

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

This Letter of Offer ('LoF') is sent to you as a shareholder(s) of Kakatiya Textiles Limited ('Target Company'). If you require any clarifications about the action to be taken, you may consult your stockbroker 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 and the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed(s) to the Members of Stock Exchange through whom the said sale was affected.

**OPEN OFFER BY****Mr. Ravindra Nath Vanka ('Acquirer 1')****AND****Mrs. Raja Kumari Vanka ('Acquirer 2')****AND****Mr. Raghuveer Vanka ('Acquirer 3')****AND****Ms. Ravali Vanka ('Acquirer 4')**

**Resident of** D. No. 23-7-11, Park Street, Sajjapuram, Tanuku-534 211, Dist.: West Godavari, State: Andhra Pradesh  
**Tel. No.:** +91 8819 224 005, **Fax No.:** +91 8819 224 112, **E-Mail:** vanka36@gmail.com

to the existing shareholders of  
**KAKATIYA TEXTILES LIMITED ('KTL'/'Target Company')**  
**(CIN: L18100TZ1981PLC013940)**

**Registered Office:** "Elgi Towers", Green Fields, 737 D, Puliakulam Road, Coimbatore-641 045.  
**Tel. No.:** +91 422 2311711, **Fax No.:** +91 422 2311611, **E-Mail ID:** investorskaktex@ssh.saraelgi.com  
**Website:** www.kakatiyatextiles.com

To acquire upto 15,10,800 Equity Shares of ₹10 each representing 26% of the Subscribed Equity Share Capital of the Target Company at a price of ₹7.00 (Rupees Seven only) per fully paid-up Equity Share and ₹2.00 per partly paid-up Equity Share ('Offer Price'), payable in cash

- This Offer is being made by the Acquirers pursuant to Regulation 3(1) and 4 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 the statutory approvals that may become applicable at a later date but before the completion of the Open Offer.
- If there is any upward revision in the Offer Price/Offer Size at any time up to three (3) working days prior to commencement of the Tendering Period i.e. up to August 07, 2015 (Friday) 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 shares anytime during the Tendering Period to the extent their shares have been verified and accepted under the Offer, by the Acquirers. If the Offer is withdrawn pursuant to Regulation 23 of the 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') and this Letter of Offer ('LoF') (including Form of Acceptance cum Acknowledgment) are also available on the website of Securities and Exchange Board of India ('SEBI') at www.sebi.gov.in.

| <b>MANAGER TO THE OFFER</b>                                                         |                                                                                                                                                                                                                                                                                                                                                                                                      | <b>REGISTRAR TO THE OFFER</b>                                                       |                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>Mark Corporate Advisors Private Limited</b><br><b>CIN:</b> U67190MH2008PTC181996<br>404/1, The Summit Business Bay,<br>Sant Janabai Road (Service Lane),<br>Off W. E. Highway, Vile Parle (East),<br>Mumbai-400 057<br><b>Telefax.:</b> +91 22 2612 3207/08<br><b>E-Mail:</b> openoffer@markcorporateadvisors.com<br><b>Contact Person:</b> Mr. Manish Gaur<br><b>SEBI Reg. No.:</b> INM000012128 |  | <b>Bigshare Services Private Limited</b><br>E/2, Ansa Industrial Estate,<br>Sakivihar Road, Sakinaka,<br>Andheri (E), Mumbai-400 072<br><b>Tel No.:</b> +91 22 4043 0200<br><b>Fax No.:</b> +91 22 2847 5207<br><b>E-Mail:</b> openoffer@bigshareonline.com<br><b>Contact Person :</b> Mr. Ashok Shetty<br><b>Website:</b> www.bigshareonline.com<br><b>SEBI Reg. No.:</b> INR000001385 |
|                                                                                     | Offer Opens on: <b>August 12, 2015 (Wednesday)</b>                                                                                                                                                                                                                                                                                                                                                   |                                                                                     | Offer Closes on: <b>August 25, 2015 (Tuesday)</b>                                                                                                                                                                                                                                                                                                                                       |

**SCHEDULE OF ACTIVITIES PERTAINING TO THE OFFER:**

| <b>Nature of Activity</b>                                                                                                                                                                                                 | <b>Original Day &amp; Date</b> | <b>Revised Day &amp; Date</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|
| Date of the PA                                                                                                                                                                                                            | Monday, May 04, 2015           | Monday, May 04, 2015          |
| Date of publishing the Detailed Public Statement                                                                                                                                                                          | Monday, May 11, 2015           | Monday, May 11, 2015          |
| Last date for filing of Draft Letter of Offer with SEBI                                                                                                                                                                   | Monday, May 18, 2015           | Monday, May 18, 2015          |
| Last date of a competing offer                                                                                                                                                                                            | Monday, June 01, 2015          | Monday, June 01, 2015         |
| Latest date by which SEBI's observations will be received                                                                                                                                                                 | Monday, June 08, 2015          | Monday, July 27, 2015         |
| Identified Date*                                                                                                                                                                                                          | Wednesday, June 10, 2015       | Wednesday, July 29, 2015      |
| Last date by which the Letter of Offer will be dispatched to the Shareholders' ( <i>Except the Acquirers and the Selling Shareholders</i> ) as on the identified date                                                     | Wednesday, June 17, 2015       | Wednesday, August 05, 2015    |
| Last Date for revising the Offer Price/number of shares                                                                                                                                                                   | Friday, June 19, 2015          | Friday, August 07, 2015       |
| Last date by which the recommendation of the committee of Independent Directors of the Target Company will be given and published                                                                                         | Monday, June 22, 2015          | Monday, August 10, 2015       |
| Date of public announcement for Opening the Offer                                                                                                                                                                         | Tuesday, June 23, 2015         | Tuesday, August 11, 2015      |
| Date of Commencement of the Tendering Period (Offer opening date)                                                                                                                                                         | Wednesday, June 24, 2015       | Wednesday, August 12, 2015    |
| Date of Closing of the Tendering Period (Offer closing date)                                                                                                                                                              | Tuesday, July 07, 2015         | Tuesday, August 25, 2015      |
| Last date for communicating Rejection/acceptance and payment of consideration for accepted equity shares or equity share certificate/return of unaccepted share certificates/credit of unaccepted shares to demat account | Tuesday, July 21, 2015         | Tuesday, September 08, 2015   |

*\*Identified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent. It is clarified that all the shareholders (registered or unregistered) of the Target Company (except the Acquirers and the Selling Shareholders) 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 Acquirers:**

### **Relating to the Proposed Offer:**

- 1) This Offer is not subject to the receipt of any statutory approvals. However, in case of any such applicability on a later date 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 Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of Target Company, whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirers, may be delayed. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to the Acquirers agreeing to pay interest for the delayed period, if directed by SEBI, in terms of Regulation 18(11) of the SEBI (SAST) Regulations.
- 2) In case of over-subscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
- 3) The Registrar to the Offer will hold in trust the dematerialized shares credited to the Demat Escrow Account, Share Certificates, Form of Acceptance, if any, and the Transfer Deed (s) on behalf of the shareholders of the Target Company who have accepted the Offer, till the completion of the Offer formalities.
- 4) 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 Acquirers:**

- 1) The Acquirers makes no assurance with respect to the financial performance of the Target Company and their investment/divestment decisions relating to their proposed shareholding in the Target Company.
- 2) The Acquirers 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.
- 3) The Acquirers and the Manager to the Offer accepts no responsibility for the statements made otherwise than in the Public Announcement(PA)/Detailed Public Statement (DPS)/Letter of Offer (LoF) and anyone placing reliance on any other sources of information, not released by the Acquirers, would be doing so at his / her / its own risk.

### **Relating to the Target Company:**

- 1) The Networth of the Target Company was eroded more than 50% in the FY 2002-2003 and completely in FY 2003-2004 as defined under SICA, 1985. The Target Company was to be referred to the BIFR in terms of Section 23 of SICA, 1985. However, the management of the Target Company at that point of time did not file reference to BIFR, as they were hopeful to turnaround the operations of the Company and make the Networth positive on its own. The Target Company neither had any borrowings from any Bank/Secured Creditors nor any other Statutory Liability for which they had to seek any relief or concession.

As per unaudited but certified financials as on June 30, 2015, the Networth of the Target Company has turned positive and it is ₹8.68 Lakhs. The Acquirers intend to turnaround the operations of the Company and thereby the Company may revive on its own.

Any action by BIFR may adversely impact the management controlling at the time of Violation. However, it will not have any implication for and impact on the public shareholders.

The risk factors set forth above pertain to the Offer and do 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 choosing, if any, for further risks with respect to each such Shareholder's participation in the Offer.

## **Table of Contents**

|                                                                            |           |
|----------------------------------------------------------------------------|-----------|
| <b>1. ABBREVIATIONS/DEFINITIONS .....</b>                                  | <b>1</b>  |
| <b>2. DISCLAIMER CLAUSE.....</b>                                           | <b>3</b>  |
| <b>3. DETAILS OF THE OFFER.....</b>                                        | <b>3</b>  |
| <b>3.1 BACKGROUND OF THE OFFER .....</b>                                   | <b>3</b>  |
| <b>3.2 DETAILS OF THE PROPOSED OFFER .....</b>                             | <b>5</b>  |
| <b>3.3 OBJECT OF THE OFFER.....</b>                                        | <b>6</b>  |
| <b>4. BACKGROUND OF THE ACQUIRERS:.....</b>                                | <b>7</b>  |
| <b>5. BACKGROUND OF THE TARGET COMPANY–KAKATIYA TEXTILES LIMITED .....</b> | <b>9</b>  |
| <b>6. OFFER PRICE AND FINANCIAL ARRANGEMENTS.....</b>                      | <b>14</b> |
| <b>6.1 JUSTIFICATION OF OFFER PRICE .....</b>                              | <b>14</b> |
| <b>6.2 DETAILS OF FIRM FINANCIAL ARRANGEMENTS .....</b>                    | <b>16</b> |
| <b>7. TERMS AND CONDITIONS OF THE OFFER .....</b>                          | <b>16</b> |
| <b>7.1 OPERATIONAL TERMS AND CONDITIONS.....</b>                           | <b>16</b> |
| <b>7.2 LOCKED-IN SHARES.....</b>                                           | <b>17</b> |
| <b>7.3 ELIGIBILITY FOR ACCEPTING THE OFFER .....</b>                       | <b>17</b> |
| <b>7.4 STATUTORY APPROVALS.....</b>                                        | <b>18</b> |
| <b>8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER.....</b>            | <b>18</b> |
| <b>9. DOCUMENTS FOR INSPECTION.....</b>                                    | <b>21</b> |
| <b>10. DECLARATION BY THE ACQUIRERS .....</b>                              | <b>23</b> |

## 1. ABBREVIATIONS/DEFINITIONS

|                                        |                                                                                                                                                                                                                                            |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Acquirer 1</b>                      | Mr. Ravindra Nath Vanka                                                                                                                                                                                                                    |
| <b>Acquirer 2</b>                      | Mrs. Raja Kumari Vanka                                                                                                                                                                                                                     |
| <b>Acquirer 3</b>                      | Mr. Raghuveer Vanka                                                                                                                                                                                                                        |
| <b>Acquirer 4</b>                      | Ms. Ravali Vanka                                                                                                                                                                                                                           |
| <b>BIFR</b>                            | Board for Industrial and Financial Reconstruction                                                                                                                                                                                          |
| <b>BSE</b>                             | BSE Limited, Mumbai                                                                                                                                                                                                                        |
| <b>CDSL</b>                            | Central Depository Services (India) Limited                                                                                                                                                                                                |
| <b>Companies Act</b>                   | Companies Act, 1956, as amended or modified from time to time and the Companies Act, 2013                                                                                                                                                  |
| <b>CP</b>                              | Conditions Precedent                                                                                                                                                                                                                       |
| <b>DP</b>                              | Depository Participant                                                                                                                                                                                                                     |
| <b>DPS / Detailed Public Statement</b> | Detailed Public Statement relating to the Offer published on May 11, 2015 (Monday)                                                                                                                                                         |
| <b>Eligible Persons for the Offer</b>  | All owners (registered or unregistered) of Equity Shares of the Target Company who own the shares at any time before the Closure of the Offer ( <i>except the Acquirers and the Selling shareholders</i> ).                                |
| <b>Equity Shares</b>                   | Fully paid-up Equity Shares of the Target Company of the face value of ₹10 (Rupees Ten only) each                                                                                                                                          |
| <b>Escrow Account</b>                  | Shall have the meaning given to it in paragraph 6.2 (2) of this Letter of Offer                                                                                                                                                            |
| <b>Escrow Amount</b>                   | Shall have the meaning given to it in paragraph 6.2 (2) of this Letter of Offer                                                                                                                                                            |
| <b>Escrow Bank</b>                     | HDFC Bank Limited                                                                                                                                                                                                                          |
| <b>FEMA</b>                            | Foreign Exchange Management Act, 1999, as amended from time to time                                                                                                                                                                        |
| <b>FII</b>                             | Foreign Institutional Investor registered with SEBI                                                                                                                                                                                        |
| <b>Form of Acceptance</b>              | Form of Acceptance cum Acknowledgement, accompanying with this Letter of Offer                                                                                                                                                             |
| <b>Identified Date</b>                 | July 29, 2015 (Wednesday) i.e. date falling on the tenth (10 <sup>th</sup> ) Working Day prior to the commencement of Tendering Period, for the purposes of determining the Public Shareholders to whom this Letter of Offer shall be sent |
| <b>IFSC</b>                            | Indian Financial System Code                                                                                                                                                                                                               |
| <b>Income Tax Act</b>                  | Income Tax Act, 1961, as amended from time to time                                                                                                                                                                                         |
| <b>₹/ INR / Rs.</b>                    | Indian Rupees, the legal currency of India                                                                                                                                                                                                 |
| <b>Letter of Offer/LoF</b>             | This Letter of Offer dated July 31, 2015                                                                                                                                                                                                   |
| <b>Manager / Manager to the Offer</b>  | Mark Corporate Advisors Private Limited                                                                                                                                                                                                    |
| <b>MICR</b>                            | Magnetic Ink Character Recognition                                                                                                                                                                                                         |
| <b>NA/N.A.</b>                         | Not Applicable                                                                                                                                                                                                                             |
| <b>NECS</b>                            | National Electronic Clearing System                                                                                                                                                                                                        |
| <b>NEFT</b>                            | National Electronic Funds Transfer                                                                                                                                                                                                         |
| <b>Non-Resident Shareholder(s)</b>     | Persons resident outside India as defined under FEMA, holding Equity Shares of the Target Company                                                                                                                                          |
| <b>NRI</b>                             | Non-Resident Indians                                                                                                                                                                                                                       |
| <b>NSDL</b>                            | National Securities Depository Limited                                                                                                                                                                                                     |
| <b>OCBs</b>                            | Overseas Corporate Bodies                                                                                                                                                                                                                  |
| <b>Offering period</b>                 | Period from the date of release of Public Announcement to the date of payment of consideration                                                                                                                                             |
| <b>Offer/Open Offer</b>                | The Open Offer is made by the Acquirers to the Public Shareholders to acquire upto 15,10,800 Equity Shares, representing 26% of the Subscribed Equity Share Capital of the Target Company                                                  |
| <b>Offer Price</b>                     | ₹7.00 (Rupees Seven only) per fully paid-up Equity Share and ₹2.00 (Rupees Two only) per partly paid-up Equity Share                                                                                                                       |
| <b>Offer Size</b>                      | Upto 15,10,800 Equity Shares representing 26% of the Subscribed Equity Share Capital of the Target Company at a price of ₹7.00                                                                                                             |

|                                                               |                                                                                                                                                                                                                                               |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               | (Rupees Seven only) per fully paid-up Equity Share and ₹2.00 (Rupees Two only) per partly paid-up Equity Share, aggregating to maximum consideration of ₹1,05,75,600 (Rupees One Crore Five Lakhs Seventy Five Thousand and Six Hundred only) |
| <b>PA / Public Announcement</b>                               | Public Announcement of the Offer issued by the Manager to the Offer, on behalf of the Acquirers on May 04, 2015 (Monday)                                                                                                                      |
| <b>Promoters</b>                                              | Promoter and Promoter Group of Kakatiya Textiles Limited as per Clause 35 of the Listing Agreement entered with the Stock Exchange                                                                                                            |
| <b>Public Shareholder(s)</b>                                  | The Equity Shareholder(s) of The Target Company other than the Acquirers                                                                                                                                                                      |
| <b>RBI</b>                                                    | Reserve Bank of India                                                                                                                                                                                                                         |
| <b>Registrar / Registrar to the Offer</b>                     | Bigshare Services Private Limited                                                                                                                                                                                                             |
| <b>RTGS</b>                                                   | Real Time Gross Settlement                                                                                                                                                                                                                    |
| <b>Sale Shares</b>                                            | 29,32,812 fully paid-up Equity Shares                                                                                                                                                                                                         |
| <b>SEBI</b>                                                   | Securities and Exchange Board of India                                                                                                                                                                                                        |
| <b>SEBI Act</b>                                               | Securities and Exchange Board of India Act, 1992, as amended or modified from time to time                                                                                                                                                    |
| <b>SEBI (SAST) Regulations, 2011/ SEBI (SAST) Regulations</b> | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and subsequent amendments thereof                                                                                                 |
| <b>Sellers/Selling Shareholders</b>                           | Promoter/Promoter Group of the Target Company                                                                                                                                                                                                 |
| <b>SICA</b>                                                   | Sick Industrial Companies Act, 1985                                                                                                                                                                                                           |
| <b>SPA</b>                                                    | Share Purchase Agreement dated May 04, 2015                                                                                                                                                                                                   |
| <b>Stock Exchange(s)</b>                                      | BSE Limited, Mumbai ('BSE')                                                                                                                                                                                                                   |
| <b>Target Company/KTL</b>                                     | Kakatiya Textiles Limited                                                                                                                                                                                                                     |
| <b>Tendering Period / Offer Period</b>                        | 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 August 12, 2015 (Wednesday) and August 25, 2015 (Tuesday)                             |
| <b>Voting Capital</b>                                         | 57,92,900 Equity Share aggregating to ₹579.29 Lakhs                                                                                                                                                                                           |

## 2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 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 KAKATIYA TEXTILES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES AND CONTROL IS PROPOSED TO BE 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR 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 MAY 16, 2015 (SATURDAY) TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS 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. Ravindra Nath Vanka ('Acquirer 1'), Mrs. Raja Kumari Vanka ('Acquirer 2'), Mr. Raghuvveer Vanka ('Acquirer 3') and Ms. Ravali Vanka ('Acquirer 4') (hereinafter collectively referred to as 'Acquirers') to the Equity shareholders of Kakatiya Textiles Limited (hereinafter referred to as 'KTL'/'Target Company') pursuant to and in compliance with regulation 3(1) and 4 of SEBI (SAST) Regulations, 2011 to acquire upto 15,10,800 Equity Shares of ₹10 each, representing 26% of the Subscribed Equity Share Capital of the Target Company ('Offer Size') at a price of ₹7.00 (Rupees Seven only) per fully paid up Equity Share and ₹2.00 (Rupees Two Only) per partly paid-up Equity Share ('Offer Price'), payable in cash, subject to the terms and conditions set out in the PA, DPS and the LoF that will be sent to the public shareholders of the Target Company.

3.1.2. The Acquirers have entered into a Share Purchase Agreement ('SPA') with the existing Promoters for the entire Shareholding held by them i.e. 29,32,812 fully paid-up Equity Shares representing 50.47% of the Subscribed Equity Share Capital and 50.63% of the Voting Capital.

3.1.3. Following are the details regarding the transactions which triggered the Open Offer:

Pursuant to the Share Purchase Agreement ('SPA') entered between the Acquirers and the Promoter/Promoter Group of the of the Target Company dated May 04, 2015, the Acquirers have agreed to purchase entire Promoter/Promoter Group holding i.e. 29,32,812 Equity Shares representing 50.47% of the Subscribed Equity Share Capital and 50.63% of the Voting Capital of ₹10 each at ₹4.09 per fully paid-up Equity Share. The details of the same 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 Equity Shares                                              | % of Subscribed Equity Share Capital | % of Voting Capital | No of Equity Shares | % of Subscribed Equity Share Capital | % of Voting Capital |
| 1)      | Mr. Sumanth Ramamurthi | 74, Appusamy Layout, Red Fields, Coimbatore-641 018 | Yes                              | 29,32,808                                                        | 50.47%                               | 50.63%              | Nil                 | Nil                                  | Nil                 |

| 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 Equity Shares                                              | % of Subscribed Equity Share Capital | % of Voting Capital | No of Equity Shares | % of Subscribed Equity Share Capital | % of Voting Capital |
|         | <b>PAN:</b><br>ALMPS1683A                                                                   |                                                                                          |                                  |                                                                  |                                      |                     |                     |                                      |                     |
| 2)      | <b>Elgi Electric and Industries Limited</b><br><br><b>CIN:</b><br>U31200TZ1963<br>PLC000487 | Elgi Towers,<br>Green Fields,<br>737 D,<br>Puliakulam<br>Road<br>Coimbatore-<br>641 045  | Yes                              | 2                                                                | Negligible                           | Negligible          | Nil                 | Nil                                  | Nil                 |
| 3)      | <b>Super Farm Products Private Limited</b><br><br><b>CIN:</b><br>U01211TZ1984<br>PTC001522  | Elgi Towers,<br>Green Fields,<br>737 D,<br>Puliakulam<br>Road,<br>Coimbatore-<br>641 045 | Yes                              | 2                                                                | Negligible                           | Negligible          | Nil                 | Nil                                  | Nil                 |
|         | <b>TOTAL</b>                                                                                |                                                                                          |                                  | <b>29,32,812</b>                                                 | <b>50.47%</b>                        | <b>50.63%</b>       | <b>Nil</b>          | <b>Nil</b>                           | <b>Nil</b>          |

**3.1.4. The salient features of the Share Purchase Agreement ('SPA') are as under:**

- (a) The Acquirers shall acquire the 29,32,812 fully paid-up Equity Shares of ₹10 each representing 50.47% of the Subscribed Equity Share Capital and 50.63% of the Voting Capital in equal proportion.
- (b) The Acquirers have also agreed to acquire 5,00,000 9% Cumulative Redeemable Preference Shares representing 100% of the Preference Share Capital of the Target Company from the Promoter/Selling Shareholders in equal proportion.
- (c) The Purchase Consideration shall be ₹4.09 (Rupees Four and Paise Nine only) per fully paid-up Equity Share and ₹23.96 (Rupees Twenty Three and Paise Ninety Six only) per Preference Share.
- (d) The Purchase Consideration has been fixed on the basis of the assets and liabilities disclosed in the Provisional annual accounts of the Company for the financial year ended on March 31, 2015.
- (e) An earnest money deposit of ₹60,00,000 (Rupees Sixty Lakhs only) was paid for the Sale of Shares at the time of execution of the Share Purchase Agreement. The consideration after adjusting the earnest money deposit would be paid upon the completion of the takeover formalities/payment of consideration to the shareholders who have surrendered their shares in the Open Offer.
- (f) If the Voting Rights of the Acquirers exceeds 75% of the Voting Rights including Shares agreed to be acquired through SPA and the shares acquired under Open Offer, the Acquirers will restrict their acquisition from Sellers to such extent that the Acquirers aggregate holding does not cross 75% of the Voting Rights.
- (g) The Purchase of the Shares by the Acquirers is subject to the fulfillment by the Sellers of the following conditions precedent:
  - (i) All corporate approvals of such of the Sellers as are corporate (namely, an appropriate resolution by the Board and EGM of each company and suitable letters, if any,) being obtained and certified copies thereof being submitted to the Acquirers.
  - (ii) The approvals, if any, of the Authorities being obtained by the Sellers at their own cost and such approvals being unconditional or if subject to conditions, the conditions are not unusual or onerous and certified copies thereof being submitted to the Acquirers.

(h) Compliance with Takeover Regulations:

- (i) The sale and purchase of the Sale Shares shall be subject to compliance with the provisions of the Takeover Regulations.
- (ii) The Sellers shall cause the Company to comply with the provisions of the Takeover Regulations.
- (iii) In case of non-compliance with any of the provisions of the Takeover Regulations by either of the parties, this agreement for sale of the Sale Shares shall not be acted upon by either Sellers or the Acquirers.
- (iv) The Acquirers/Sellers undertake that if the public shareholding in the Company falls below the limit specified in the Listing Agreement entered with the Stock Exchange for the purpose of listing on continuous basis, pursuant to the Agreements and Open Offer, the Acquirers will maintain the minimum specified public shareholding in the Company.

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

3.1.6. The Shares acquired through SPA have been transferred to a separate Demat Escrow Account namely 'M/s KTL-SELLING SHAREHOLDERS ACCOUNT-OPERATED BY-MCAPL, opened with SW Capital Private Limited, whose operating authority rests with the Manager to the Offer.

3.1.7. The Acquirers may, in terms of first proviso to Regulation 24(1) of the SEBI (SAST) Regulations, 2011 after the expiry of fifteen (15) working days, subject to the Acquirers depositing in the Escrow Account under Regulation 17, cash of an amount equal to 100% of the consideration payable under the Open Offer assuming full acceptance, reconstitute the Board of Directors of the Target Company by appointing their representatives, as they may deem fit. Accordingly, the Acquirers have deposited an additional amount and the amount lying in the Escrow Account is more than 100%. Mr. Ravindra Nath Vanka and Mrs. Raja Kumari Vanka (Acquirers) have intended for their induction on the Board of the Target Company.

Further, the Acquirers may also, in terms of Regulation 22(2) of SEBI (SAST) Regulations, 2011 subject to and in compliance of Regulation 17, upon expiry of twenty-one (21) working days from date of the Detailed Public Statement ('DPS'), complete the acquisition of subscription shares pursuant to the Share Purchase Agreement ('SPA'). However, they have intended to complete the acquisition upon the completion of the takeover formalities/payment of consideration to the shareholders who have surrendered their shares in the Open Offer.

3.1.8. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of SEBI Act or under any other regulations made under the SEBI Act.

3.1.9. As per Regulations 26(6) and 26(7) of SEBI (SAST) Regulations, the Board of the Target Company is required to constitute a committee of Independent Directors who would provide its written reasoned recommendation on the Offer to the Shareholders of the Target Company and such recommendations shall be published at least two working days before the commencement of the Tendering Period i.e. August 10, 2015 (Monday) in the same newspaper where the DPS was published. A copy whereof shall be sent to SEBI, BSE, and Manager to the Offer and in case of a competing offer/s to the Manager/s to the Open Offer for every competing offer.

3.1.10. No other persons/individuals/entities are acting in concert with the Acquirers 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 4 read with Regulation 13, 14 and 15 of the SEBI (SAST) Regulations, 2011 was made on May 04, 2015 (Monday) and was sent to BSE Ltd, Mumbai ('BSE') and the Registered Office of the Target Company on May 04, 2015 and was also filed with SEBI, Mumbai on May 05, 2015.

3.2.2 In accordance with Regulations 13(4) and 14(3) of the SEBI (SAST) Regulations, the DPS was published on May 11, 2015 (Monday) in the following newspapers:

| Publication        | Language | Edition(s)         |
|--------------------|----------|--------------------|
| Financial Express  | English  | All Editions       |
| Jansatta           | Hindi    | All Editions       |
| Mumbai Lakshadweep | Marathi  | Mumbai Edition     |
| Makkal Kural       | Tamil    | Coimbatore Edition |

*The Public Announcement and Detailed Public Statement are also available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in).*

3.2.3 Simultaneously with the publication of DPS in the newspapers, a copy of the DPS was filed through the Manager to the Offer with SEBI and BSE and sent to the Target Company at its Registered Office.

3.2.4 The Offer is being made by the Acquirers to the public shareholders of the Target Company, to acquire upto 15,10,800 Equity Shares representing 26% of the Subscribed Equity Share Capital of the Target Company at a price of ₹7.00 (Rupees Seven only) per Equity Share and ₹2.00 (Rupees Two only) per partly paid-up Equity Share ('Offer Price') aggregating to ₹1,05,75,600 (Rupees One Crore Five Lakhs Seventy Five Thousand and Six Hundred only), payable in cash subject to the terms and conditions set out in the PA, DPS and the LoF.

3.2.5 There are 35,400 partly paid up Equity Shares of ₹10 each. The Shareholders who are holding partly paid-up equity shares will also be eligible to participate in the Offer and the Offer price payable for such share is ₹2.00 per share (Rupees Two only).

3.2.6 This is not a Competing Offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

3.2.7 The Offer is unconditional and not subject to any minimum level of acceptance from the shareholders. In terms of Regulation 19(1) of the SEBI (SAST) Regulations, the Acquirers will accept those Equity Shares of the Target Company which are tendered in valid form in terms of this Offer upto a maximum of 15,10,800 Equity Shares representing 26% of the Subscribed Equity Share Capital.

3.2.8 The Acquirers have not acquired any shares of the Target Company after the date of PA i.e. May 04, 2015 (Monday) up to the date of this LoF. However, Mr. Ravindra Nath Vanka holds 500 Equity shares in the Target Company prior to the date of PA.

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.

3.2.10 The Equity Shares of the Target Company acquired by the Acquirers 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 Pursuant to completion of this Offer, assuming full acceptance, the public shareholding in the Target Company will fall below the minimum public shareholding requirement as per the Securities Contract (Regulation) Rules, 1957 as amended and the Listing Agreement. However, The Acquirers will restrict their acquisition from Sellers named under SPA to such extent that the Acquirers holding do not cross 75% of the Voting Rights.

### **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 4 of the SEBI (SAST) Regulations.

3.3.2 The object of acquisition is to acquire substantial shares/voting rights accompanied by control over the Target Company. At present, the Acquirers 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 Acquirers may continue to support the existing business of the Target Company. The Acquirers may reorganize the present Capital structure of the Company and also further strengthen the Board.

3.3.3 The Acquirers does not have any plans to alienate any significant assets of the Target Company whether by way of sale, lease, encumbrance or otherwise for a period of two years except in the ordinary course of business 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 SEBI (SAST) Regulations, 2011.

#### **4. BACKGROUND OF THE ACQUIRERS:**

##### **4.1 Information about Mr. Ravindra Nath Vanka ("Acquirer 1")**

4.1.1.**Mr. Ravindra Nath Vanka ('Acquirer 1')**, S/o Shri Satyanarayana, aged 54 years, residing at D. No. 23-7-11, Park Street, Sajjapuram, Tanuku-534 211, Dist.: West Godavari, State: Andhra Pradesh, Tel. No.: +91 8819 224 005, Fax No.: +91 8819 224 112 Email: vanka36@gmail.com is holding a Diploma of Licentiate in Sugar Technology from Government Polytechnic, Vizag, Andhra Pradesh. His Permanent Account Number (PAN) is ACKPR1797H.

4.1.2.Acquirer 1 has an experience of about three (3) decades in the business of trading in human hair which are used for making wigs, etc and more than a decade in the textile processing.

4.1.3.Acquirer 1 is not part of any group.

4.1.4.As on date, Acquirer 1 holds 500 Equity Shares representing 0.01% of the Equity Share Capital and Voting Capital of the Target Company.

4.1.5.Acquirer 1 has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or any other regulations made under the SEBI Act.

4.1.6.The Net Worth of Mr. Ravindra Nath Vanka is ₹1000.27 Lakhs (Rupees One Thousand Lakhs and Twenty Seven Thousand only) as on March 31, 2015 as certified vide certificate dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: cherukuri\_tnk@yahoo.com.

4.1.7.The major entities promoted/controlled/managed by Mr. Ravindra Nath Vanka are as under:

| <b>Sr. No.</b> | <b>Name of the Company</b>                 | <b>Current Designation</b> |
|----------------|--------------------------------------------|----------------------------|
| 1)             | Ravali Spinners Private Limited            | Managing Director          |
| 2)             | Indian Hair Industries Private Limited     | Chairman                   |
| 3)             | R. K. Hair Products Private Limited        | Managing Director          |
| 4)             | Raghuveer Infra & Fashions Private Limited | Director                   |
| 5)             | SVR Spinning Mills Private Limited         | Additional Director        |

*Note: None of the above entities are listed on any Stock Exchanges.*

##### **4.2 Information about Mrs. Raja Kumari Vanka ("Acquirer 2"):**

4.2.1.**Mrs. Raja Kumari Vanka ('Acquirer 2')**, w/o Mr. Ravindra Nath Vanka, aged 50 years, residing at D. No. 23-7-11, Park Street, Sajjapuram, Tanuku-534 211, Dist.: West Godavari, State: Andhra Pradesh, Tel. No.: +91 8819 224 005, Fax No.: +91 8819 224 112 Email: vanka36@gmail.com is M.A in Economics from Andhra University. Her Permanent Account Number (PAN) is ABQPV1640L.

4.2.2.Acquirer 2 has an experience of about 2 decades in the business of trading in human hair which are used for making wigs, etc and about a decade in the textile processing.

4.2.3.Acquirer 2 is not part of any group.

4.2.4.As on date, Acquirer 2 does not hold any Equity Shares in the Target Company.

4.2.5.Acquirer 2 has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or any other regulations made under the SEBI Act.

4.2.6.The Net Worth of Mrs. Raja Kumari Vanka is ₹422.90 Lakhs (Rupees Four Hundred and Twenty Two Lakhs and Ninety Thousand only) as on March 31, 2015 as certified vide certificate dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: cherukuri\_tnk@yahoo.com.

4.2.7.The major entities promoted/controlled/managed by Mrs. Raja Kumari Vanka are as under:

| Sr. No. | Name of the Company                        | Current Designation |
|---------|--------------------------------------------|---------------------|
| 1)      | Ravali Spinners Private Limited            | Whole Time Director |
| 2)      | Indian Hair Industries Private Limited     | Whole Time Director |
| 3)      | R. K. Hair Products Private Limited        | Director            |
| 4)      | Raghuveer Infra & Fashions Private Limited | Managing Director   |
| 5)      | SVR Spinning Mills Private Ltd             | Additional Director |

*Note: None of the above entities are listed on any Stock Exchanges.*

#### 4.3 Information about Mr. Raghuveer Vanka (“Acquirer 3”):

4.3.1.**Mr. Raghuveer Vanka ('Acquirer 3')**, s/o Mr. Ravindra Nath Vanka, aged 28 years, residing at D. No. 23-7-11, Park Street, Sajjapuram, Tanuku-534 211, Dist.: West Godavari, State: Andhra Pradesh, Tel. No.: +91 8819 224 005, Fax No.: +91 8819 224 112 Email: vanka36@gmail.com is a MBA in International Business from TASMACH. His Permanent Account Number (PAN) is AQHPV4971G.

4.3.2.Acquirer 3 has an experience of more than two (2) years in the business of trading in human hair which are used for making wigs, etc and textile processing.

4.3.3.Acquirer 3 is not part of any group.

4.3.4.As on date, Acquirer 3 does not hold any Equity Shares in the Target Company.

4.3.5.Acquirer 3 has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or any other regulations made under the SEBI Act.

4.3.6.The Net Worth of Mr. Raghuveer Vanka is ₹185.55 Lakhs (Rupees One Hundred and Eighty Five Lakhs and Fifty Five Thousand only) as on March 31, 2015 as certified vide certificate dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: cherukuri\_tnk@yahoo.com.

4.3.7.The major entities promoted/controlled/managed by Mr. Raghuveer Vanka are as under:

| Sr. No. | Name of the Company                    | Current Designation |
|---------|----------------------------------------|---------------------|
| 1)      | Ravali Spinners Private Limited        | Director            |
| 2)      | Indian Hair Industries Private Limited | Director            |
| 3)      | R. K. Hair Products Private Limited    | Director            |

*Note: None of the above entities are listed on any Stock Exchanges.*

#### 4.4 Information about Ms. Ravali Vanka (“Acquirer 4”):

4.4.1.**Ms. Ravali Vanka ('Acquirer 4')**, d/o Mr. Ravindra Nath Vanka, aged 24 years, residing at D. No. 23-7-11, Park Street, Sajjapuram, Tanuku-534 211, Dist.: West Godavari, State: Andhra Pradesh, Tel. No.: +91 8819 224 005, Fax No.: +91 8819 224 112 Email: vanka36@gmail.com is BBA from SRM University and LLB from Amity University. Her Permanent Account Number (PAN) is AQCPV5471A.

4.4.2.Acquirer 4 has an experience of more than two (2) years in the business of trading in human hair which are used for making wigs, etc.

4.4.3.Acquirer 4 is not part of any group.

4.4.4.As on date, Acquirer 4 does not hold any Equity Shares in the Target Company.

4.4.5.Acquirer 4 has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act or any other regulations made under the SEBI Act.

4.4.6.The Net Worth of Ms. Ravali Vanka is ₹184.10 Lakhs (Rupees One Hundred and Eighty Four Lakhs and Ten Thousand only) as on March 31, 2015 as certified vide certificate dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: cherukuri\_tnk@yahoo.com.

4.4.7.The major entities promoted/controlled/managed by Ms. Ravali Vanka are as under:

| Sr. No. | Name of the Company                    | Current Designation |
|---------|----------------------------------------|---------------------|
| 1)      | Ravali Spinners Private Limited        | Director            |
| 2)      | Indian Hair Industries Private Limited | Director            |
| 3)      | R. K. Hair Products Private Limited    | Director            |

*Note: None of the above entities are listed on any Stock Exchanges.*

4.5 The applicable provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations, 2011 are not applicable to the Acquirers with respect to the Target Company since the Acquirers have acquired only 500 Equity Shares of the Target Company prior to the date of SPA.

4.6 Mrs. Raja Kumari Vanka (“Acquirer 2”) is wife of Mr. Ravindra Nath Vanka (‘Acquirer 1’), Mr. Raghuveer Vanka (“Acquirer 3”) is son of Mr. Ravindra Nath Vanka (‘Acquirer 1’) and Ms. Ravali Vanka (“Acquirer 4”) is daughter of Mr. Ravindra Nath Vanka (‘Acquirer 1’).

4.7 Except Mr. Ravindra Nath Vanka who had acquired 400 shares of the target company on February 20, 2015 at ₹2.70 each during the 12 months period prior to the public announcement, the other acquirers have not acquired any shares of the Target Company during the said period.

4.8 Neither the Acquirers nor any of the Company, with which the Acquirers are associated with, are in Securities related business and registered with SEBI as a Market Intermediary.

4.9 None of the entities promoted or controlled or managed by the Acquirers are either participating or Acting in Concert in the Open Offer.

4.10 As on date, the Acquirers do not have any interest in the Target Company except for 500 Equity shares held by Mr. Ravindra Nath Vanka. Further, there are no Directors representing the Acquirers on the Board of the Target Company.

## **5. BACKGROUND OF THE TARGET COMPANY–KAKATIYA TEXTILES LIMITED**

5.1 The Target Company, Kakatiya Textiles Limited, bearing CIN L18100TZ1981PLC013940 was incorporated on August 26, 1981 under the Companies Act, 1956. There has been no change in the name of the Company during the last three years.

5.2 The Registered Office of the Target Company is situated at “Elgi Towers”, Green Fields, 737 D, Puliakulam Road Coimbatore-641 045.

5.3 The Target Company is engaged in the business of manufacturing of cotton yarn.

5.4 The Revenue of the Target Company has fallen sharply in FY 2014-2015 compared to FY 2013-2014 mainly due to fall in demand of the products of the company on account of downturn in the economy.

5.5 The Authorized Share Capital of the Target Company is ₹11,50,00,000 representing 65,00,000 Equity shares of ₹10 each and 5,00,000 (9% Cumulative Redeemable) Preference Shares of ₹100 each. The paid-up Share Capital of the Target Company is ₹1078.50 Lakhs comprising of ₹578.50 Lakhs of Equity Share Capital and ₹ 500.00 Lakhs 9% Cumulative Redeemable Preference Share Capital.

5.6 The Target Company came out with the Initial Public Offering of 37,50,000 Equity Shares at a price of ₹10 per share at par aggregating to ₹375.00 Lakhs in the FY 1992-1993.

5.7 The Target Company was taken over by the present promoters pursuant to the Open Offer made in the calendar year 2006 at a price of ₹1.00 per Equity Share as per SEBI (SAST) Regulations, 1997.

5.8 The Networth of the Target Company was eroded more than 50% in the FY 2002-2003 and completely in FY 2003-2004 as defined under SICA, 1985. The Target Company was to be referred to the BIFR in terms of Section 23 of SICA, 1985. However, the management of the Target Company at that point of time did not file reference to BIFR, as they were hopeful to turnaround the operations of the Company and make the Networth positive on its own. The Target Company neither had any borrowings from any Bank/Secured Creditors nor any other Statutory Liability for which they had to seek any relief or concession.

As per unaudited but certified financials as on June 30, 2015, the Networth of the Target Company has turned positive and it is ₹8.68 Lakhs. The Acquirers intend to turnaround the operations of the Company and thereby the Company may revive on its own.

Any action by BIFR may adversely impact the management controlling at the time of Violation. However, it will not have any implication for and impact on the public shareholders.

5.9 As on date, the Promoter/Promoter Group holds in aggregate 29,32,812 fully paid-up Equity Shares representing 50.47% of the Subscribed Equity Share Capital and 50.63% of the Voting Capital of the Target Company.

#### 5.10 Share Capital Structure:

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

| Paid-up Shares               | No. of Equity Shares/<br>Voting Rights | % of Equity Shares/<br>Voting Rights |
|------------------------------|----------------------------------------|--------------------------------------|
| Fully Paid-up Equity Shares  | 57,75,200/57,75,200                    | 99.39%/99.69%                        |
| Partly Paid-up Equity Shares | 35,400/17,700                          | 0.61%/0.31%                          |
| Total Paid-up Equity Shares  | 58,10,600/57,92,900                    | 100%/100%                            |

5.11 The present Promoter/Promoter Group of the Target Company have complied with Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations, 2011.

5.12 The Equity shares of the Target Company are listed on BSE Limited, Mumbai ("BSE"). The Equity Shares of KTL are not frequently traded within the meaning of explanation provided in Regulation 2(j) of the SEBI (SAST) Regulations, 2011. The ISIN of the Target Company is INE092E01011.

5.13 The Trading in the Equity shares of the Target Company was suspended on BSE for non-compliance of various clauses of the Listing Agreement by the previous management which was later revoked by BSE Limited w.e.f. February 08, 2010. As on date the Target Company is fully compliant with the listing requirements and there has not been any non-listing of Equity shares on BSE.

5.14 There are currently no outstanding convertible instruments to be converted into Equity Shares of the Target Company at a future date. There has been no merger/ de-merger or spin off in the Target Company during the past three years.

#### 5.15 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 Director                                   | Date of Appointment | Experience                                                  | No of Shares held in the TC |
|---------|-----------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------|-------------------------------------------------------------|-----------------------------|
| 1.      | <b>Mr. Sumanth Ramamurthi</b><br><br><b>DIN:</b> 00002773<br><br><b>PAN:</b> ALMPS1683A | No 74, Appusamy Layout Red Fields, Coimbatore-641 002 | June 30, 2006       | More than 3 decades in the Textile & Engineering Industries | 29,32,808                   |

| Sr. No. | Name of the Director, DIN, PAN & Designation                                                                                                           | Address of Director                                                                    | Date of Appointment | Experience                                                                                                                | No of Shares held in the TC |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|         | <b>Designation:</b> Managing Director                                                                                                                  |                                                                                        |                     |                                                                                                                           |                             |
| 2.      | <b>Mr. Idupuganti Venkat Rao</b><br><br><b>DIN:</b> 00724742<br><br><b>PAN:</b> AAIP19737L<br><br><b>Designation:</b> Independent Director             | 77A,<br>East Marredpally,<br>Secunderabad-<br>500 026                                  | June 30, 2006       | A Medical Practitioner having more than 3 decades of experience in the field of General Medicine                          | NIL                         |
| 3.      | <b>Mr. Sreerama Koteswara Rao Surapaneni</b><br><br><b>DIN:</b> 00964290<br><br><b>PAN:</b> AKAPS0069F<br><br><b>Designation:</b> Independent Director | Plot No. 1303A,<br>Road No 65,<br>Jubilee Hills,<br>Hyderabad-<br>500 038              | February 18, 2009   | More than 4 decades of experience in Audit, Accounts, Finance & Taxation matters                                          | NIL                         |
| 4.      | <b>Mr. CSK Prabhu</b><br><br><b>DIN:</b> 00002913<br><br><b>PAN:</b> AECPP4319R<br><br><b>Designation:</b> Independent Director                        | No 1,<br>Street No 1<br>Subramania<br>Puram,<br>Thadagam Road<br>Coimbatore-<br>641018 | June 30, 2006       | More than three decades of experience as Auditor, Specializing in the areas of finance, director taxation, accounting etc | NIL                         |
| 5.      | <b>Mrs. Sumanth Ramamurthi Hemalatha</b><br><br><b>DIN:</b> 02363051<br><br><b>PAN:</b> AAVPH0170R<br><br><b>Designation:</b> Additional Director      | No 74, Appusamy<br>Layout Red<br>Fields,<br>Coimbatore-<br>641 002                     | March 25, 2015      | About a decade experience in Office administration                                                                        | NIL                         |

**5.16** The key financial information of the KTL based on the certified provisional financials for the financial year ended FY 2014-2015 and Audited Financial Statements for the financial year ended March 31, 2014, March 31, 2013 and March 31, 2012 are as follows:

Profit & Loss Statement:

(Amount in Lakhs)

| Particulars                                  | FY ended<br>2014-2015 | FY ended<br>2013-2014 | FY ended<br>2012-2013 | FY ended<br>2011-2012 |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                              | (Provisional)         | (Audited)             | (Audited)             | (Audited)             |
| Income from Operations                       | 1,063.68              | 2,384.90              | 1,917.54              | 1904.71               |
| Other Income                                 | 4.96                  | 5.44                  | 6.65                  | 4.28                  |
| <b>Total Income</b>                          | <b>1,068.64</b>       | <b>2,390.34</b>       | <b>1,924.19</b>       | <b>1908.99</b>        |
| <b>Total Expenditure</b>                     | <b>1222.76.</b>       | <b>2,410.27</b>       | <b>1777.75</b>        | <b>2087.60</b>        |
| Profit before Depreciation, Interest and Tax | (154.12)              | (19.93)               | 146.44                | (178.61)              |
| Depreciation                                 | 28.21                 | 1.82                  | 76.75                 | 77.04                 |
| Interest and Financial Charges               | -                     | -                     | -                     | 12.16                 |

|                          |                 |                |              |                 |
|--------------------------|-----------------|----------------|--------------|-----------------|
| Exceptional Item         | -               | -              | -            | -               |
| <b>Profit before Tax</b> | <b>(182.33)</b> | <b>(21.75)</b> | <b>69.69</b> | <b>(267.81)</b> |
| Tax Expenses             | -               | 23.90          | 22.85        | (66.09)         |
| <b>Profit after Tax</b>  | <b>(182.33)</b> | <b>(45.65)</b> | <b>46.84</b> | <b>(201.72)</b> |

Balance Sheet Statement:

(Amount in Lakhs)

| Particulars                                                   | As at<br>March 31, 2015 | As at<br>March 31, 2014 | As at<br>March 31, 2013 | As at<br>March 31, 2012 |
|---------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                               | (Provisional)           | (Audited)               | (Audited)               | (Audited)               |
| <b>Sources of Funds</b>                                       |                         |                         |                         |                         |
| Paid up Share Capital                                         | 1,078.50                | 1,078.50                | 1,078.50                | 1078.50                 |
| Reserves & Surplus (Excluding Revaluation Reserve)            | (1,398.14)              | (1,215.81)              | (1,170.16)              | (1217.00)               |
| Less: Miscellaneous Expenditure                               | -                       | -                       | -                       | -                       |
| Less: Preference Shares                                       | (500.00)                | (500.00)                | (500.00)                | (500.00)                |
| <b>Net Worth</b>                                              | <b>(819.64)</b>         | <b>(637.31)</b>         | <b>(591.66)</b>         | <b>(638.50)</b>         |
| Non- Current Liabilities (including Preference Share Capital) | 653.00                  | 590.00                  | 590.00                  | 590.00                  |
| Current Liabilities                                           | 942.40                  | 879.62                  | 810.00                  | 906.25                  |
| <b>Total</b>                                                  | <b>775.76</b>           | <b>832.31</b>           | <b>808.34</b>           | <b>857.95</b>           |
| <b>Uses of Funds</b>                                          |                         |                         |                         |                         |
| Non- Current Assets                                           | 618.36                  | 641.90                  | 645.28                  | 723.84                  |
| Current Assets, Loans and Advances                            | 157.40                  | 190.41                  | 163.06                  | 133.91                  |
| <b>Total</b>                                                  | <b>775.76</b>           | <b>832.31</b>           | <b>808.34</b>           | <b>857.75</b>           |

Other Financial Data:

(Amount in Lakh, except EPS)

| Particulars                         | FY ended<br>2014-2015 | FY ended<br>2013-2014 | FY ended<br>2012-2013 | FY ended<br>2011-2012 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                     | (Provisional)         | (Audited)             | (Audited)             | (Audited)             |
| Total Revenue                       | 1,068.64              | 2,390.34              | 1,924.19              | 1908.99               |
| Net Profit/Loss                     | (182.33)              | (45.65)               | 46.84                 | (201.72)              |
| Paid Up Capital                     | 1,078.50              | 1,078.50              | 1,078.50              | 1078.50               |
| Earnings Per Share (Basic) (In ₹)   | Negative              | Negative              | 0.81                  | Negative              |
| Earnings Per Share (Diluted) (In ₹) | Negative              | Negative              | 0.81                  | Negative              |
| Net Worth                           | (819.64)              | (637.31)              | (591.66)              | (638.50)              |

(Source: Certified Provisional Financials for financial year ended March 31, 2015 and Annual Reports for the financial year ended March 31, 2014 and March 31, 2013 and March 31, 2012).

5.17

a) **Pre and Post-Offer Shareholding Pattern of the Target Company as on date of LoF are as under (based on Subscribed Capital:**

| Shareholders' Category                    | Equity Shareholding & Voting Rights prior to the agreement/ acquisition and offer |            | Equity Shares/Voting Rights agreed to be acquired which triggered off the Regulations |            | Equity Shares/ Voting Rights to be acquired in open offer (Assuming full acceptances) |     | Equity Shareholding/ Voting Rights After The Acquisition And Offer |     |
|-------------------------------------------|-----------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------|-----|
|                                           | (A)                                                                               |            | (B)                                                                                   |            | (C)                                                                                   |     | (A)+(B)+(C)=(D)                                                    |     |
|                                           | No.                                                                               | %          | No.                                                                                   | %          | No.                                                                                   | %   | No.                                                                | %   |
| <b>1) Promoter/ Promoter Group</b>        |                                                                                   |            |                                                                                       |            |                                                                                       |     |                                                                    |     |
| a) Parties to the Agreement:              |                                                                                   |            |                                                                                       |            |                                                                                       |     |                                                                    |     |
| i.) Mr. Sumanth Ramamurthi                | 29,32,808                                                                         | 50.47      | (29,32,808)                                                                           | (50.47)    | Nil                                                                                   | Nil | Nil                                                                | Nil |
| ii.) Elgi Electric and Industries Limited | 2                                                                                 | Negligible | (2)                                                                                   | Negligible | Nil                                                                                   | Nil | Nil                                                                | Nil |
| iii.) Super Farm                          | 2                                                                                 | Negligible | (2)                                                                                   | Negligible | Nil                                                                                   | Nil | Nil                                                                | Nil |

| Shareholders' Category                                           | Equity Shareholding & Voting Rights prior to the agreement/ acquisition and offer |               | Equity Shares/Voting Rights agreed to be acquired which triggered off the Regulations |                | Equity Shares/ Voting Rights to be acquired in open offer (Assuming full acceptances) |                | Equity Shareholding/ Voting Rights After The Acquisition And Offer |               |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------|----------------|--------------------------------------------------------------------|---------------|
|                                                                  | (A)                                                                               |               | (B)                                                                                   |                | (C)                                                                                   |                | (A)+(B)+(C)=(D)                                                    |               |
|                                                                  | No.                                                                               | %             | No.                                                                                   | %              | No.                                                                                   | %              | No.                                                                | %             |
| Products Private Limited                                         |                                                                                   |               |                                                                                       | ble            |                                                                                       |                |                                                                    |               |
| b) Promoters other than (a) above                                | Nil                                                                               | Nil           | Nil                                                                                   | Nil            | Nil                                                                                   | Nil            | Nil                                                                | Nil           |
| <b>Total 1 (a+b)</b>                                             | <b>29,32,812</b>                                                                  | <b>50.47</b>  | <b>(29,32,812)</b>                                                                    | <b>(50.47)</b> | <b>Nil</b>                                                                            | <b>Nil</b>     | <b>Nil</b>                                                         | <b>Nil</b>    |
| <b>2) Acquirers:</b>                                             |                                                                                   |               |                                                                                       |                |                                                                                       |                |                                                                    |               |
| a) Acquirer 1                                                    | 500                                                                               | 0.01          | 7,33,203                                                                              | 12.62          | 3,77,700                                                                              | 6.50           | 11,11,403                                                          | 19.13         |
| b) Acquirer 2                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.62          | 3,77,700                                                                              | 6.50           | 11,10,903                                                          | 19.12         |
| c) Acquirer 3                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.62          | 3,77,700                                                                              | 6.50           | 11,10,903                                                          | 19.12         |
| d) Acquirer 4                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.61          | 3,77,700                                                                              | 6.50           | 11,10,903                                                          | 19.11         |
| <b>Total 2 (a+b+c+d)</b>                                         | <b>500</b>                                                                        | <b>0.01</b>   | <b>29,32,812</b>                                                                      | <b>50.47</b>   | <b>15,10,800</b>                                                                      | <b>26.00</b>   | <b>44,44,112</b>                                                   | <b>76.48*</b> |
| <b>3) Parties to agreement other than 1(a) &amp; 2</b>           | Nil                                                                               | Nil           | Nil                                                                                   | Nil            | Nil                                                                                   | Nil            | Nil                                                                | Nil           |
| <b>4) Public (other than parties to agreement and Acquirers)</b> | Nil                                                                               | Nil           | Nil                                                                                   | Nil            | Nil                                                                                   | Nil            | Nil                                                                | Nil           |
| a) FIs/MFs/FIIs/ Banks, FIs                                      | Nil                                                                               | Nil           | Nil                                                                                   | Nil            | Nil                                                                                   | Nil            | Nil                                                                | Nil           |
| b) Others                                                        | 28,77,288                                                                         | 49.52         | Nil                                                                                   | Nil            | (15,10,800)                                                                           | (26.00)        | 13,66,488                                                          | 23.52         |
| <b>Total 4 (a+b)</b>                                             | <b>28,77,288</b>                                                                  | <b>49.52</b>  | <b>Nil</b>                                                                            | <b>Nil</b>     | <b>(15,10,800)</b>                                                                    | <b>(26.00)</b> | <b>13,66,488</b>                                                   | <b>23.52</b>  |
| <b>GRAND TOTAL (1+2+3+4)</b>                                     | <b>58,10,600</b>                                                                  | <b>100.00</b> | <b>Nil</b>                                                                            | <b>Nil</b>     | <b>Nil</b>                                                                            | <b>Nil</b>     | <b>58,10,600</b>                                                   | <b>100.00</b> |

\* Assuming full acceptance in the Open Offer, the Acquirers will restrict the acquisition of Shares from Promoter/Promoter Group to the extent such that their total holding does not exceed 75% of the Voting Capital.

**b) Pre and Post-Offer Shareholding Pattern of the Target Company as on date of LoF are as under (based on Voting Capital:**

| Shareholders' Category                    | Equity Shareholding & Voting Rights prior to the agreement/ acquisition and offer |              | Equity Shares/Voting Rights agreed to be acquired which triggered off the Regulations |                | Equity Shares/ Voting Rights to be acquired in open offer (Assuming full acceptances) |            | Equity Shareholding/ Voting Rights After The Acquisition And Offer |            |
|-------------------------------------------|-----------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------|----------------|---------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------|------------|
|                                           | (A)                                                                               |              | (B)                                                                                   |                | (C)                                                                                   |            | (A)+(B)+(C)=(D)                                                    |            |
|                                           | No.                                                                               | %            | No.                                                                                   | %              | No.                                                                                   | %          | No.                                                                | %          |
| <b>1) Promoter/ Promoter Group</b>        |                                                                                   |              |                                                                                       |                |                                                                                       |            |                                                                    |            |
| a) Parties to the Agreement:              |                                                                                   |              |                                                                                       |                |                                                                                       |            |                                                                    |            |
| i.) Mr. Sumanth Ramamurthi                | 29,32,808                                                                         | 50.63        | (29,32,808)                                                                           | (50.63)        | Nil                                                                                   | Nil        | Nil                                                                | Nil        |
| ii.) Elgi Electric and Industries Limited | 2                                                                                 | Negligible   | (2)                                                                                   | Negligible     | Nil                                                                                   | Nil        | Nil                                                                | Nil        |
| iii.) Super Farm Products Private Limited | 2                                                                                 | Negligible   | (2)                                                                                   | Negligible     | Nil                                                                                   | Nil        | Nil                                                                | Nil        |
| b) Promoters other than (a) above         | Nil                                                                               | Nil          | Nil                                                                                   | Nil            | Nil                                                                                   | Nil        | Nil                                                                | Nil        |
| <b>Total 1 (a+b)</b>                      | <b>29,32,812</b>                                                                  | <b>50.63</b> | <b>(29,32,812)</b>                                                                    | <b>(50.63)</b> | <b>Nil</b>                                                                            | <b>Nil</b> | <b>Nil</b>                                                         | <b>Nil</b> |
| <b>2) Acquirers:</b>                      |                                                                                   |              |                                                                                       |                |                                                                                       |            |                                                                    |            |
| a) Acquirer 1                             | 500                                                                               | 0.01         | 7,33,203                                                                              | 12.66          | 3,77,700                                                                              | 6.52       | 11,11,403                                                          | 19.19      |

| Shareholders' Category                                           | Equity Shareholding & Voting Rights prior to the agreement/ acquisition and offer |               | Equity Shares/Voting Rights agreed to be acquired which triggered off the Regulations |              | Equity Shares/ Voting Rights to be acquired in open offer (Assuming full acceptances) |              | Equity Shareholding/ Voting Rights After The Acquisition And Offer |               |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------|---------------|
|                                                                  | (A)                                                                               |               | (B)                                                                                   |              | (C)                                                                                   |              | (A)+(B)+(C)=(D)                                                    |               |
|                                                                  | No.                                                                               | %             | No.                                                                                   | %            | No.                                                                                   | %            | No.                                                                | %             |
| b) Acquirer 2                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.66        | 3,77,700                                                                              | 6.52         | 11,10,903                                                          | 19.18         |
| c) Acquirer 3                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.66        | 3,77,700                                                                              | 6.52         | 11,10,903                                                          | 19.18         |
| d) Acquirer 4                                                    | Nil                                                                               | Nil           | 7,33,203                                                                              | 12.65        | 3,77,700                                                                              | 6.52         | 11,10,903                                                          | 19.17         |
| <b>Total 2 (a+b+c+d)</b>                                         | <b>500</b>                                                                        | <b>0.01</b>   | <b>29,32,812</b>                                                                      | <b>50.63</b> | <b>15,10,800</b>                                                                      | <b>26.08</b> | <b>44,44,112</b>                                                   | <b>76.72*</b> |
| <b>3) Parties to agreement other than 1(a) &amp; 2</b>           | Nil                                                                               | Nil           | Nil                                                                                   | Nil          | Nil                                                                                   | Nil          | Nil                                                                | Nil           |
| <b>4) Public (other than parties to agreement and Acquirers)</b> | Nil                                                                               | Nil           | Nil                                                                                   | Nil          | Nil                                                                                   | Nil          | Nil                                                                | Nil           |
| c) FIs/MFs/FIIs/ Banks, FIs                                      | Nil                                                                               | Nil           | Nil                                                                                   | Nil          | Nil                                                                                   | Nil          | Nil                                                                | Nil           |
| d) Others                                                        | 28,59,588                                                                         | 49.36         | Nil                                                                                   | Nil          | (15,10,800)                                                                           | 26.08        | 13,48,788                                                          | 23.28         |
| <b>Total 4 (a+b)</b>                                             | <b>28,59,588</b>                                                                  | <b>49.36</b>  | <b>Nil</b>                                                                            | <b>Nil</b>   | <b>(15,10,800)</b>                                                                    | <b>26.08</b> | <b>13,48,788</b>                                                   | <b>23.28</b>  |
| <b>GRAND TOTAL (1+2+3+4)</b>                                     | <b>57,92,900</b>                                                                  | <b>100.00</b> | <b>Nil</b>                                                                            | <b>Nil</b>   | <b>Nil</b>                                                                            | <b>Nil</b>   | <b>57,92,900</b>                                                   | <b>100.00</b> |

\* Assuming full acceptance in the Open Offer, the Acquirers will restrict the acquisition of Shares from Promoter/Promoter Group to the extent such that their total holding does not exceed 75% of the Voting Capital.

Note: Total Number of Public Shareholders as on date is 9783.

## 5.18 Details of the Compliance Officer:

**Mr. Sumanth Ramamurthi**

Elgi Towers, Green Fields,

737 D, Puliakulam Road,

Coimbatore-641 045

**Tel. No.:** +91 422 2311711

**E-mail ID:** sumanth@ssh.saraelgi.com

## 6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 6.1 JUSTIFICATION OF OFFER PRICE

6.1.1 The Equity Shares of the Target Company are presently traded on BSE Ltd (BSE) having a scrip code of 521054. The Equity Shares of KTL are not frequently 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 SEBI (SAST) Regulations.

6.1.2 The annualized trading turnover of the equity shares of the Target Company during Twelve calendar months preceding the month of PA (April' 2014-March' 2015) on the Stock Exchange on which the equity shares of the Target Company is frequently 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 Ltd                    | 88,536                                                                                         | 58,10,600                         | 1.52%                                                               |

(Source: www.bseindia.com)

6.1.3 The Offer Price of ₹7.00 (Rupees Seven Only) per fully paid-up Equity Share 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 SPA                                                                                                                                                                                                                                                                                                                                       | : | 4.09 per fully paid-up Equity Share       |                                       |
| b)      | The volume-weighted average price paid or payable for acquisition whether by the Acquirers, during 52 weeks preceding the date of PA                                                                                                                                                                                                                              | : | 2.70                                      |                                       |
| c)      | The highest price paid or payable for any acquisition, whether by the Acquirers, during 26 weeks preceding the date of the PA                                                                                                                                                                                                                                     | : | 2.70                                      |                                       |
| d)      | The volume-weighted average market price of Equity shares of the Target Company for a period of sixty trading days immediately preceding the date of public announcement as traded on BSE, being the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period, the shares being infrequently traded | : | 2.70                                      |                                       |
| e)      | <b>Other Financial Parameters as at:</b>                                                                                                                                                                                                                                                                                                                          |   | <b>FY<br/>2014-2015<br/>(Provisional)</b> | <b>FY<br/>2013-2014<br/>(Audited)</b> |
|         | (i.) Return on Net Worth                                                                                                                                                                                                                                                                                                                                          | : | Negative                                  | Negative                              |
|         | (ii.) Book Value Per Share                                                                                                                                                                                                                                                                                                                                        | : | Negative                                  | Negative                              |
|         | (iii.) Earnings Per Share (Diluted)                                                                                                                                                                                                                                                                                                                               | : | Negative                                  | Negative                              |

**Note:** The Trading data has been taken from BSE's website [www.bseindia.com](http://www.bseindia.com).

The Fair Value of the Target Company is ₹5.50 (Rupees Five and Paise Fifty only) per fully paid-up Equity Share as certified vide Valuation Report dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s Cherukuri Associates, Chartered Accountants (FRN: 0088238) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: [cherukuri\\_tnk@yahoo.com](mailto:cherukuri_tnk@yahoo.com).

The above Fair Price has been determined taking into account the methodology adopted under Hindustan Lever Employees Union vs Hindustan Lever Ltd case.

6.1.4 In view of the parameters considered and presented in the table above and in the opinion of the Acquirers and Manager to the Offer, the Offer Price of ₹7.00 (Rupees Seven only) per fully paid-up Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations and Offer Price of ₹2.00 (Rupees Two Only) per Equity Share for partly paid-up Equity Share is justified in terms of Regulation 8(13) of SEBI (SAST) Regulations.

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

6.1.6 In the event of further acquisition of Equity Shares of the Target Company by the Acquirers during the Offer Period, at a price higher than the Offer Price, then 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 SEBI (SAST) Regulations. However, the Acquirers 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.

6.1.7 If the Acquirers 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, then 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 SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Equity Shares whether by way of bulk deals, block deals or in any other form.

6.1.8 As on date, there is no revision in Open Offer Price or Open Offer Size. In case of any revision in the Open Offer Price or Open Offer Size, the Acquirers are permitted to revise the Offer Price upward at any time up to 3 working days prior to the commencement of the Tendering Period in accordance with Regulation 18 (4) of the SEBI (SAST) Regulations. If there is any such upward revision in the Offer Price by the Acquirers 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 Acquirers for all the shares validly tendered in the Offer.

6.1.9 In the event that the number of Equity Shares validly tendered by the Public Shareholders of the Target Company under the Offer is higher than the Offer Size, the Equity Shares received from the public 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 implementation of the Offer assuming full acceptance would be ₹1,05,75,600 (Rupees One Crore Five Lakhs Seventy Five Thousand and Six Hundred only) (assuming all the fully paid-up Equity Shares will be surrendered in the Open Offer i.e. 15,10,800 fully paid-up Equity Shares of ₹10 each at a price of ₹7.00 per fully paid-up Equity Share) (“**Maximum Consideration**”).

6.2.2 In accordance with regulation 17(4) of SEBI (SAST) Regulations, 2011, the Acquirers have opened a Cash Escrow Account under the name and style of “KTL-Cash Escrow Account” (‘Escrow Account’) with HDFC Bank Limited, Manekji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort, Mumbai-400 001 (‘Escrow Banker’) bearing account number 00600350138259 and made a cash deposit of ₹50,00,000 (Rupees Fifty Lakhs Only) and ₹56,00,000 (Rupees Fifty Six Lakhs only) aggregating to ₹1,06,00,000 (Rupees One Crore and Six Lakhs only) in the account, being 100% of the Maximum Consideration. The Acquirers have authorized the Manager to the Offer to operate and realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 2011. The cash deposit in the Escrow Account has been confirmed vide the statement of account/Certificate dated May 08, 2015 and July 30, 2015 respectively issued by the Escrow Banker.

6.2.3 The Acquirers have empowered the Manager to the Offer i.e. Mark Corporate Advisors Private Limited to operate and to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

6.2.4 The Acquirers have adequate financial resources and have made firm financial arrangements for implementation of the Open Offer. No funds are borrowed from banks or financial institutions for the purpose of this Offer by the Acquirers. Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) having office at D. No. 22-20-6, Gubbala Vari Street, Society Road, Tanuku-534 211, Tel. No.: +91 8819 221234, Email: cherukuri\_tnk@yahoo.com vide certificate dated May 04, 2015, has confirmed and certified that the Acquirers have sufficient resources for fulfilling the obligations under this ‘Offer’ in full.

6.2.5 Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirers and to implement the offer in accordance with the SEBI (SAST) Regulations. Further, the Manager to the Offer confirms that the funds / money are in place to fulfill the Open Offer obligations.

6.2.6 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 Acquirers 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 not conditional upon any minimum level of acceptance by the shareholder(s) of the Target Company.

7.1.2 The Offer is subject to the terms and conditions set out in this LoF, the Form of Acceptance, the PA, the DPS and any other Public Announcements that may be issued with respect to the Offer.

- 7.1.3 The Letter of Offer together with the Form of Acceptance and Transfer Deed (for Shareholders holding Equity Shares in the physical form) is being mailed to those Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and to the Beneficial Owners of the Equity Shares of the Target Company whose names appear as beneficiaries on the beneficial record of the respective depositories, at the close of business on the Identified Date i.e. July 29, 2015 (Wednesday). Owners of Equity Shares who are not registered as Shareholder(s) are also eligible to participate in the Offer at any time prior to the Date of Closure of the Offer.
- 7.1.4 Accidental omission to dispatch this Letter of Offer to any member entitled to this Open Offer or non-receipt of this Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
- 7.1.5 Eligible persons can write to the Registrar / Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the Date of Closure of the Offer i.e. August 25, 2015 (Tuesday). Alternatively, the Letter of Offer along with the Form of Acceptance cum acknowledgement would also be available on the website of SEBI, [www.sebi.gov.in](http://www.sebi.gov.in), and shareholders can also apply by downloading such forms from the website.
- 7.1.6 This Offer is subject to receipt of the statutory and other approvals as mentioned under paragraph ‘Statutory Approvals’ of this Letter of Offer. In terms of Regulation 23(1) of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn. In the event of withdrawal, a public announcement will be made within two working days of such withdrawal, in the same newspapers in which this DPS has been published.
- 7.1.7 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).
- 7.1.8 The Public Shareholders who tender their Equity Shares under the Open Offer shall ensure that the Equity Shares are 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.
- 7.1.9 The Acquirers will not be responsible in any manner for any loss of equity share certificate(s) and Offer acceptance documents during transit. The Public Shareholders are advised to adequately safeguard their interest in this regard.
- 7.1.10 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected if directions/orders regarding the free transferability of such equity shares tendered under the Offer are not received prior to the date of Closing of the Offer.
- 7.1.11 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.
- 7.1.12 In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender 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 period.

## **7.3 ELIGIBILITY FOR ACCEPTING THE OFFER**

All the shareholders (registered or unregistered) of the Target Company (except the Acquirers and the selling shareholder's) who own Shares any time before the Date of Closure of the Offer, i.e. August 25, 2015 (Tuesday) is eligible to participate in the Offer.

## 7.4 STATUTORY APPROVALS

- 7.4.1 As of date there are no statutory approvals required to implement the Offer. However, in case of any regulatory or statutory approval being required at a later date before the closure of the Offer, the Offer shall be subject to all such approvals and the Acquirers shall make the necessary applications for such approval.
- 7.4.2 NRI and OCB holders of the Equity Shares must obtain all approvals required to tender the Equity Shares held by them in this Offer (including, without limitation the approval from the RBI) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept this Offer. Further, if the Shareholders who are not persons resident in India (including NRIs, OCBs and FIIs) require or 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 such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with the other documents required to accept this Offer. If, the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non repatriable basis. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.
- 7.4.3 As on date, no statutory approvals other than as stated above are required to be obtained for the purpose of this Offer.
- 7.4.4 In case of delay in receipt of any statutory approvals at a later date, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations, 2011. Provided where the statutory approvals extend to some but not all equity shareholders, the Acquirers have the option to make payment to such shareholders in respect of whom no statutory approvals are required in order to complete this Open Offer. Further, in case the delay occurs on account of willful default by the Acquirers in obtaining any statutory approvals in time, the amount lying in the Escrow Account will be liable to be forfeited and dealt with in the manner provided in clause (e) of sub-regulation (10) of Regulation 17 of SEBI (SAST) Regulations, 2011.
- 7.4.5 No approval is required from any bank or financial institutions for this Offer.

## 8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

- 8.1 The Acquirers have appointed Bigshare Services 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                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------------------------------------|
| <b>Bigshare Services Private Limited</b><br>E/2, Ansa Industrial Estate,<br>Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072<br><b>Tel:</b> +91 22 4043 0200<br><b>Fax:</b> +91 22 2847 5207<br><b>Website:</b> www.bigshareonline.com<br><b>E-Mail:</b> openoffer@bigshareonline.com | Mr. Ashok Shetty | Hand Delivery /<br>Registered Post /<br>Speed Post /<br>Courier |

- 8.3 Shareholders who wish to tender their equity shares pursuant to the Offer will be required to submit the duly completed Form of Acceptance cum acknowledgement, original Share Certificate(s), valid Transfer Deed(s) duly signed and witnessed and other documents as may be specified in the Letter of Offer, to the Registrar to the Offer either by Registered Post/Speed Post/Courier, at their own risk or by hand delivery so as to reach on or before the closing of the business hours on the Date of Closure of the Offer i.e. August 25, 2015 (Tuesday). The documents can be tendered at the above address as per the schedule and mode mentioned in the table given below:

| Mode of Tendering                         | Day*                             | Timing                                   |
|-------------------------------------------|----------------------------------|------------------------------------------|
| By Hand Delivery                          | All Working Days (Monday-Friday) | 11:00 AM to 1:00 PM & 2:00 PM to 5:00 PM |
|                                           | Saturdays                        | 11:00 AM to 2:00 PM                      |
| By Registered Post / Speed Post / Courier | All Working Days (Monday-Friday) | 10:00 AM to 5:00 PM                      |
|                                           | Saturdays                        | 10:00 AM to 2:00 PM                      |

\* Hand Delivery and Post / Courier will not be accepted on Sundays and Public Holidays.

- 8.4 The Target Company is presently having connectivity with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").
- 8.5 The Registrar to the Offer, Bigshare Services Private Limited, has opened a Depository Escrow Account with HDFC Bank Limited for receiving equity shares during the Tendering Period from eligible shareholders who hold equity shares in demat form.
- 8.6 The beneficial owners and shareholders holding shares in the dematerialized form, will be required to send their Form of Acceptance and other documents as may be specified in the Letter of Offer to the Registrar to the Offer either by Registered Post / Courier, at their own risk, or by Hand Delivery on weekdays, so as to reach to the Registrar to the Offer, on or before the Date of Closure of the Offer, i.e. August 25, 2015 (Tuesday) along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the depository participant ("DP"), in favour of "BSPL Escrow A/c-KTL Open Offer" ("Depository Escrow Account") filled in as per the instructions given below:

|                              |   |                                        |
|------------------------------|---|----------------------------------------|
| <b>Account Name</b>          | : | BSPL Escrow A/c- KTL Open Offer        |
| <b>DP Name</b>               | : | HDFC Bank Limited                      |
| <b>DP ID</b>                 | : | IN301549                               |
| <b>Beneficiary/Client ID</b> | : | 51833858                               |
| <b>Depository</b>            | : | National Securities Depository Limited |

*Note: Shareholders having their beneficiary account with Central Depository Services (I) Limited ('CDSL') must use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Escrow Demat Account.*

- 8.7 Form of Acceptance, Share Certificate(s), Share Transfer Form(s), and other documents, if any should be sent only to the Registrar to the Offer, at the address mentioned above and should not be sent to the Manager to the Offer or the Acquirers or the Target Company.
- 8.8 In case (a) shareholders who have not received the Letter of Offer, (b) unregistered shareholders (c) owner of the shares who have sent the shares to the Target Company for transfer, a consent to the Registrar to the Open Offer on plain paper, stating the name, addresses, number of shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such shares such as broker note, succession certificate, original share certificate and valid share transfer deeds (one per folio), duly signed by such shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with the Target Company), and witnessed (if possible) by the notary public or a bank manager or the member of the stock exchange with membership number, as the case may be, shall need to be provided so as to reach the Registrar to the Offer on or before 5.00 p.m. upto the Date of Closure of the Offer i.e. August 25, 2015 (Tuesday). Such shareholders can also obtain the Letter of Offer from the Registrar to the Offer by giving an application in writing to that effect.
- 8.9 In case of non-receipt of the Letter of Offer and holding the shares in demat form, may send the application in writing to the Registrar to the Offer, on a plain paper stating the Name & Address of the First Holder, Name(s) & Address(es) of Joint Holder(s) if any, Number of Shares held, Number of 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 Date of Closure of the Offer i.e. August 25, 2015 (Tuesday).
- 8.10 The Shareholders of the Target Company who have sent their Equity Shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to the Target Company (for transfer of said shares) and acknowledgement received thereon and valid share transfer form.

- 8.11 The Shareholders who have sent the shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the depository account should be received on or before the closing of the business hours on the Date of Closure of Offer i.e. August 25, 2015 (Tuesday), else the Form of Acceptance, in respect of dematerialized Equity Shares not credited to the special depository account, is liable to be rejected.
- 8.12 No indemnity is needed from unregistered shareholders.
- 8.13 Where the number of Equity Shares surrendered by the shareholders are more than the Equity Shares agreed to be acquired by the Acquirers, the Acquirers will accept the offers received from the 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 shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot of the Target Company is 100 (One Hundred) Shares in case of physical mode and 1 (One) share in case of Demat Mode.
- 8.14 In case of delay in receipt of any statutory approval(s) at a later date, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18 (11) of the SEBI (SAST) Regulations.
- 8.15 The consideration to those shareholders whose shares have been accepted will be made through a crossed Demand Draft/Pay Order or through Direct Credit ('DC'), National Electronic Funds Transfer ('NEFT'), Real Time Gross Settlement ('RTGS'), National Electronic Clearing Services ('NECS'), at specified centres where clearing houses are managed by the Reserve Bank of India within 10 working days of the expiry of the tendering period. Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS are requested to give the authorization for the same in the Form of Acceptance and enclose a photocopy of cheque along with the Form of Acceptance.
- 8.16 Such payments through account payee cheques/demand drafts will be sent by registered post, at the shareholders' registered / unregistered owners' sole risk to the sole/ first shareholder/ unregistered owner.
- 8.17 For those shareholders, who have opted for physical mode of payment and shareholders whose payment consideration is not credited by electronic mode due to technical error or incomplete/ incorrect bank account details, payment consideration will be made by crossed account payee Cheques/Demand Drafts. Such considerations in excess of ₹1,500/- or unaccepted Share Certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post/speed post at the shareholders'/ unregistered owners' sole risk to the sole/first shareholder/unregistered owner. The Acquirers are required to deduct tax at source, as may be applicable. All dispatches involving payment of a value upto ₹1,500 will be made under certificate of posting at the shareholders sole risk.
- 8.18 For all other applicants, including those applicants whose payment consideration is not credited by NECS/Direct Credit due to technical errors or incomplete/incorrect bank account details or due to unavoidable reasons, payment consideration will be dispatched through Speed Post/Registered Post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.
- 8.19 The bank account details for NEFT/RTGS/NECS will be directly taken from the depositories' database or from the details as mentioned by the shareholders in the Form of Acceptance.
- 8.20 Non Resident Shareholders should also enclose a copy of permission received from RBI for the Shares held by them and No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under the Income Tax Act, 1961, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case, the aforesaid No Objection Certificate is not submitted, the Acquirer will arrange to deduct the tax at the maximum marginal rate as may be applicable to the Shareholder, on the entire consideration amount payable.
- 8.21 Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post, at the shareholders' registered / unregistered owners' sole risk to the sole/ first shareholder/ unregistered owner. Equity Shares held in dematerialized form, to the extent not accepted, will be credited

back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective DP's when transferred by the Registrar to the Offer.

8.22 The Registrar to the Offer will hold in trust the Equity Shares and share certificate(s), Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted Equity Shares / share certificates are dispatched / returned.

## **9. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection to the shareholders of 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) Provisional Financials for the financial year ended March 31, 2015 and Annual Reports for the financial years ended March 31, 2014, March 31, 2013 and March 31, 2012 of the Target Company.
- 3) Chartered Accountants' Certificate dated May 04, 2015, issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) certifying the Net worth of the Acquirers as on March 31, 2015.
- 4) Chartered Accountants' Certificate dated May 04, 2015, issued by Mr. Srinivasa Rao Cherukuri (Membership No. 209237) proprietor of M/s. Cherukuri Associates, Chartered Accountants (FRN: 008823S) certifying that the Acquirers have firm and adequate financial resources to meet the financial obligations under the Open Offer.
- 5) Memorandum of Understanding between Lead Managers i.e. Mark Corporate Advisors Private Limited and the Acquirers.
- 6) Share Purchase Agreement ('SPA') dated May 04, 2015.
- 7) Valuation Report dated May 04, 2015 issued by Mr. Srinivasa Rao Cherukuri, proprietor of M/s Cherukuri Associates, Chartered Accountants.
- 8) Letter from HDFC Bank Limited dated May 08, 2015 confirming the balance of ₹50,00,000 in the Cash Escrow Account.
- 9) Copy of Client Master regarding the opening of Special Depository Account for the purpose of the Offer.
- 10) Due Diligence Certificate dated May 16, 2015 submitted to SEBI by Mark Corporate Advisors Private Limited, Manager to the Offer.
- 11) Specific Power of Attorney duly signed by Mrs. Raja Kumari Vanka, Mr. Raghuveer Vanka and Ms. Ravali Vanka in favour of Mr. Ravindra Nath Vanka to act on their behalf for this Open Offer.
- 12) Board Resolution passed by Elgi Electric and Industries Limited and Super Farm Products Private Limited authorising Mr. Sumanth Ramamurthi to act on their behalf for this Open Offer.
- 13) Undertaking from the Acquirers 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.
- 14) Undertaking from the Acquirers with regard to Responsibility under Regulation 2(o) and Regulation 7(4) of SEBI (SAST) Regulations.

- 15) Copies of the Public Announcement dated May 04, 2015 (Monday) & published copy of Detailed Public Statement which appeared in the newspapers on May 11, 2015 (Monday).
- 16) Published copy of the recommendation made by the Target Company's Board of Independent Directors as required in terms of Regulation 26(7) of SEBI (SAST) Regulations.
- 17) Copy of the Observation Letter no CFD/DCR1/SG/OW/20925/2015 dated July 27, 2015 received from SEBI.

## 10. DECLARATION BY THE ACQUIRERS

The Acquirers, accept full responsibility, jointly and severally, for the information contained in this Letter of Offer, including the Form of Acceptance cum Acknowledgement and also for ensuring the compliance with the obligations of the Acquirers as laid down in the SEBI (SAST) Regulations.

We, the Acquirers, have made all reasonable inquiries, accept responsibility jointly and severally, and confirm that this Letter of Offer is in compliance with the SEBI (SAST) Regulations, 2011, 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 Letter of Offer 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 person(s) signing this Letter of Offer are the Acquirers

**Acquirer 1**  
**Ravindra Nath Vanka**

Sd/-

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**Acquirer 3**  
**Raghuveer Vanka**  
*(Signed by duly constituted Power of Attorney holder*  
**Mr. Ravindra Nath Vanka)**

Sd/-

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**Acquirer 2**  
**Raja Kumari Vanka**  
*(Signed by duly constituted Power of Attorney holder*  
**Mr. Ravindra Nath Vanka)**

Sd/-

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**Acquirer 4**  
**Ravali Vanka**  
*(Signed by duly constituted Power of Attorney holder*  
**Mr. Ravindra Nath Vanka)**

Sd/-

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**Date: July 31, 2015**

### **Enclosures:**

- 1) Form of Acceptance cum Acknowledgement
- 2) Blank Share Transfer Deed(s) (in case of shares held in physical mode)

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

(Please send this Form with enclosures to Registrar to the Offer, **Bigshare Services Private Limited**, at their address given in the Letter of Offer as per the mode of delivery mentioned in the Letter of Offer)

**From:**  
**Folio No. /DP ID No. /Client ID No.:**  
**Name:**  
**Address:**

|                            |          |                               |
|----------------------------|----------|-------------------------------|
| <b>OFFER<br/>OPENS ON</b>  | <b>:</b> | Wednesday,<br>August 12, 2015 |
| <b>OFFER<br/>CLOSES ON</b> | <b>:</b> | Tuesday,<br>August 25, 2015   |

**Tel No:**

**E-mail:**

**Fax No:**

**To**  
**Bigshare Services Private Limited**  
 E-2, Ansa Industrial Estate,  
 Sakivihar Road, Saki Naka,  
 Andheri (E),  
 Mumbai-400 072

Dear Sir,

**Sub:** Open Offer to acquire upto 15,10,800 fully paid-up Equity Shares of ₹10 each representing 26% of the Subscribed Equity Share Capital of Kakatiya Textiles Limited ('KTL' or the 'Target Company') at a price of ₹7.00 (Rupees Seven only) per fully paid-up Equity Share and ₹2.00 (Rupees Two only) per partly paid-up Equity Share by Mr. Ravindra Nath Vanka ("Acquirer 1"), Mrs. Raja Kumari Vanka ("Acquirer 2"), Mr. Raghuvver Vanka ("Acquirer 3") and Ms. Ravali Vanka ("Acquirer 4") (hereinafter collectively referred to as "Acquirers")

I/We refer to the Letter of Offer dated July 31, 2015 for acquiring the Equity Shares held by me/us in **Kakatiya Textiles Limited**. I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein:

**FOR EQUITY SHARES HELD IN PHYSICAL FORM**

I/We hold the following Equity Shares and accept the Offer and enclose the original Share Certificate(s) and duly signed Transfer Deed(s) in respect of my/our Equity Shares as detailed below:

| Sr. No.                    | Regd. Folio Number | Share Certificate Number | Distinctive Numbers |    | Number of Equity Shares |
|----------------------------|--------------------|--------------------------|---------------------|----|-------------------------|
|                            |                    |                          | From                | To |                         |
| 1.                         |                    |                          |                     |    |                         |
| 2.                         |                    |                          |                     |    |                         |
| 3.                         |                    |                          |                     |    |                         |
| <b>Total No. of Shares</b> |                    |                          |                     |    |                         |

(In case the space provided is inadequate, please attach a separate sheet with the above details and authenticate the same)

I / We note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirers makes payment of consideration as mentioned in the Letter of Offer or the date by which Original Share Certificate(s), Transfer Deed(s) and other documents are dispatched to the shareholders, as the case may be. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

**FOR EQUITY SHARES HELD IN DEMAT FORM**

I / We, holding the equity shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-Market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/ our shares as detailed below:

| DP Name | DP ID | Client ID | No. of Shares | Name of Beneficiary |
|---------|-------|-----------|---------------|---------------------|
|         |       |           |               |                     |

| DP Name | DP ID | Client ID | No. of Shares | Name of Beneficiary |
|---------|-------|-----------|---------------|---------------------|
|         |       |           |               |                     |

I/We have executed an “Off-Market” transaction for crediting the shares via

- ☐ A delivery instruction from my account with NSDL  
☐ An inter-depository delivery instruction from my account with CDSL

To the Special Depository Account named ‘**BSPL Escrow A/c-KTL Open Offer**’ with the following particulars:

|                     |   |                                        |
|---------------------|---|----------------------------------------|
| <b>Account Name</b> | : | BSPL Escrow A/c- KTL Open Offer        |
| <b>DP Name</b>      | : | HDFC Bank Limited                      |
| <b>DP ID</b>        | : | IN 301549                              |
| <b>Client ID</b>    | : | 51833858                               |
| <b>ISIN</b>         | : | INE092E01011                           |
| <b>Market</b>       | : | Off-Market                             |
| <b>Depository</b>   | : | National Securities Depository Limited |

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We confirm that the Equity Shares of the Target Company, which are being tendered herewith by me/us under this Open Offer, are free from liens, charges and encumbrances of any kind whatsoever and such Shares, when acquired by the Acquirers 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.

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

I/We authorize the Acquirers to accept the Equity Shares so offered or such lesser number of Equity Shares that the Acquirers may decide to accept in consultation with the Manager to the Offer / Registrar to the Offer and in terms of the Letter of Offer. I further authorize the Acquirers to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, without specifying the reason thereof.

I/We authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/Speed Post as may be applicable at my / our risk, the draft / cheque, in full and final settlement of the amount due to me / us and / or other documents or papers or correspondence to the sole / first holder at the address mentioned below. In case I / we have tendered Shares in dematerialised form, I / we authorize the Acquirers and the Registrar to the Open Offer and the Manager to the Open Offer to use my/our details regarding address and bank account details as obtained from depository participant for the purpose of mailing the aforementioned instruments.

The Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 is as under:

|            | 1 <sup>st</sup> Holder | 2 <sup>nd</sup> Holder | 3 <sup>rd</sup> Holder |
|------------|------------------------|------------------------|------------------------|
| <b>PAN</b> |                        |                        |                        |

I/We authorise the Acquirers to send payment consideration by electronic mode or physical mode as per the option selected. In cases where the payment consideration is to be paid in physical mode, the cheque / demand draft / pay order, in settlement of the amount and excess share certificate(s), if any, will be sent by registered post / speed post to the sole/first holder at the address given hereunder and if full address is not given below, the same will be forwarded at the address registered with the Target Company.

Please indicate the preferred mode of receiving the payment consideration. (Please tick)

Electronic Mode: ☐

or

Physical Mode: ☐

So as to avoid fraudulent encashment in transit, the shareholder(s) are requested to kindly provide the following bank details of the first/ sole shareholder and the consideration will be payable by way of Electronic Mode/ cheque / demand draft / pay order will be drawn accordingly.

In order to receive payment consideration through Electronic mode, the shareholders are requested to compulsorily provide their following bank details:

|                                                         |   |  |
|---------------------------------------------------------|---|--|
| Name of the Bank                                        | : |  |
| Branch/Address                                          | : |  |
| Account No.                                             | : |  |
| Account Type (Savings /Current/ Others (please specify) | : |  |
| IFSC                                                    | : |  |
| MICR Code (9 Digits)                                    | : |  |

For Equity Shares that are tendered in demat form, the bank account details as contained from the beneficiary position provided by the depository will be considered for the purpose of payment of Open Offer consideration through electronic means and the draft / warrant / cheque, if required, may be issued with the bank particulars mentioned herein above.

Yours faithfully,

Signed & Delivered:

| Particulars         | Full Name | Signature |
|---------------------|-----------|-----------|
| First / Sole Holder |           |           |
| Second Holder       |           |           |
| Third Holder        |           |           |

**Note:** In case of joint holdings, all must sign. Bodies Corporate must affix its common seal and attach herewith the necessary Board Resolution.

Place:

Date:

=====Tear along this line=====

**ACKNOWLEDGEMENT SLIP**  
**BIGSHARE SERVICES PRIVATE LIMITED**  
(Unit-Kakatiya Textiles Limited-Open Offer)

E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072

**Tel No.:** +91 22 4043 0200, **Fax No.:** +91 22 2847 5207, **E-Mail:** openoffer@bigshareonline.com

Received from Mr. / Ms. / Smt. \_\_\_\_\_

Address: \_\_\_\_\_

Form of Acceptance-cum-Acknowledgement for \_\_\_\_\_ Shares along with:

☐ **Physical Shares:** \_\_\_\_\_ Share Certificate(s) along with \_\_\_\_\_ number of Transfer Deed(s) under Folio Number (s) \_\_\_\_\_

☐ **Demat Shares:** Copy of delivery instruction from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

(Tick whichever is applicable)

Stamp of  
Registrar to the Offer

Signature  
of the Official

Date of  
Receipt

All future correspondence, if any, should be addressed to the Registrar to the Open Offer at their address quoting your Folio No. / DP ID and Client ID.

