect the legality of the transfer of equity shares under Income Tax Act, 1961. I/We are not debarred from dealing in equity shares.

I / We authorize the Acquirer to accept the Shares so offered which they may decide in terms of the Offer Letter and I / We further authorize the Acquirer to return to me/us, Equity Share certificate(s) in respect of which the Offer is not found valid / not accepted, specifying the reasons thereof.

I / We authorize the Acquirer or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

Yours faithfully,
Signed and Delivered:

	Full Name(s)	PAN NO.	Signature(s)
First / Sole Holder			
Second Shareholder			
Third Shareholder			

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.
Address of First/Sole Shareholder: _____

Place: _____ Date: _____

So as to avoid fraudulent encashment in transit, Shareholders(s) may provide details of bank account of the first / sole Shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank	:	
Branch Address	:	
Account Number	:	
IFSC Code	:	
MICR Code	:	
Type of Account	:	

Please enclose cancelled cheque and copy of PAN card

-----TEAR ALONG THIS LINE-----

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No.:

Venture Capital and Corporate Investments Private Limited

12-10-167, Bharat Nagar, Hyderabad, Telangana-500 018

Tel No.: +91 40 2381 8475/2381 8476/2386 8023

Fax No.: +91 40 2386 8024

E-Mail ID: investor.relations@vccipl.com/pvsrinivas@vccipl.com

Contact Person: P V Srinivasa Rao

SEBI Reg. No.: INR000001203

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