DRAFT LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Draft Letter of Offer ("**Draft Letter of Offer**"/ "**DLOF**") is sent to you as a shareholder of Sharp India Limited. If you require any clarifications about the action to be taken, you may consult your stock broker, investment consultant, the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Equity Shares (as defined below) in Sharp India Limited, please hand over the DLOF and the accompanying Form of Acceptance-cum-Acknowledgement (as defined hereinafter) and transfer deed to the member of stock exchange through whom the sale was affected.

SHARP CORPORATION
A public company incorporated and registered under the laws of Japan
Registered office: 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan;
Tel: +81-72-282-1221; Fax: + 81-72-222-5721
(hereinafter referred to as the "**Acquirer**")

ALONG WITH

HON HAI PRECISION INDUSTRY CO., LTD
A public company incorporated and registered under the laws of Taiwan
Registered office: No.66, Zhongshan Rd., Tucheng Dist., New Taipei City 236, Taiwan
Tel: +886-2-2268-3466; Fax: +886-2-2268-6296
(hereinafter referred to as the "**PAC1 / Hon Hai**")

FOXCONN (FAR EAST) LIMITED
A private company incorporated and registered under the laws of Cayman Islands
Registered office: Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands;
Tel: +886-2-2268-3466; Fax: +886-2-2268-6296
(hereinafter referred to as the "**PAC2**" **/** "**FFE**")

FOXCONN TECHNOLOGY PTE. LTD
A private company incorporated and registered under the laws of Singapore
Registered office: 79 Anson Road # 07-03 Singapore (079906); Tel: +886-2-2268-0970; Fax: +886-2-2268-7176;
(hereinafter referred to as the "**PAC 3**" / "**FTP**")

AND

SIO INTERNATIONAL HOLDINGS LIMITED
A private company incorporated and registered under the laws of Cayman Islands
Registered office: Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands
Tel: +852-3465-6988; Fax: +852-3009-8533
(hereinafter referred to as the "**PAC 4**" / "**SIO**")

MAKE A CASH OFFER OF INR 55.93 PER EQUITY SHARE OF FACE VALUE OF INR 10 EACH, TO ACQUIRE UP TO 6,486,000 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF INR 10 EACH ("**EQUITY SHARES**"), REPRESENTING 25% OF THE FULLY DILUTED VOTING EQUITY SHARE CAPITAL AS OF THE 10TH (TENTH) WORKING DAY (AS DEFINED BELOW) FROM THE CLOSURE OF THE TENDERING PERIOD (AS DEFINED BELOW) ("**VOTING SHARE CAPITAL**"), PURSUANT TO SEBI (SAST) REGULATIONS

OF

SHARP INDIA LIMITED
A public limited company incorporated under the Companies Act, 1956
Registered office: Gat No. 686/4, Koregaon Bhima, Tal. Shihur, Dist. Pune 412 216, India
Tel: 91-02137-252417; Fax: 91-02137-252453
(hereinafter referred to as the "**Target Company**")

Note:

1. This Offer is being made by the Acquirer and the PAC pursuant to Regulations 3, 4, 5(1) and other applicable regulations of the SEBI (SAST) Regulations.
2. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.
3. To the best of the knowledge of the Acquirer and the PAC, no statutory approvals, are required by the Acquirer and / or the PAC to complete this Offer. However, in case of any statutory approval being required by the Acquirer and / or the PAC at a later date, this Offer will be subject to such approvals and the Acquirer and / or the PAC shall make the necessary applications for such approvals.
4. In the event that any statutory approvals required are not obtained or are finally refused or are otherwise not received for reasons outside the reasonable control of the Acquirer and/or the PAC, the Acquirer and/or the PAC may withdraw the Offer under Regulation 23 of the SEBI (SAST) Regulations.
5. **This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.**
6. If there is any upward revision in the Offer Price in this Offer, prior to commencement of the last 3 (Three) Working Days prior to the commencement of the Tendering Period, i.e. up to 21 October 2016, it will be informed by way of a public announcement in the same newspapers where the detailed public statement in relation to this Offer ("**DPS**") appeared. Such revised Offer Price would be payable for all the Equity Shares validly tendered anytime during the Tendering Period.
7. In the event of withdrawal of this Offer, a public announcement will be made within 2 (Two) Working Days of such withdrawal, in the same newspapers in which the DPS has been published.
8. If there are competing offers, the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer, PAC and the Target Company, no competing bid has been announced as of the date of this DLOF.
9. A copy of the public announcement in relation to this Offer and the detailed public statement are made available on SEBI website and this DLOF is also expected to be made available on SEBI website: www.sebi.gov.in.

Manager to the Offer	Registrar to the Offer
ICICI Securities Limited SEBI Registration Number: INM000011179 Address: ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India; Contact Persons: Mr. Amit Joshi / Mr. Govind Khetan Tel: +91 22 2288 2460, Fax: +91 22 2282 6580 E-mail: sharpindia.openoffer@icicisecurities.com Website: www.icicisecurities.com	**Link Intime India Private Limited** Unit: Sharp India – Open Offer SEBI Regn. No.: INR000004058 C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400078 – India Tel: +91 (022) 6171 5400 Fax: +91 (022) 2596 0329 E-mail id: sharpindia.offer@linkintime.co.in Contact Person: Mr. Ganesh Mhatre

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Nature of the Activity	Day and Date
Issue of PA	Friday, 26 August 2016
Publication of the DPS in newspapers	Thursday, 1 September

	2016
Last date for public announcement of a competing offer*	Monday, 26 September 2016
Identified Date**	Wednesday, 5 October 2016
Last date for dispatch of the Letter of Offer to the Eligible Shareholders	Friday, 14 October 2016
Last date by which a committee of independent directors of the Target Company is required to give its recommendation to the Eligible Shareholders of the Target Company for this Offer	Wednesday, 19 October 2016
Commencement of tendering period	Friday, 21 October 2016
Closure of tendering period	Friday, 4 November 2016
Last date for payment to Eligible Shareholders	Monday, 21 November 2016

* *There has been no competing offer as of the date of this Draft Letter of Offer.*

** *Date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Eligible Shareholders to whom the Letter of Offer shall be sent. It is clarified that all owners (registered or unregistered) of Equity Shares (except the Acquirer, PAC, parties to the Subscription Agreement, Manager to the Offer and persons deemed to be acting in concert with each of them) are eligible to participate in this Offer at any time prior to the closure of the Tendering Period.*

RISK FACTORS

The risk factors set forth below pertain to this Offer, the Acquirer and the PAC are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by an Eligible Shareholder in this Offer, but are merely indicative. Eligible Shareholders are advised to consult their stockbrokers, investment consultants and/or tax advisors, for analyzing all the risks with respect to their participation in this Offer. For capitalized terms used herein, please refer to the section on Definitions and Abbreviations set out below.

A. Risks relating to this Offer

1. To the best of the knowledge of the Acquirer and the PAC, no statutory approvals, other than as indicated in paragraph 8 – "Statutory and Other Approvals", are required by the Acquirer and / or the PAC to complete this Offer. However, in case of any statutory approvals being required by the Acquirer and / or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer and / or the PAC shall make the necessary applications for such approvals. In case of delay in receipt of any such statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on part of the Acquirer and / or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and/or the PAC agreeing to pay interest to the shareholders for delay beyond 10 (Ten) Working Days, at such rate as may be specified by SEBI. Where the statutory approvals extend to some but not all the Eligible Shareholders, the Acquirer will have the option to make payment of the consideration to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

2. The Acquirer and the PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, if any statutory approvals, as may be required, are refused. Furthermore, in case of delay in receipt of any such statutory approvals, this Offer process may be delayed beyond the schedule of activities indicated in this DLOF. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer, as well as the return of Equity Shares not validly tendered and accepted in this Offer, may be delayed.

3. The acquisition of Shares tendered by Non-Resident Indian (the "**NRIs**") and Overseas Corporate Bodies (the "**OCBs**") are subject to approval/exemption, if applicable, from the RBI. NRI and OCB holders of Shares, if any, must obtain all requisite approvals required to tender the Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI or Foreign Investment Promotion Board, India (the "**FIPB**")) and submit such approvals, along with the other documents required in terms of the DLOF. Further, if holders of the Shares who are not persons resident in India (including NRIs, OCBs, QFIs and FIIs) had required any approvals (including from the RBI or FIPB) in respect of the Shares held by them, they will be required to submit the previous approvals that they would have obtained for holding the Shares, to tender the Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and/or the PAC reserve the right to reject such Shares tendered in 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.

4. Subject to the receipt of statutory approvals, the Acquirer and/or the PAC shall complete all requirements relating to this Offer within 10 (Ten) Working Days from the date of closure of the tendering period to those Eligible Shareholders whose share certificates and other documents are found valid and in order and are accepted for acquisition by the Acquirer.

5. If: (a) there is any litigation that leads to a stay on this Offer or restricts the Acquirer and/or the PAC from performing its obligations hereunder; or (b) SEBI instructs the Acquirer and the PAC not to proceed with this Offer, then this Offer process may be delayed beyond the schedule of activities indicated in this DLOF. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer as well as the return of the Equity Shares not validly tendered and accepted in this Offer, may be delayed.

6. Eligible Shareholders who have lodged their acceptance to this Offer are not entitled to withdraw such acceptance during the Tendering Period, even if the acceptance of the Equity Shares in this Offer and the dispatch of payment consideration are delayed. The tendered Shares will be held in trust by the Registrar to the Offer/Clearing Corporation until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the Equity Shares and Eligible Shareholders will not be able to trade in such Equity Shares held in trust by the Registrar to the Offer/Clearing Corporation that may adversely impact the Eligible Shareholders who have tendered their Equity Shares in this Offer.

7. This Offer is an offer to acquire up to 6,486,000 Equity Shares, representing 25% of the Voting Share Capital.

8. This DLOF has not been filed, registered or approved in any jurisdiction outside India. Recipients of this DLOF resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer, the PAC or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

9. The Eligible Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this DLOF.

10. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for statements made otherwise than in the PA, the DPS, this DLOF or in the advertisement or any materials issued by or at the instance of the Acquirer and the PAC (excluding all information contained in any such document pertaining to the Target Company). Any person placing reliance on any other source of information will be doing so at its own risk.

B. Risks relating to the Acquirer and the PAC

1. The Acquirer and the PAC make no assurances with respect to their investment and/or divestment decisions relating to their shareholding in the Target Company.

2. The Acquirer and the PAC make no assurances with respect to the continuation of the past trend in the financial performance or the future performance of the Target Company.

3. The Acquirer and the PAC make no assurances with respect to the market price of the Equity Shares before, during or after this Offer and expressly disclaim their responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in this Offer.

4. The Acquirer and the PAC do not accept responsibility with respect to the information contained in the PA, the DPS, or this DLOF that pertains to the Target Company.

5. As on the date of this Draft Letter of Offer, the total public shareholding in the Target Company is 25% of the total paid up equity share capital of the Target Company. In terms of Regulation 7(4) of the SEBI (SAST) Regulations, since any acquisition of the Equity Shares accepted in the Offer would result in the shareholding of the members of the promoter and promoter group of the Target Company, the Acquirer and the PAC exceeding the maximum permissible non-public shareholding, the Acquirer and the PAC would be required to bring down the non-public shareholding to the maximum permissible level specified and within the time permitted under the SCRR.

   Further, in accordance with Regulation 7(5) of the SEBI (SAST) Regulations, if the shareholding of the members of the promoter and promoter group of the Target Company, the Acquirer and the PAC in the Target Company exceeds the maximum permissible non-public shareholding as aforesaid, then none of the promoter and promoter group of the Target Company, the Acquirer or the PAC shall be eligible to make a voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended, unless a period of twelve months has elapsed from the date of the completion of the offer period in accordance with the SEBI (SAST) Regulations.

CURRENCY OF PRESENTATION

1. In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/or regrouping.

2. In this Draft Letter of Offer, all references to "`", "Rs", "Rupees", "INR" are references to Indian Rupees.

3. At some places "USD/$" or "JPY" or NTD has been used, which represent the United State Dollar, Japanese Yen and Net Taiwanese Dollar respectively, the currency of United States of America and Japan. All the data presented in USD, JPY and NTD in this Draft Letter of Offer have been converted into INR for purpose of convenience translation. The conversion has been assumed at the rate as identified along with such financial information in this Draft Letter of Offer.

DEFINITIONS

Term	Definition
Acquirer	Sharp Corporation (formerly known as Hayakawa Electric Co.) having its registered office at 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan.
Board / Board of Directors	Board of directors of the Target Company.
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited.
Certificate under Section 197	Certificate issued by the income tax authority for payment of consideration and / or interest either without deduction of tax at source or deduction of tax at a lower rate.
Closure of the Tendering Period	The last day by which the Eligible Shareholders may tender their Equity Shares in acceptance of the Offer, i.e. Friday, 4 November 2016.
Depositories	CDSL and NSDL.
DP	Depository Participant.
DPS / Detailed Public Statement	Detailed Public Statement was issued by the Manager to the Offer, on behalf of the Acquirer and the PAC, in relation to this Offer and published in the newspapers on 1 September 2016
Draft Letter of Offer	This Draft Letter of Offer dated 9 September 2016.
DTAA	Double Taxation Avoidance Agreement.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization.
ECS	Electronic Clearing Service.
Eligible Shareholders	All public shareholders of the Target Company excluding the Acquirer, the PAC, the Manager to the Offer and persons acting in concert or deemed to be acting in concert with the Acquirer or PAC.
Enhancement Amount	The offer price of INR 53.18, as disclosed in the PA, enhanced at a rate of 10% per annum, calculated for the period from 25 February 2016 to 1 September 2016, being the date of publication of the DPS, which is computed to be INR 2.75 per Equity Share.
Equity Shares / Shares	Fully paid-up equity shares of the Target Company, having a face value of INR 10 each.
Escrow Agent / Escrow Bank	ICICI Bank Limited, acting through its branch situated at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai - 400020
FEMA	Foreign Exchange Management Act, 1999 and subsequent amendments thereto.
FII(s)	Foreign Institutional Investor(s), as defined under Section 115AD of the Income Tax Act.
FIPB	Foreign Investment Promotion Board.
Form of Acceptance-cum-Acknowledgement	The form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer.
FPI	Foreign Portfolio Investor as defined under Regulation 2 (h) of the SEBI (Foreign Portfolio Investors) Regulations, 2014.
GAAP	Generally Accepted Accounting Principles
Identified Date	Wednesday, 5 October 2016 i.e. the date falling on the 10th

Term	Definition
	(Tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Eligible Shareholders to whom the Letter of Offer shall be sent.
Income Tax Act	Income Tax Act, 1961 and subsequent amendments thereto.
Indian GAAP	GAAP, as applicable to Indian companies.
Letter of Offer / LOF	The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer, including the Form of Acceptance-cum- Acknowledgement.
Manager to the Offer	ICICI Securities Ltd., having its registered office ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India.
Maximum Consideration	The total funding requirement for this Offer assuming full acceptance of this Offer, i.e. INR 362,761,980.
NEFT	National Electronic Funds Transfer.
NRI	Non Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2000.
NSDL	National Securities Depository Limited.
OCB	Overseas Corporate Body, as defined under Foreign Exchange Management (Deposit) Regulations, 2000.
Offer / Open Offer	This open offer, which is being made by the Acquirer and the PAC to the Eligible Shareholders, for acquiring up to 6,486,000 Equity Shares representing 25% of the Voting Share Capital of the Target Company.
Offer Escrow Account	A cash escrow account with account number 000405112685 opened by the Acquirer with the Escrow Agent.
Offer Escrow Agreement	The escrow agreement dated 26 August 2016 entered into amongst the Acquirer, the Manager to the Offer and the Escrow Agent.
Offer Price	INR 53.18 along with the Enhancement Amount of INR 2.75, the Offer Price amounts to INR 55.93 per Equity Share.
Offer Size	Up to 6,486,000 fully paid up Equity Shares representing 25% of the Voting Share Capital.
Overseas Tax	Tax payable under the tax laws applicable in overseas jurisdictions.
PA / Public Announcement	Public announcement dated 26 August 2016 in relation to this Offer sent to BSE on 26 August 2016 and filed with SEBI and sent to the Target Company on 29 August 2016.
PAC	PAC 1 / Hon Hai, PAC 2 / FFE, PAC 3 / FTE and PAC 4 / SIO
PAC 1/ Hon Hai	Hon Hai Precision Industry Co., Ltd, a public company incorporated and registered under the laws of Taiwan, having its registered office at No.66, Zhongshan Rd., Tucheng Dist., New Taipei City 236, Taiwan.
PAC2/ FFE	Foxconn (Far East) Limited, a private company incorporated and registered under the laws of Cayman Islands, having its registered office: at Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands.
PAC3/ FTE	Foxconn Technology Pte. Ltd, a private company incorporated and registered under the laws of Singapore, having its registered office at 79 Anson Road # 07-03 Singapore (079906)

Term	Definition
PAC4/SIO	SIO International Holdings Limited, a private company incorporated and registered under the laws of Cayman Islands, having its registered office at Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands.
PAN	Permanent Account Number.
PAT	Profit After Tax.
Primary Transaction	Subscription of (i) 3,281,950,697 common shares by Hon Hai, FFE, FTP and SIO; and (ii) 11,363,636 Class C shares, of the Acquirer.
RBI	Reserve Bank of India.
Registrar to the Offer	Link Intime India Private Limited, having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400078 – India.
Rs. / Rupees / INR / `	Indian Rupees.
RTGS	Real Time Gross Settlement.
SCRR	Securities Contract (Regulation) Rules, 1957 and subsequent amendments thereto.
SEBI	Securities and Exchange Board of India.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto.
SEBI Act	Securities and Exchange Board of India Act, 1992.
Subscription Agreement	Share Subscription Agreement entered on 2 April 2016 among the Acquirer and the PAC to record the terms and conditions of the Primary Transaction.
Target Company	Sharp India Limited.
Tax Residence Certificate	Certificate to be furnished by any Shareholder claiming benefit under any DTAA.
Tendering Period	Period commencing from Friday, 21 October 2016 and closing on Friday, 4 November 2016 (both days inclusive).
Voting Share Capital	Fully diluted voting equity share capital of the Target Company as of the 10th (Tenth) Working day from the date of closure of the Tendering Period.
Working Day	A working day of SEBI in Mumbai.

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.

1 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT IT HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SHARP INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL

SOUNDNESS OF THE ACQUIRER, THE PAC OR THE TARGET COMPANY WHOSE SHARES/CONTROL ARE 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 THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER, "ICICI SECURITIES LIMITED" HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 9 SEPTEMBER 2016 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2 GENERAL DISCLAIMER

This Draft Letter of Offer together with the DPS that was published on 1 September 2016 and the PA dated 26 August 2016 in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of the SEBI (SAST) Regulations. Accordingly the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. Neither the delivery of this Draft Letter of Offer and / or the Letter of Offer, under any circumstances, create any implication that there has been no change in the affairs of the Target Company and the Acquirer, the PAC and persons deemed to be acting in concert with the Acquirer, since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied that the Acquirer, the PAC or any persons deemed to act in concert with the Acquirer are under any obligation to update the information contained herein at any time after this date.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be dispatched to all shareholders whose names appear on the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of the Letter of Offer by any shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of the Draft Letter of Offer and/or the Letter of Offer under any local securities laws), shall not be treated by such shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only. Accordingly, no such shareholder may tender his, her or its Equity Shares in this Offer.

Persons in possession of the Draft Letter of Offer and/or the Letter of Offer are required to inform themselves of any relevant restrictions. Any Eligible Shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

3 DETAILS OF THIS OFFER

3.1 Background to this Offer

3.1.1 This Offer is a mandatory open offer pursuant to Regulations 3, 4 and 5(1) of the SEBI (SAST) Regulations and is being made as a result of an indirect acquisition of voting rights in the Target Company by the Acquirer and the PAC.

3.1.2 The board of the Acquirer adopted a resolution on 25 February 2016 in respect of Acquirer's issuance of new shares to the Allottees so as to provide funds to contribute to strengthen the Acquirer's financial foundation ("**Allotment**"/ "**Primary Transaction**"). This decision was announced in the public domain in the Acquirer's "*Notice regarding the issuance of new shares through third-party allotments, and change of parent company, the largest shareholder who is a major shareholder, and major shareholders*" dated 25 February 2016 ("**Initial Notice**"). Additionally, the Initial Notice also mentioned about the expected change of the parent company, the largest shareholder, who is a major shareholder, and of major shareholders of the Acquirer, all of which would occur as a result of the Allotment.

3.1.3 Thereafter, the Initial Notice was partially amended on 30 March 2016 ("**Update Notice**"; together with the Initial Notice referred to as "**Notices**") and the Update Notice was announced in the public domain. Following the Notices, the Acquirer and the PAC have executed a share subscription agreement on 2 April 2016 ("**Subscription Agreement**") for the purpose of making investment in the Acquirer by Hon Hai, FFE, FTP and SIO. In terms of the Subscription Agreement (i) Hon Hai, FFE, FTP and SIO have collectively agreed to subscribe 3,281,950,697 common shares, and (ii) Hon Hai has agreed to subscribe 11,363,636 Class C shares, of the Acquirer.

3.1.4 Pursuant to the Subscription Agreement, the issuance of new shares of the Acquirer to the Allottees was completed on 12 August 2016 and pursuant to the Allotment, (i) Hon Hai holds 1,300,000,000 common shares and 11,363,636 Class C shares of the Acquirer aggregating to 26.17% of the voting rights of the Acquirer, (ii) FFE, a wholly-owned subsidiary of Hon Hai, holds 915,550,697 common shares aggregating to 18.43% of the voting rights of the Acquirer, (iii) FTP holds 646,400 ,000 common shares aggregating to 13.01% of the voting rights of the Acquirer, and (iv) SIO holds 420,000,000 common shares aggregating to 8.46% of the voting rights of the Acquirer.

3.1.5 On completion of the Allotment, Hon Hai holds 26.17% of the Acquirer's voting rights and has become Acquirer's largest shareholder and FFE, a wholly-owned subsidiary of Hon Hai, holds 18.43% of the Acquirer's voting rights. Accordingly, Hon Hai directly or indirectly holds 44.60% shares in the Acquirer. Hon Hai neither directly nor indirectly controls FTP. FTP is 100% owned by an entity called Q-Run Holdings Limited, a 100% owned subsidiary of Foxconn Technology Co., Ltd. ("**FTC**"). FTC is a public company listed on the Taiwan's Stock Exchange. Hon Hai has a 9.92% stake in FTC and certain Hon Hai's subsidiaries have a 19.67% stake in FTC. As such, Hon Hai, directly or indirectly, holds (a non-controlling stake aggregating to) 29.59% of FTC's voting rights. SIO belongs to a different group and is ultimately controlled by Mr. Gou, Tai-Ming, Chairman of Hon Hai.

3.1.6 The Acquirer directly holds 19,458,000 Equity Shares aggregating to 75% of the Voting Share Capital of the Target Company. Pursuant to completion of the Primary Transaction, Hon Hai with other PAC have acquired 66.07% of the voting rights of the Acquirer and have appointed 4 out of 9 directors on the board of the Acquirer. Thereby, the Allottees have indirectly acquired substantial Voting Share Capital in the Target Company. Further, on account of Hon Hai's 44.60% voting rights in the Acquirer (along with wholly-owned subsidiary FFE), Hon Hai has the right to block strategic decisions relating to the commercial activities of the Acquirer.

3.1.7 As per the report prepared by K. J. Sheth & Associates, Chartered Accountants (Registration Number 118598W), dated 26 August 2016, the criteria as set out under Regulation 5(2) of the SEBI (SAST) Regulations have been analyzed and it has been concluded that the Primary Acquisition cannot be deemed to be a 'direct acquisition' as per the provisions of the SEBI (SAST) Regulations.

3.1.8 The Subscription Agreement was contracted on 2 April 2016 and the intention or decision to make the Primary Transaction was made on 25 February 2016. However, the PA was made by the Acquirer and PAC on 26 August 2016 and the DPS is published on 1 September 2016. The parties have *suo moto* intimated SEBI vide letter dated 31 August 2016 towards initiating a settlement under the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) Regulations, 2014 for the delay in making the Offer.

3.1.9 The Acquirer and PAC have not been prohibited by SEBI, from dealing in securities, in terms of Section 11 B of the SEBI Act or under any of the regulations made under the said act.

3.1.10 The Acquirer reserves the right to appoint its nominee(s) on the Board of Directors during the offer period in accordance with the SEBI (SAST) Regulations by depositing 100% of the Maximum Consideration payable under the Offer in the Offer Escrow Account as required under Regulation 24(1) of the SEBI (SAST) Regulations.

3.1.11 As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors is required to constitute a committee of independent directors to provide its reasoned recommendation on this Offer to the Eligible Shareholders. Such recommendation are required to be published at least 2 (Two) Working Days before the commencement of the Tendering Period in the same newspapers where the DPS was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

3.2 **Details of this Offer**

3.2.1 The Acquirer and the PAC have published the DPS on 1 September, 2016 which appeared in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Navshakti	Marathi	Mumbai
Loksatta	Marathi	Pune

A copy of the DPS is also available on SEBI website: www.sebi.gov.in

3.2.2 This Offer is made by the Acquirer and the PAC to all the Eligible Shareholders, to acquire up to 6,486,000 Equity Shares, representing 25% of the Voting Share Capital, at a price of INR 55.93 per Equity Share, to be paid in cash, in accordance with Regulation 9(1) (a) of the SEBI (SAST) Regulations and subject to the terms and conditions set out in the PA, the DPS and the Draft Letter of Offer.

3.2.3 This Offer is being made to all the Eligible Shareholders.

3.2.4 As of the date of this Draft Letter of Offer, there are no: (i) partly paid-up Equity Shares; and (ii) outstanding convertible instruments (warrants / fully convertible debentures / partially convertible debentures) issued by the Target Company. Further, there is no differential pricing for the Offer.

3.2.5 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. There has been no competing offer as of the date of this Draft Letter of Offer.

3.2.6 To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer and / or the PAC to complete this Offer. However, in case of any statutory approvals being required by the Acquirer and / or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer and / or the PAC shall make the necessary applications for such approvals.

3.2.7 The Acquirer and the PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event such statutory approvals are refused. In the event of withdrawal of this Offer, a public announcement will be made within 2 (Two) Working Days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to BSE, SEBI and the Target Company at its registered office.

3.2.8 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

3.2.9 The Acquirer and the PAC have not acquired any Equity Shares after the date of PA, i.e. 26 August 2016 and up to the date of this Draft Letter of Offer.

3.3 **Object of this Offer**

3.3.1 The Primary Transaction has resulted in an indirect acquisition of voting rights beyond the specified thresholds by the Acquirer / PAC over the Target Company for the purposes of the SEBI (SAST) Regulations, requiring the Acquirer / PAC to make this Offer to the Eligible Shareholders in accordance with the SEBI (SAST) Regulations.

3.3.2 The Acquirer and the PAC intend to continue the existing business of the Target Company as on the date of this Draft Letter of Offer.

3.3.3 In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer and/or the PAC do not currently have any intention to alienate, restructure, dispose of or otherwise encumber any assets of the Target Company in the succeeding 2 (Two) years from the completion of this Offer, except in the ordinary course of business and other than as already agreed, disclosed and/or publicly announced by the Target Company. The Acquirer and/or the PAC undertake that they will not restructure, sell, lease, dispose of or otherwise encumber any substantial assets of the Target Company other than in the ordinary course of business and other than as already agreed, disclosed and/or publicly announced by the Target Company in the succeeding 2 (Two) years from the completion of this Offer, except with the prior approval of the shareholders of the Target Company through a special resolution, passed by way of postal ballot.

3.3.4 As on the date of this Draft Letter of Offer, the total public shareholding in the Target Company is 25%, of the total paid up equity share capital of the Target Company.

3.3.5 In terms of Regulation 7(4) of the SEBI (SAST) Regulations, since any acquisition of the Equity Shares accepted in the Offer would result in the non-public shareholding in the Target Company exceeding the maximum permissible non-public shareholding, the Acquirer and/or the PAC would be required to bring down the non-public shareholding to the level specified within the time permitted under the SCRR.

3.3.6 Further, in accordance with Regulation 7(5) of the SEBI (SAST) Regulations, if the shareholding in the Target Company of the members of the promoter and promoter group of the Target Company, the Acquirer and the PAC exceeds the maximum permissible non-public shareholding as aforesaid, then none of the promoter and promoter group of the Target Company, the Acquirer or the PAC shall be eligible to make a voluntary delisting offer under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended, unless a period of twelve months has elapsed from the date of the completion of the offer period in accordance with the SEBI (SAST) Regulations.

4 BACKGROUND OF THE ACQUIRER AND THE PAC

4.1 Acquirer- Sharp Corporation (formerly known as Hayakawa Electric Co.)

4.1.1 The Acquirer was incorporated on 1 May 1935 under the laws of the Japan with Corporate File Number 1200-01-005484. The registered office of the Acquirer is 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan, with contact number +81-72-282-1221 (telephone) and + 81-72-222-5721 (fax).

4.1.2 Pursuant to the Subscription Agreement, there has been a change in the indirect shareholding of the Target Company. The relationship of the Acquirer with the PAC is further detailed in paragraph 3.1.5 and paragraph 3.1.6 of this Draft Letter of Offer. Further, the Acquirer belongs to Sharp Group. PAC1 directly holds 26.17% and indirectly through PAC2, a wholly owned subsidiary of PAC1, 18.43% of the Acquirer's voting rights and is the Acquirer's largest shareholder. Accordingly, PAC1 is the ultimate holder of 44.60% voting rights in the Acquirer.

4.1.3 The Acquirer is engaged in the business of the manufacture and sale of various products such as digital information equipment, health and environment equipment, energy solutions, business solutions, liquid crystal display, electronic devices etc.

4.1.4 The equity shares of the Acquirer are listed on Tokyo Stock Exchange. The closing price of the Acquirer’s equity shares on the Tokyo Stock Exchange on 7 September 2016 was JPY 141 per equity share.

4.1.5 Status of Corporate Governance: The Acquirer is committed to the highest international standards of corporate governance, and complies with corporate governance requirements as laid down by the basic policy for Corporate Governance.

4.1.6 Compliance Officer: Yumiko Ito, Managing Officer (General Counsel, President's Office) and 1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan

4.1.7 The shareholding pattern of the Acquirer as on the date of this Draft Letter of Offer is as follows:

Sr No.	Shareholder’s Category	Percentage of shares held
1	PAC1	26.17%
2	PAC2	18.43%
3	PAC3	13.01%
4	PAC4	8.46%
5	Others	33.93%
	TOTAL	**100.00%**

4.1.8 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of the Acquirer, are as follows:

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
1	Tai Jeng Wu, Representative Director, President & Chief Executive Officer	- Joined Hon Hai Precision Ind. Co., Ltd - Corporate Director Representative of Hon Hai Precision Ind. Co., Ltd. (In the Present) - Executive V.P. of Hon Hai Precision Ind. Co., Ltd. (In the Present) - Director of Eson Precision Ind. Co., Ltd. (In the Present) - Corporate Director Representative of Fitipower Integrated Technology Inc. (In the Present)	12 August 2016
2	Katsuaki Nomura, Representative Director, and Executive Vice	- Group General Manager, Audio Visual Systems Administration Group - Executive Officer, Group	23 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
	President	General Manager, Corporate Accounting and Control Group - Director; Executive Officer, Group General Manager, Corporate Accounting and Control Group - Director; Executive Officer, Group General Manager, Corporate Accounting and Control Group - Director, Executive Managing Officer, General Manager, Corporate Strategy; Group General Manager, Corporate Accounting and Control Group - Director; Executive Officer Group Deputy General Manager, Large Liquid Crystal Display Business Group - Chairman; Sharp Display Products Corporation (Sakai Display Products Corporation) (In the Present) - Executive Vice President, Sharp Corporation, Head of Accounting and Finance Group (In the Present)	
3	Toshiaki Takayama, Representative Director	- Joined Foxconn Japan Co. Ltd - General Manager of Fukuoka Office (Foxconn Japan Co., Ltd.) - Representative Director, Foxconn Japan Co., Ltd.(in the present) - Representative Director PKM Corporation (in the present) - Representative Director and Executive Vice President, Sakai Display Products Corporation(in the present)	12 August 2016
4	Yoshisuke Hasegawa, Director and Senior Executive Managing Officer	- Group Deputy General Manager, Communication Systems Group; Division General Manager, Personal Communication Systems Division II - Group General Manager, Communication Systems Group	23 June 2015

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		- Director; Group General Manager, Communication Systems Group - Managing Director; Group General Manager, Communication Systems Group - Executive Managing Officer; Group General Manager, Communication Systems Group - Executive Officer; - Group General Manager, Communication Systems Group - Executive Managing Officer; Group General Manager, Mobile Liquid Crystal Display Group - Executive Managing Officer; General Manager, Liquid Crystal Display Business; Group General Manager, Liquid Crystal Display Group - Executive Managing Officer; Group General Manager, Liquid Crystal Display Group - Executive Managing Officer; General Manager, Display Device Business - Executive Managing Officer; General Manager, Display Device Business; Group General Manager, Display Device Development Group - Executive Managing Officer; General Manager, Communication Systems Business; Division General Manager, Communication Systems Division(In the Present)	
5	Masahiro Okitsu, Director and Managing Officer	- Joined Sharp Corporation - President, Shanghai Sharp Electronics Co., Ltd. - Health and Environment Systems Group; Division General Manager, Laundry	23 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		Systems Division - Health and Environment Systems Group; - Division General Manager, Air Conditioning Systems Division - Group Deputy General Manager, Health and Environment Systems Group; Division General Manager, Air Conditioning Systems Division - Executive Officer; General Manager, Health and Environment Business; Division General Manager, Health and Environment Systems Division - Executive Officer; Executive Vice President of Consumer Electronics Company; Head of Health and Environment Systems Division - Executive Managing Officer, Member of the Board (Executive Vice President of Consumer Electronics Company; Head of Health and Environment Systems Division) - Managing Officer, Member of the Board (BU President, Health and Environment Systems BU) (in the present) - Chairman, Sharp Electronics Marketing Corporation (in the present)	
6	Young Liu	- Founded (i) Young Microsystem Corp. in June 1988; (ii) ITE Tech .Inc. in May 1995; and (iii) ITEX Corp. in February 1997. - General Manager of Princeton Technology Corp - Special Assistant to the CEO of Hon Hai Precision Ind. Co. Ltd - Chairman of Fu Tai Kang Electronics Development (YanTai) Ltd. (In the Present) - General Manager of B	12 August 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		sub-group of Hon Hai Precision Ind. Co. Ltd. (In the Present) - Chairman of Socle Technology Corp. (In the Present) - Chairman of Big Innovation Company Ltd. (In the Present)	
7	Takeo Nakagawa	- Professor, Institute of Industrial Science, University of Tokyo - Director, R&D Center of Advanced Material of the said institute - Director, Department of Research Fundamental Technology, RIKEN - Emeritus Professor, University of Tokyo - Outside Director, Houden Seimitsu Kako Kenkyusho Co - President, Fine Tech Co.(Since April 2015, Chairman, Fine Tech Co. / In the present - Outside Director, Nippon Pillar Packing Co. (In the present) - Outside Auditor, Fanuc Co. (in the present) - Outside Director, Tsugami Co. (in the present) Outside Director, OSG Co. (in the present)	12 August 2016
8	Kazuya Nakaya, (Outside Director)	- Director, Member of the board, Director of Storage Products Business Unit, Panasonic Shikoku Electronics Co., Ltd. (Panasonic Healthcare Company Co., Ltd) - Executive Managing Director, Device Business - Executive Managing Director, Healthcare Business & Business Development /Corporate Planning and Corporate Communication Concurrent: Project Leader, Commercialization of medical robot Project - Senior Managing Director, All Healthcare Business / Corporate Planning and	23 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		Corporate Communication - Corporate Officer, Panasonic Healthcare Holdings Co., Ltd; Representative Director, Senior Corporate Executive Officer /Chief Technical Officer, Panasonic Healthcare Co., Ltd. - Executive Advisor, Business Development Headquarter, Konica Minolta, Inc., - Executive Advisor, Corporate R&D Headquarters, Konica Minolta, Inc. (In the Present）	
9	Yoshihisa Ishida (Outside Director)	- SVP, Corporate Executive, Sony Corporation - Deputy CEO & EVP, Member of the Board of Directors, Sony Ericsson Mobile Communications AB Group Executive, Sony Corporation - Member of the Board of Directors, Sony Mobile Communications Inc. - Consultant, Rakuten Corporation - Advisor, SILK LABS (In the Present) - Consultant, LG Display Japan Co. Ltd.	23 June 2016

4.1.9 Following are the Acquirer's nominee directors on the board of the Target Company:

NO	DIRECTORS	DATE OF APPOINTMENT ON THE BOARD OF THE TARGET COMPANY	DETAILS
1.	Mr Tomio Isogai	December 9, 2012	Managing Director
2.	Mr Kazunori Ajikawa	August 14, 2015	Non-Executive Director

4.1.10 Mr Tomio Isogai and Mr Kazunori Ajikawa will not be participating in any deliberations of the Board of Directors of the Target Company or vote on any matter in relation to the Offer, as required by Regulation 24(4) of the SEBI (SAST) Regulations.

4.1.11 As on the date of this Draft Letter of Offer, the Acquirer directly holds 19,458,000 Equity Shares aggregating to 75% of the Voting Share Capital of the Target

Company.

4.1.12 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

4.1.13 The key financial information of the Acquirer, as derived from its financial statements for the three month period ended June 30, 2016 and financial statements as at and for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014 is as follows:

Profit & Loss Statement	**As at and for the financial year ended March 2014**		**As at and for the financial year ended March 2015**		**As at and for the financial year ended March 2016**		**For the 3 month period ended June 2016**	
	JPY	**INR**	**JPY**	**INR**	**JPY**	**INR**	**JPY**	**INR**
Income from operations	2,927,186	1,953,018	2,786,256	1,858,990	2,461,589	1,642,372	423,397	282,490
Other Income	0	0	0	0	0	0	0	0
Total Income	2,927,186	1,953,018	2,786,256	1,858,990	2,461,589	1,642,372	423,397	282,490
Total Expenditure.	2,736,714	1,825,936	2,842,584	1,896,572	2,597,266	1,732,896	429,072	286,277
Profit Before Depreciation Interest and Tax	190,472	127,083	-56,328	-37,582	-135,677	-90,524	-5,675	-3,786
Depreciation	123,776	82,583	109,324	72,941	76,724	51,190	15,250	10,175
Interest	20,726	13,828	23,182	15,467	18,721	12,491	2,453	1,637
Profit Before Tax	45,970	30,671	-188,834	-125,990	-231,122	-154,205	-23,378	-15,598
Provision for Tax	32,982	22,006	31,413	20,959	22,064	14,721	4,092	2,730
Profit After Tax	12,988	8,666	-220,247	-146,949	-253,186	-168,926	-27,470	-18,328
Balance Sheet Statement	**As at and for the financial year ended March 2014**		**As at and for the financial year ended March 2015**		**As at and for the financial year ended March 2016**		**For the 3 month period ended June**	

							2016	
	JPY	INR	JPY	INR	JPY	INR	JPY	INR
Sources of funds								
Capital Stock	121,885	81,322	121,885	81,322	500	334	500	334
Capital Surplus	95,950	64,018	95,945	64,015	222,457	148,423	222,457	148,423
Retained earnings	135,096	90,136	-87,448	-58,345	-123,644	-82,495	-151,096	-100,811
Treasury Stock	-13,889	-9,267	-13,893	-9,269	-13,899	-9,273	-13,900	-9,274
Accumulated Other Comprehensive Income	-143,882	-95,998	-86,323	-57,595	-128,464	-85,711	-143,332	-95,631
Non-controlling Interests	12,013	8,015	14,349	9,574	11,839	7,899	10,332	6,894
Net worth	207,173	138,226	44,515	29,700	-31,211	-20,824	-75,039	-50,066
Secured loans	498,729	332,752	478,692	319,383	433,998	289,563	433,004	288,900
Unsecured loans	572,647	382,070	474,804	316,789	278,846	186,046	259,928	173,424
Others (including Trade payable)	903,131	602,569	963,898	643,113	889,039	593,167	795,533	530,780
Total	2,181,680	1,455,617	1,961,909	1,308,986	1,570,672	1,047,952	1,413,426	943,038
Uses of funds								
Net fixed assets	519,701	346,745	400,592	267,275	351,205	234,324	345,636	230,608
Investments	287,598	191,885	262,039	174,832	253,450	169,102	235,932	157,414

and Other Assets								
Net current assets	1,374,244	916,896	1,299,195	866,823	965,959	644,488	831,807	554,982
Deferred Assets	137	91	83	55	58	39	51	34
Total	2,181,680	1,455,617	1,961,909	1,308,986	1,570,672	1,047,952	1,413,426	943,038
Other Financial Data	**As at and for the financial year ended March 2014**		**As at and for the financial year ended March 2015**		**As at and for the financial year ended March 2016**		**For the 3 month period ended June 2016**	
	JPY	**INR**	**JPY**	**INR**	**JPY**	**INR**	**JPY**	**INR**
Dividend (%)	-		-		-		-	
Earning Per Share	8.09	5	-131.51	-88	-154.64	-103	-17.28	-12

<u>Notes</u>: The above INR figures have been translated based on the JPY figures, using the daily RBI reference rate as on the date of the PA i.e. 26 August 2016 (Source: Reserve Bank of India website - http://www.rbi.org.in); 1 JPY = INR 0.6672

4.1.14 As on March 31, 2016, the date of the last audited accounts and as on June 30, 2016, the latest financial statements of the Acquirer, except as mentioned below, the Acquirer does not have any contingent liabilities:

A. Guarantee Liabilities

Contingent Liabilities (not provided for) in respect of : Yen (Million)	**FY**	
	2016	**End of June 2016**
Loans guaranteed	11,866	11,232

B. Matters related to inventory purchase commitments on raw materials (polysilicon) for solar cells

A valuation reserve for inventory purchase commitments is set aside with respect to purchase contracts for raw materials (polysilicon) for solar cells. Some of the purchase contracts for raw materials (polysilicon) at the end of first quarter of FY2016 prohibit their resale. Therefore, potential future losses may occur if raw materials (polysilicon) are no longer used. The aggregate amount of the purchase contracts prohibiting resale of raw materials after deducting the valuation reserve for inventory purchase commitments were 38,795 million yen as of March 31, 2015 and 11,023 million yen as of June 30, 2016.

C. Matters related to long-term electricity and others supply contracts at a production base

The Acquirer entered into long-term contracts with several suppliers with respect to electricity and others necessary to produce solar cells at Sakai Factory. The total amount of future minimum payments under such contracts as of 3, March 2015 and of 30 June 2016 were respectively 43,915 million yen (the remaining term was from 2.5 years to 14 years) and 36,666 million yen (the remaining term are from 1.25 years to 12.5 years). Each contract shall not be terminated before expiration. Although such long-term electricity and other supply contracts give the company 480 mega-watt production capacity of solar cells per year, the actual production quantity currently sits at around 160 mega-watt per year. Such long-term contracts have caused more expensive production cost in the Energy Solution Business. However, it is difficult to estimate the amount of loss related to such contracts because the prevailing market price of electricity and others at Sakai Factory, procurement costs of electricity and others not depending on such contracts, and appropriate production costs based on such market price and procurement costs cannot be determined.

D. Others

As of 31 March 2016, in relation to the TFT-LCD business, the Acquirer and some of its subsidiaries were subject to investigations being conducted by the Directorate General for Competition of the European Commission etc., and civil lawsuits seeking monetary damages resulting from alleged anti-competitive behavior have been filed against the Company and some of its subsidiaries in North America.

4.1.15 The Acquirer is in compliance with applicable provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with respect to last 10 years.

4.2 **PAC1 – Hon Hai Precision Industry Co., Ltd**

4.2.1 PAC1 was incorporated on 20 February 1974 under the laws of Taiwan with Corporate File Number 04541302. The registered office of PAC1 is No.66, Zhongshan Rd., Tucheng Dist., New Taipei City 236, Taiwan, with contact number + 886-2-2268-3466 (telephone) and +886-2-2268-6296 (fax).

4.2.2 PAC1 is engaged in the business of production, assembling and repair of various consumer devices such as connectors, cases, thermal modules, communication devices, optical devices, power supply, information technology related devices, automotive parts, precision devices etc. Further, the PAC 1 belongs to the Hon Hai group.

4.2.3 The equity shares of PAC1 are listed on Taiwan’s Stock Exchange and has diversified shareholding. Mr Gou, Tai-Ming, being the chairman of PAC1 owns

1,973,952,862 equity shares aggregating to 12.62% stake in PAC1. The closing price of PAC1's equity shares on the Taiwan Stock Exchange on 7 September 2016 was NTD 79.50 per equity share.

4.2.4 PAC1 is committed to the highest international standards of corporate governance, and complies with corporate governance requirements as laid down by Taiwan Stock Exchange. PAC1 does not have any compliance officer.

4.2.5 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of the PAC1, are as follows:

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
1.	Gou, Tai-ming, Director	- Graduated from China Marine Technical College. - Director of Taiwan Electrical Equipment Association; Chairman of Mold Industry Association. - Chairman and President of Hon Hai Precision Industry Co., Ltd.	22 June 2016
2.	Hon Jin International Investment Co., Ltd. Representative: Lu, Fang-ming	- Master's Degree of Institute of Applied Physics, Chung Yuan Christian University. - Taiwan General Manager of Asia-Pacific Region, Lingyun Science and Technology Co. Ltd.; General Manager of Taiwan Computer System, Hewlett Packard. - Director and General Manager of Business Group of Hon Hai Precision Industry Co., Ltd. Chairman of Asia Pacific Telecom.	22 June 2016
3.	Hon Chiao International Investment Co., Ltd. Representative: Tai, Jeng-wu	- Tatung Institute of Technology, Taiwan. - Director of Unimicron Technology Corporation.	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		- Director and General Manager of Business Group of Hon Hai Precision Industry Co., Ltd. Director of Fitipower Integrated Technology Inc.Director of ESON Precision Engineering Co. Ltd. Chairman of Xinxi Technology Co., Ltd.	
4.	Hon Chiao International Investment Co., Ltd. Representative: Chen, Jen-gwo	- PhD in Industrial Engineering, University of Oklahom. - Professor and Chairman of the Department of Industrial Engineering at the University of Houston; Dean of the College of Science and Engineering at The University of Texas-Pan American. - Principal of the University of Foxconn (IE Institute) President of FLNet International e-Commerce Co., Ltd.	22 June 2016
5.	Huang, Qing-yuan, Director	- Graduated from PhD Program, Graduate School of Business, Nihon University Japan. - Independent Director of Cathay Financial; President of the Asia Pacific Region and executive director of Daiwa Security SMBC; Director of First Financial Holding Co., Ltd. - Director of Hon Hai Precision Industry Co., Ltd., Independent Director of Cathay	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		Financial, Cathay Life, Cathay Securities, and Taiwan Glass; Executive (Independent) Director of Cathay United Bank. - President of Dasheng Venture Capital, Dasheng 1B Venture Capital, Dasheng 1A1 Venture Capital Co., Ltd., Guangxin 1 Co., Ltd., Guangxin 4 Co., Ltd., Guangxin 5 Co., Ltd. - Director of Taiwan Stock Exchange, Dasheng Financial Advisor, Dayang Creativity, and Dasheng 4 Venture Capital; supervisor of Chinese National Association of Industry and commerce, Taiwan (CNAIC).	
6.	Sung, Hsueh-jen, Director	- B.S. degree from Department of Management Science, National Chiao Tung University; Master degree from NCCU Department of Business Administration; Master degree from Harvard Business School, Harvard University. - Manager of Multinational Enterprise Department, Taipei Branch, Citibank; Assistant Manager of London Head Office, First Interstate Capital Markets of America; Deputy General Manager of Tokyo Branch, Swiss Bank.	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		- Director of Capital Markets, Tokyo Branch, Westpac Bank of Australia; Deputy General Manager of the Bond Division of the Head Office in Sydney; General Manager of Dahwa Securities; Taiwan Representative, Partner, Director of Asian Hi-Tech Department, Vice President of Asia Pacific, Member of Global Partners' Committee, Member of Asia Pacific Management Committee and Director of the Investment Banking Department, as well as the Director of Direct Investment Department of Goldman Sachs. - Chairman of Sonquan Co., Ltd.; Chairman of New Total Asset Management Co., Ltd. - Independent Director of Taiwan Mobile.	
7.	Chan, Chi-shean, Independent Director	- Honorary Doctorate degree from National Defense School of Medical Department of Chung Shan Medical University. - Director of Health, Executive Yuan; Chairman of the National Institute of Health; Dean of ChiMei Medical Center.	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		- Director of the Department of Surgery at Pomona Valley Hospital Medical Center, CA USA. - Director of Pomona Health Insurance Company; Doctor of Medical Center at Pomona Valley Hospital, CA USA; General Surgeon at Mercy Philadelphia Medical Center; Surgical resident at Mercy Medical Center of Jefferson Medical College; Surgical resident at San Rafael Hospital of Yale University. - Chairman of Adimmune Corporation.	
8.	Lee, Kai-fu, Independent Director	- B.S. degree in computer science from Columbia University; PhD in computer science from Carnegie Mellon University; Honorary Doctorate degree from City University of Hong Kong; Fellow of the Institute of Electrical and Electronics Engineers (IEEE). - Vice President of Interactive Media Department of Apple; Vice President and General Manager of the Internet Department of Silicon Graphics Inc. (SGI); President of CosmoSoftware; Vice President of Natural Interactive Software and Services Department of Microsoft; Corporate	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		Vice President of Microsoft Corp; Global Vice President and President of the Greater China of Google. - Chairman and CEO of Innovation Works.	
9.	Fu, Li-chen, Independent Director	- B.S. degree from National Taiwan University; M.S. and PhD degrees of EECS from the University of California, Berkeley. - Associate Professor of both Department of Electrical Engineering and Department of Computer Science & Information Engineering of National Taiwan University; Professor of both Department of Electrical Engineering and Department of Computer Science & Information Engineering of National Taiwan University; Deputy Director of Yan Qingling Industrial Research Center at National Taiwan University. - Chairman of the Automatic Control Society of the Republic of China; Secretary General of National Taiwan University; Vice President, Asian Control Association. - Vice President at Electronic and Information Institute of	22 June 2016

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
		National Taiwan University; Convener of Control Division, the Ministry of Science and Technology; President, Asian Control Association. - Distinguished Professorship from National Taiwan University; Professor of both Department of Electrical Engineering and Department of Computer Science & Information Engineering of National Taiwan University; Director of Health and Life Sciences Research Center of National Taiwan University; Board of Governor, IEEE Control Systems Society Chief Editor of Asian Journal of Control (SCI Journal); Editor of Advanced Robotics (SCI Journal).	

4.2.6 As of the date of this Draft Letter of Offer, neither PAC1 nor its directors and / or key managerial personnel have any interest in the Target Company, save and except the indirect shareholding acquired over the Target Company pursuant to the Primary Transaction. As of the date of this Draft Letter of Offer, there are no directors representing PAC1 on the Board of Directors of the Target Company.

4.2.7 The relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to the PAC1 with respect to the Target Company since PAC1 has not acquired or sold any Equity Shares of the Target Company.

4.2.8 Post the issue of the PA on 26 August 2016, until the date of this Draft Letter of Offer, PAC1 has not directly acquired any Equity Shares.

4.2.9 PAC1 has not been prohibited by SEBI from dealing in securities in terms of Section 11 B of SEBI Act or under any of the regulations made under the SEBI Act.

4.2.10 The key financial information of PAC1, as derived from its financial statements as at and for the six month period ended 30 June 2016 and financial statements as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

Profit & Loss Statement	**As at and for the financial year Period Jan 2013 to Dec 2013**		**As at and for the financial year Period Jan 2014 to Dec 2014**		**As at and for the financial year Period Jan 2015 to Dec 2015**		**As at and for the financial Period Jan 2016 to Jun 2016**	
	NTD	**INR**	**NTD**	**INR**	**NTD**	**INR**	**NTD**	**INR**
Income from operations	3,952,317	8,349,269.66	4,213,172	8,900,325.85	4,482,146	9,468,533.43	1,880,146	3,971,808.43
Other Income	36,234	76,544.33	45,935	97,037.69	53,640	113,314.50	22,024	46,525.70
Total Income	3,988,551	8,425,813.99	4,259,107	8,997,363.54	4,535,786	9,581,847.93	1,902,170	4,018,334.13
Total Expenditure.	3,881,205	8,199,045.56	4,126,626	8,717,497.43	4,385,585	9,264,548.31	1,856,546	3,921,953.43
Profit Before Depreciation Interest and Tax	219,161	462,977.61	259,359	547,895.89	289,166	610,863.18	112,581	237,827.36
Depreciation	73,613	155,507.46	70,232	148,365.10	71,257	150,530.41	34,412	72,695.35
Interest	9,252	19,544.85	15,007	31,702.29	18,871	39,864.99	10,623	22,441.09
Profit Before Tax	136,296	287,925.30	174,120	367,828.50	199,038	420,467.78	67,546	142,690.93
Provision for Tax	28,950	61,156.88	41,639	87,962.39	48,837	103,168.	21,922	46,310.23

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Profit After Tax	107,346	226,768.43	132,481	279,866.11	150,201	317,299.61	45,624	96,380.70
Balance Sheet Statement	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
Sources of funds	**NTD**	**INR**	**NTD**	**INR**	**NTD**	**INR**	**NTD**	**INR**
Paid up share capital	269,064	568,397.70	357,637	755,508.16	351,002	741,491.73	348,609	736,436.51
Reserves and Surplus (excluding revaluation reserves other comprehensive income)	536,880	1,134,159.00	627,059	1,324,662.14	709,408	1,498,624.40	676,478	1,429,059.78
Treasury Stock	(19)	-40.14	(19)	-40.14	(19)	-40.14	(19)	-40.14
Net worth	805,925	1,702,516.56	984,677	2,080,130.16	1,060,391	2,240,075.99	1,025,068	2,165,456.15
Secured loans	6	12.68	-	-	288	608.40	666	1,406.93
Unsecured loans	366,228	773,656.65	266,501	562,983.36	69,945	147,758.81	82,979	175,293.14
Total	366,234	773,669.33	266,501	562,983.36	70,233	148,367.	83,645	176,700.06

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Uses of funds								
Net fixed assets	379,562	801,824.73	358,869	758,110.76	336,738	711,359.03	317,172	670,025.85
Investments	71,286	150,591.68	125,162	264,404.73	138,442	292,458.73	132,782	280,501.98
Net current assets	1,808,581	3,820,627.36	1,932,421	4,082,239.36	1,788,219	3,777,612.64	1,633,836	3,451,478.55
Total miscellaneous expenditure not written Off	53,032	112,030.10	46,263	97,730.59	44,901	94,853.36	74,591	157,574.33
Total	2,312,461	4,885,073.86	2,462,715	5,202,485.44	2,308,300	4,876,283.75	2,158,381	4,559,580.71
Other Financial Data	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	NTD	**INR**	**NTD**	**INR**	**NTD**	**INR**	**NTD**	**INR**
Dividend (%)	9.02%		10.65%		4.73%		-	
Earning Per Share	7.99	16.88	8.32	17.58	9.31		2.61	5.51

Notes: The above INR figures have been translated based on the NTD figures, using the OANDA rates as on the date of the PA i.e. August 26, 2016 (Source: https://www.oanda.com/currency/converter/); 1 NTD = INR2.1125

4.2.11 As on 31 December 2015 the date of the last audited accounts and as on June 30, 2016, the latest financial statements of PAC1, PAC1 does not have any contingent liabilities.

4.3 **PAC2 - Foxconn (Far East) Limited**

4.3.1 PAC2 was incorporated on 25 January 1996 under the laws of Cayman Islands with Corporate File Number 63939. The registered office of PAC2 is Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands, with contact numbers + 886-2-2268-3466 (telephone) and + 886-2-2268-6296 (fax).

4.3.2 PAC1 directly owns 100% of the share capital of the PAC2, and controls PAC2. PAC2 directly holds 18.43% of the share capital of the Acquirer.

4.3.3 PAC2 belongs to the Hon Hai group. PAC 1 is a holding company for the Hon Hai group.

4.3.4 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of PAC2, are as follows:

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
1.	Yu Huang, Chiu-Lian	- Director of Foxconn Holding Limited; - Director of Foxteq Holdings Inc.; and - Director of Foxconn (Far East) Limited	25 January 1996
2.	Lee, Jin-Ming	- Graduated from National Chengchi University, Taiwan; - Deputy general manager of Huafei Color Display System Co., Ltd; - Manager of Taiwan Philip Co., Ltd; - Director of Shenzhen Tutaitong International Logistics Co., Ltd - Director of Foxconn (Far East) Limited	18 April 2006

4.3.5 As of the date of this Draft Letter of Offer, neither PAC2 nor its directors and / or key managerial personnel have any interest in the Target Company. As of the date of this Draft Letter of Offer, there are no directors representing PAC2 on the Board of Directors of the Target Company.

4.3.6 The relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to the PAC2 with respect to the Target Company since PAC2 has not directly acquired or sold any Equity Shares of the Target Company.

4.3.7 As on the date of the Draft Letter of Offer, PAC2 does not directly own any Equity

Shares.

4.3.8 PAC2 has not been prohibited by SEBI from dealing in securities, in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended or under any of the regulations made under the SEBI Act.

4.3.9 The key financial information of PAC2, as derived from its financial statements for the six month period ended 30 June 2016 and the financial statements as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

Profit & Loss Statement	**As at and for the financial year Period Jan 2013 to Dec 2013**		**As at and for the financial year Period Jan 2014 to Dec 2014**		**As at and for the financial year Period Jan 2015 to Dec 2015**		**As at and for the financial Period Jan 2016 to Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Income from operations	19.44	1,303.06	19.20	1,286.97	19.20	1,286.97	-	-
Other Income	2,023.12	135,609.53	2,590.81	173,661.74	2,568.41	172,160.27	852.61	57,150.36
Total Income	2,042.56	136,912.59	2,610.01	174,948.71	2,587.61	173,447.24	852.61	57,150.36
Total Expenditure.	35.13	2,354.76	44.50	2,982.83	46.58	3,122.25	96.36	6,459.00
Profit Before Depreciation Interest and Tax	2,013.47	134,962.69	2,579.87	172,928.43	2,559.07	171,534.21	763.75	51,194.09
Depreciation	-	-	-	-	-	-	-	-
Interest	6.04	404.86	14.36	962.55	18.04	1,209.22	7.50	502.72
Profit Before Tax	2,007.43	134,557.83	2,565.51	171,965.88	2,541.03	170,324.99	756.25	50,691.36

Provision for Tax	-	-	-	-	-	-	-	-
Profit After Tax	2,007.43	134,557.83	2,565.51	171,965.88	2,541.03	170,324.99	756.25	50,691.36
Balance Sheet Statement	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Sources of funds								
Paid up share capital	5,271.36	353,338.73	5,591.65	374,807.74	6,251.07	419,008.60	7,163.21	480,149.25
Reserves and Surplus (excluding revaluation reserves other comprehensive income)	16,203.64	1,086,128.37	18,961.28	1,270,972.70	20,011.90	1,341,395.66	20,212.30	1,354,828.45
Treasury Stock	-	-	-	-	-	-	(0.42)	(28.15)
Net worth	21,475.00	1,439,467.10	24,552.93	1,645,780.44	26,262.97	1,760,404.25	27,375.09	1,834,949.55
Secured loans	633.00	42,429.93	1,057.36	70,874.74	703.53	47,157.55	1,257.25	84,273.34
Unsecured loans	164.56	11,030.44	227.66	15,260.03	275.04	18,435.90	173.40	11,622.98
Total	797.56	53,460.37	1,285.02	86,134.76	978.57	65,593.45	1,430.65	95,896.33
Uses of funds								

Net fixed assets	-	-	-	-	-	-	-	-
Investments	21,401.88	1,434,565.88	24,265.99	1,626,546.88	25,468.24	1,707,133.58	24,469.29	1,640,174.06
Net current assets	881.55	59,090.21	1,589.08	106,515.67	2,448.19	164,101.93	4,365.00	292,585.51
Total miscellaneous expenditure not written Off	-	-	-	-	-	-	-	-
Total	22,283.43	1,493,656.08	25,855.07	1,733,062.56	27,916.43	1,871,235.51	28,834.29	1,932,759.58
Other Financial Data	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Dividend (%)	-		-		-		-	
Earning Per Share	0.40	26.99	0.51	34.49	0.51	34.16	0.00	0.00

Notes: The above INR figures have been translated based on the USD figures, using the daily RBI reference rate as on the date of the PA i.e. August 26, 2016 (Source: Reserve Bank of India website - http://www.rbi.org.in); 1 USD = INR 67.0299

4.3.10 As on 31 December 2015 the date of the last audited accounts and as on June 30, 2016, the latest financial statements of PAC2, PAC2 does not have any contingent liabilities.

4.4 **PAC3 - Foxconn Technology Pte. Ltd**

4.4.1 PAC3 was incorporated on 18 April 2005 under the laws of Singapore with Corporate File Number 200505164M. The registered office of the PAC3 is 79 Anson Road # 07-03 Singapore (079906), with contact numbers is + 886-2-2268-0970 (telephone) and + 886-2-2268-7176 (fax).

4.4.2 PAC3 is a wholly owned subsidiary of an entity called Q-Run Holdings Limited, a wholly owned subsidiary of Foxconn Technology Co., Ltd. ("**FTC**"). FTC is a public company listed on the Taiwan's Stock Exchange. PAC1 has a 9.92% stake in FTC and certain PAC1's subsidiaries have a 19.67% stake in FTC. As such, PAC1, directly or indirectly, holds (a non-controlling stake aggregating to) 29.59% of FTC's voting rights.

4.4.3 PAC3 belongs to the FTC group. PAC3 is engaged in the business of manufacturing, sales, and service of alloy parts and thermal module.

4.4.4 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of PAC3, are as follows:

Sr. No	Name of Director	Experience & Qualifications	Date of Appointment
1.	Chang, Chun-Jung, Chief Executive Officer	Director of Huazhun Investment Co., Ltd.	18 April 2005
2.	Lee, Han-Ming	- Department of Industrial Design, National Cheng Kung University; - Director of Q-Run Far East Corporation; - Director of Q-Run Holdings Limited	12 June 2007
3.	Lee, Huey Fong, Chief Financial Officer	Director of Foxconn Technology Pte. Ltd	1 July 2007

4.4.5 As of the date of this Draft Letter of Offer, neither PAC3 nor its directors and / or key managerial personnel have any interest in the Target Company. As of the date of this Draft Letter of Offer, there are no directors representing PAC3 on the Board of Directors of the Target Company.

4.4.6 The relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to the PAC3 with respect to the Target Company since PAC3 has not directly acquired or sold any Equity Shares of the Target Company.

4.4.7 As on the date of the Draft Letter of Offer, PAC3 does not directly own any Equity Shares.

4.4.8 PAC3 has not been prohibited by SEBI from dealing in securities, in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended or under any of the regulations made under the SEBI Act.

4.4.9 The key financial information of PAC3, as derived from its financial statements for the six month period ended 30 June 2016 and the financial statements as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

Profit & Loss Statement	As at and for the financial year Period Jan 2013 to Dec 2013		As at and for the financial year Period Jan 2014 to Dec 2014		As at and for the financial year Period Jan 2015 to Dec 2015		As at and for the financial Period Jan 2016 to Jun 2016	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Income from operations	619.74	41,540.78	518.93	34,783.83	561.88	37,662.76	259.77	17,412.36
Other Income	15.38	1,030.92	21.61	1,448.52	16.73	1,121.41	21.49	1,440.47
Total Income	635.12	42,571.69	540.54	36,232.34	578.61	38,784.17	281.26	18,852.83
Total Expenditure.	444.30	29,781.38	417.44	27,980.96	471.35	31,594.54	276.00	18,500.25
Profit Before Depreciation Interest and Tax	193.42	12,964.59	124.93	8,374.05	108.86	7,296.87	5.84	391.45
Depreciation	2.09	140.09	1.40	93.84	0.89	59.66	0.29	19.44
Interest	0.25	16.76	0.24	16.09	0.58	38.88	0.26	17.43
Profit Before Tax	191.08	12,807.74	123.29	8,264.12	107.39	7,198.34	5.29	354.59
Provision for Tax	0.26	17.43	0.19	12.74	0.13	8.71	0.03	2.01
Profit After Tax	190.82	12,790.31	123.10	8,251.38	107.26	7,189.63	5.26	352.58
Balance Sheet Statement	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Sources of funds								
Paid up share capital	166.39	11,153.11	166.39	11,153.11	166.39	11,153.11	166.39	11,153.11

Reserves and Surplus (excluding revaluation on reserves other comprehensive income)	359.22	24,078.48	482.32	32,329.66	589.58	39,519.49	595.11	39,890.16
Net worth	525.61	35,231.59	648.71	43,482.77	755.97	50,672.59	761.50	51,043.27
Secured loans		-	-	-	-	-	-	-
Unsecured loans	33.35	2,235.45	159.55	10,694.62	-	-	120.00	8,043.59
Total	33.35	2,235.45	159.55		-		120.00	
Uses of funds								
Net fixed assets	3.42	229.24	1.92	128.70	0.77	51.61	0.48	32.17
Investments	1.75	117.30	1.91	128.03	2.12	142.10	2.33	156.18
Net current assets	804.52	53,926.90	1,096.41	73,492.25	1,130.93	75,806.39	1,199.81	80,423.14
Total miscellaneous expenditure not written Off	-	-	-	-	-	-	-	-
Total	809.69	54,273.44	1,100.24	73,748.98	1,133.82	76,000.11	1,202.62	80,611.50
Other Financial Data	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**

Dividend (%)	-		-		-		-	
Earning Per Share	1.47	98.39	0.95	63.47	0.83	55.30	0.04	2.68

Notes: The above INR figures have been translated based on the USD figures, using the daily RBI reference rate as on the date of the PA i.e. August 26, 2016 (Source: Reserve Bank of India website - http://www.rbi.org.in); 1 USD = INR 67.0299

4.4.10 As on 31 December 2015 the date of the last audited accounts and as on June 30, 2016, the latest financial statements of PAC3, PAC3 does not have any contingent liabilities.

4.5 **PAC4 - SIO International Holdings Limited**

4.5.1 PAC4 was incorporated on 7 May 2012 under the laws of Cayman Islands with Corporate File Number 268661. The registered office of PAC4 is Floor 4, Willow House, Cricket Square, P.O Box 2804, Grand Cayman KY1-1112, Cayman Islands, with contact numbers +852-3465-6988 (telephone) and + 852-3009-8533 (fax).

4.5.2 Mr Gou, Tai-Ming holds 74.18% in PAC4 Mr Gou, Tai-Ming owns 1,973,952,862 equity shares of PAC1 aggregating to 12.62% stake in PAC1.

4.5.3 PAC4 does not belong to any group. PAC4 is a share/investment holding company.

4.5.4 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of PAC4, are as follows:

Sr. No	Name of Director, Designation	Experience & Qualifications	Date of Appointment
1.	Huang, Kai-Lin	-Director of SIO International Holdings Limited	30 June 2016

4.5.5 As of the date of this Draft Letter of Offer, neither PAC4 nor its directors and / or key managerial personnel have any interest in the Target Company. As of the date of this Draft Letter of Offer, there are no directors representing PAC4 on the Board of Directors of the Target Company.

4.5.6 The relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to the PAC4 with respect to the Target Company since PAC4 has not directly acquired or sold any Equity Shares of the Target Company.

4.5.7 As on the date of this Draft Letter of Offer, PAC4 does not directly own any Equity Shares.

4.5.8 PAC4 has not been prohibited by SEBI from dealing in securities, in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended or under any of the regulations made under the SEBI Act.

4.5.9 The key financial information of PAC4, as derived from its financial statements for the six month period ended 30 June 2016 and the financial statements as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

Profit & Loss Statement	**As at and for the financial year Period Jan 2013 to Dec 2013**		**As at and for the financial year Period Jan 2014 to Dec 2014**		**As at and for the financial year Period Jan 2015 to Dec 2015**		**As at and for the financial Period Jan 2016 to Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Income from operations	1,042.60	69,885.37	39.44	2,643.66	30.51	2,045.08	16.71	1,120.07
Other Income	25.38	1,701.22	28.84	1,933.14	16.22	1,087.22	(127.17)	(8,523.99)
Total Income	1,067.98	71,586.59	68.28	4,576.80	46.73	3,132.31	(110.46)	(7,403.92)
Total Expenditure.	1,038.81	69,631.33	42.27	2,833.35	33.40	2,238.80	16.64	1,115.38
Profit Before Depreciation Interest and Tax	30.47	2,042.40	26.70	1,789.70	14.11	945.79	(127.10)	(8,519.30)
Depreciation	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Profit Before Tax	30.47	2,042.40	26.70	1,789.70	14.11	945.79	(127.10)	(8,519.30)
Provision for Tax	1.30	87.14	0.69	46.25	0.77	51.61	-	-
Profit After Tax	29.17	1,955.26	26.01	1,743.45	13.34	894.18	(127.10)	(8,519.30)
Balance Sheet Statement	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**

Sources of funds								
Paid up share capital	624.94	41,889.67	548.08	36,737.75	541.07	36,267.87	826.70	55,413.62
Reserves and Surplus (excluding revaluation reserves other comprehensive income)	15.13	1,014.16	41.14	2,757.61	54.48	3,651.79	(358.33)	(24,018.82)
Treasury Stock	-	-	-	-	-	-	-	-
Net worth	640.07	42,903.83	589.22	39,495.36	595.55	39,919.66	468.37	31,394.79
Secured loans	-	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Uses of funds		-		-		-		-
Net fixed assets	-	-	-	-	-	-	-	-
Investments	639.38	42,857.58	587.48	39,378.73	593.41	39,776.21	466.24	31,252.02
Net current assets	239.72	16,068.41	5.32	356.60	8.91	597.24	8.06	540.26
Total miscellaneous expenditure not written Off	0.02	1.34	0.00	0.13	-	-	(0.03)	(2.01)
Total	879.1	58,927	592.80	39,735.4	602.32	40,3	474.2	31,790.

	2	.33		6		73.4 5	7	27
Other Financial Data	**As at and for the financial year end Dec 2013**		**As at and for the financial year end Dec 2014**		**As at and for the financial year end Dec 2015**		**As at and for the end Jun 2016**	
	USD	**INR**	**USD**	**INR**	**USD**	**INR**	**USD**	**INR**
Dividend (%)	-		-		-		-	
Earning Per Share	0.04	2.68	0.03	2.01	0.02	1.34	(0.00)	(0.00)

Notes: The above INR figures namely have been translated based on the USD figures, using the daily RBI reference rate as on the date of the PA i.e. August 26, 2016 (Source: Reserve Bank of India website - http://www.rbi.org.in); 1 USD = INR 67.0299

4.5.10 As on 31 December 2015 the date of the last audited accounts and as on June 30, 2016, the latest financial statements of PAC4, PAC4 does not have any contingent liabilities.

4.6 **Details of Selling Shareholders**

Details of selling shareholders is not applicable as this Offer is an indirect acquisition being made on account of the Subscription Agreement and not as a result of any direct acquisition of Equity Shares, voting rights or control of the Target Company.

5 DETAILS OF THE TARGET COMPANY

5.1 The Target Company was incorporated as Kalyani Telecommunication & Electronics Private Limited ("**Initial Name**") on 5 July 1985 under the laws of India, and was further converted into a public limited company on 20 September 1985, having its registered office at Gat No. 686/4, Koregaon Bhima, Tal. Shihur, Dist. Pune 412 216, India. The telephone number of the Target Company is +91-2137-252417 and fax number is +91-2137-252453. The CIN for the Target Company is L36759MH1985PLC036759. The Initial Name was changed to Kalyani Sharp India Limited on 2 May 1986, and further was changed to Sharp India Limited on 21 April 2005.

5.2 The Target Company has not changed its name in the last three years.

5.3 The Target Company is engaged in the business of the manufacture and sale of various products such as digital information equipment, health and environment equipment, energy solutions, business solutions, liquid crystal display, electronic devices *etc.*

5.4 The Board of Directors of the Target Company comprises of the following directors:

NO	DIRECTORS	EXPERIENCE & QUALIFICATIONS	DATE OF APPOINTMENT
1.	Mr Tomio Isogai,	- Graduated in English from	12 December 2012

NO	DIRECTORS	EXPERIENCE & QUALIFICATIONS	DATE OF APPOINTMENT
	Managing Director	Kyoto University of Foreign Studies in the year 1979. - An experience of about 34 years and has held various positions in Sharp Group of Companies in various fields which include Managing Director of some regional sales subsidiaries before joining the Target Company. - Director in Sharp Business Systems (India) Private Limited. - Member of the Audit Committee of Sharp Business Systems (India) Private Limited and a member of the Audit Committee & Stakeholder's Relationship & Share Transfer committee of Sharp India Limited and also the Chairman of the Remuneration Committee of Sharp Business Systems (India) Private Limited. - Chairman of the Risk Management Committee of Sharp India Limited. - Does not hold any shares in the Target Company.	
2.	Mr Kazunori Ajikawa, Additional Director	- Held various positions in Sharp Corporation Japan and associate Companies. - Wide experience in the field of Sales and Marketing. - Director on the Board of Sharp Business Systems (India) Private Limited. - Member of the Nomination & remuneration Committee and Risk Management Committee of the company. - Does not hold any shares in the company.	August 14, 2015
3.	Mr Prashant Khatau Asher, Independent Director	- Qualified Advocate and is a Partner at M/s. Crawford Bayley & Co., Advocates & Solicitors. - Joined M/s. Crawford Bayley & Co., Advocates & Solicitors in the year 1995.	11 November 2014

NO	DIRECTORS	EXPERIENCE & QUALIFICATIONS	DATE OF APPOINTMENT
		- Serves on the Board of following Companies: (i) Elof Hannson (India) Limited, (ii) ICC International Agencies Limited, (iii) Seenol Finance and Investments Private Limited, (iv) Lloyds Register Industrial Services (India) Private Limited, (v) Hinduja Ventures Limited, (vi) Mandhana Industries Limited, (vii) Hinduja Group Limited, and (viii) Hinduja Reality Ventures Limited. - Member of the following committees:(i) Audit Committees of Sharp India Limited and Mandhana Industries Limited, (ii) Nomination & Remuneration Committees of Sharp India Limited, Mandhana Industries Limited, Hinduja Ventures Limited, Hinduja Group Limited and Hinduja Reality Ventures Limited, and (iii) Corporate Social Responsibility Committee of Hinduja Ventures Limited. - Chairman of the Stakeholder's Relationship & Share Transfer Committee of Sharp India Limited. - Does not hold any shares in the Company	
4.	Ms Bhumika Batra, Independent Director	- Qualified Advocate and Company Secretary. - An Associate Partner at M/s. Crawford Bayley & Co., Advocates & Solicitors practicing in the corporate laws. - Joined M/s. Crawford Bayley & Co., Advocates & Solicitors on 1 May 2005. - Recipient of scholarship of London School of Economics for doing Masters in Law. - Serves on the Board of the Following Companies: (i) Gangetic Hotels Private Limited,	11 November 2014

NO	DIRECTORS	EXPERIENCE & QUALIFICATIONS	DATE OF APPOINTMENT
		(ii) Raipur Treasure Island Private Limited, (iii) Jabalpur Treasure Island Private Limited, (iv) Surya Treasure Island Private Limited, (v) Alliance Spaces Private Limited, (vi) Turning Point Estates Private Limited, (vii) AKME Rhine River Projects Private Limited, (viii) Master Voss International Projects Private Limited, (ix) Team Relocations India Private Limited, (x) Petainer Innopac Packaging Private Limited, (xi) Hinduja Ventures Limited, (xii) Finolex J- Power Systems Limited, (xiii) Hinduja Leyland Finance Limited, (xiv) Kancor Ingredients Limited, (xv) Patel Integrated Logistics Limited, and (xvi) Hinduja Tech Limited. - Member of the following committees: (i) Audit Committees of Hinduja Leyland Finance Limited and Kancor Ingredients Limited, (ii) Risk Management Committee, Asset Liability Management Committee and Committee of Independent Directors of Hinduja Leyland Finance Limited, and (iii) Nomination & Remuneration Committee of Kancor Ingredients Limited. - Chairman of the Audit Committee & the Nomination & Remuneration Committee of Sharp India Limited. - Does not hold any shares in the Company.	

5.5 All the Equity Shares are currently listed on BSE (Scrip Code: 523449) (Scrip ID: SHARP) (Source: www.bseindia.com) and are currently not suspended from trading on BSE.

5.6 The Equity Shares are frequently traded on BSE in terms of Regulation 2(1) (j) of SEBI (SAST) Regulations. (Further details provided in Part IV below (Offer Price)).

5.7 As of the date of this Draft Letter of Offer, the total authorised share capital of the Target Company consists of 40,000,000 Equity Shares of INR 10 each amounting to INR

400,000,000. The total issued, subscribed and paid-up share capital of the Target Company is INR 259,440,000 consisting of 25,944,000 Equity Shares. As of the date of this Draft Letter of Offer, the Target Company does not have any outstanding partly paid-up shares or any other instruments outstanding or convertible into Equity Shares at a future date.

5.8 The key financial information of the Target Company, as derived from its unaudited limited reviewed financial statements for the three month period ended on June 30, 2016 and audited financial statements as at and for the financial years ended March 31, 2016, March 31, 2015 and March 31, 2014 is as follows. The said financials have been prepared in accordance with Indian GAAP.

Profit & Loss Statement	**As at and for the financial year ended March 31, 2014**	**As at and for the financial year ended March 31, 2015**	**As at and for the financial year ended March 31, 2016**	**As at and for the 3 months ended June 30, 2016**
Income from operations	**1,543**	**1,890**	**302**	**145**
Other Income	**0**	**3**	**3**	**1**
Total Income	**1,543**	**1,893**	**305**	**146**
Total Expenditure.	**1,446**	**1,784**	**364**	**173**
Profit Before Depreciation Interest and Tax	**97**	**109**	**-59**	**-23**
Depreciation	**56**	**77**	**67**	**4**
Interest	**13**	**16**	**15**	**5**
Profit Before Tax	**28**	**16**	**-141**	**-32**
Provision for Tax	**0**	**0**	**0**	**0**
Profit After Tax	**28**	**16**	**-141**	**-32**
Balance Sheet Statement	**As at and for the financial year ended March 31, 2014**	**As at and for the financial year ended March 31, 2015**	**As at and for the financial year ended March 31, 2016**	**As at and for the 3 months ended June 30, 2016**
Sources of funds				
Paid up share capital	**259**	**259**	**259**	**259**
Reserves and Surplus (excluding revaluation reserves)	**-4**	**12**	**-129**	**-**
Net worth	**255**	**271**	**130**	**99**
Secured loans	**0**	**0**	**0**	**0**
Unsecured loans	**188**	**188**	**188**	**188**
Others (including Trade payable)	**679**	**487**	**295**	**102**

Total	**1122**	**946**	**613**	**389**
Uses of funds				
Net fixed assets	**273**	**219**	**124**	**118**
Investments	**0**	**0**	**0**	**0**
Net current assets	**849**	**727**	**489**	**271**
Total miscellaneous expenditure not written Off	**0**	**0**	**0**	**0**
Total	**1,122**	**946**	**613**	**389**
Other Financial Data	**As at and for the financial year ended March 31, 2014**	**As at and for the financial year ended March 31, 2015**	**As at and for the financial year ended March 31, 2016**	**As at and for the 3 months ended June 30, 2016**
Dividend (%)	**0**	**0**	**0**	**0**
Net Profit/Loss	**28**	**16**	**-141**	**-32**
Earning Per Share (Basic)	**1.1**	**0.6**	**-5.4**	**-1.2**
Earning Per Share (Diluted)	**-**	**-**	**-**	**-**

5.9 Details of the Voting Share Capital as of the date of this Draft Letter of Offer are as follows:

Paid up Equity Shares of Target Company	No. of Equity Shares/voting rights	Percentage of Equity Shares/ voting rights
Fully paid up Equity Shares	25,944,000	100
Partly paid up Equity Shares	Nil	Nil
Total paid up Equity Shares	25,944,000	100
Voting Share Capital	25,944,000	100

5.10 The Target Company has not been involved in any merger, de-merger, spin-off or hiving off during the last 3 (three) years.

5.11 The Target Company has no Equity Shares that are currently locked-in.

5.12 Other than enumerated below, the Target Company is in compliance with applicable provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with respect to last 10 years.

Sl. No.	Regulation / Sub-regulati on	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in No. of days) Col.4 – Col.3	Status of compliance with Takeover Regulations	Remarks
1.	8(3)	21.04.2007	Compliance status not available	Compliance status not available	Compliance status not available	Compliance status not available

5.13 The shareholding pattern of the Target Company before and after this Offer, based on the latest shareholding data as of June 30, 2016, is as follows:

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and Offer		Shares /voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Offer (Assuming full acceptance)		Shareholding / voting rights after the acquisition and Offer	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
(1)Promoter Group								
a. Parties to the agreement, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
b. Promoters other than (a)								
Acquirer	19,458,000	75.00%	0	0.00%	6,486,000	25.00%	25,944,000	100.00%
PAC	0	0.00%	0	0.00%	0	0	0	0
Total 1 (a+b)	**19,458,000**	**75.00%**	**0**	**0.00%**	**6,486,000**	**25.00%**	**25,944,000**	**100.00%**
(2) Parties to agreement other than (1) (a)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(3) Public (other than parties to agreement, Acquirer and PAC								
a. Fis/ MFs/ FIIs/ Banks, SFIs	2,900	0.01%	0	0.00%	-2,900	-0.01%	0	0.00%
b. others	6,483,100	24.99%	0	0.00%	-6,483,100	-24.99%	0	0.00%
Total 3 (a+b)	**6,486,000**	**25.00%**	**0**	**0.00%**	**-6,486,000**	**-25.00%**	0	0.00%
Grand Total	**25,944,000**	**100.00%**	**0**	**0.00%**	**0**	**0.00%**	**25,944,000**	**100.00%**

6 OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The Equity Shares are listed on BSE.

6.1.2 The trading turnover of the Equity Shares, based on the trading volume in the Equity Shares on the BSE during August 2015 to July 2016 (12 calendar months preceding the month in which the PA was issued), is as follows:

Stock Exchange	Number of Equity Shares traded	Total number of listed Equity Shares	Trading turnover (as a percentage of the total listed Equity Shares)
BSE	12,617,101	25,944,000	48.63%

(Source: www.bseindia.com)

6.1.3 Therefore, in terms of Regulation 2(1) (j) of the SEBI (SAST) Regulations, the Equity Shares are frequently traded on the BSE.

6.1.4 The offer price mentioned in the PA of INR 53.18 per Equity Share is justified in terms of Regulations 8(3) of SEBI (SAST) Regulations, in view of the following *(Also see Notes 1, 2 and 3 below):*

(a)	Highest negotiated price per Equity Share, if any, of the Target Company for any acquisition under the Primary Transaction.	Not Applicable
(b)	Volume-weighted average price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, during the 52 (Fifty-two) weeks immediately preceding 25 February 2016 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain).	Not Applicable
(c)	Highest price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, during the twenty-six weeks immediately preceding 25 February 2016 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain).	Not Applicable
(d)	Highest price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, between 25 February 2016 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain) and the date of the PA.	Not Applicable
(e)	Volume-weighted average market price of the Equity Shares for a period of 60 (Sixty) trading days immediately preceding 25 February 2016 (being the	INR 53.18 per Equity Share

	earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain) as traded on the BSE.	
(f)	Per Equity Share value, as required under Regulation 8(5) of SEBI (SAST) Regulations.	Not Applicable

***<u>Note 1</u>**: In terms of regulation 8(12) of the SEBI (SAST) Regulations, in case of an indirect acquisition other than indirect acquisition referred in Regulation 5(2) of SEBI (SAST) Regulations, the offer price shall stand enhanced by an amount equal to 10% per annum for the period between 25 February 2016, being the earlier of the date on which the Primary Transaction is contracted or the date on which the intention or the decision to make the Primary Transaction is announced in the public domain, and the date of the detailed public statement, i.e. 1 September 2016, provided that such period is more than 5 (Five) Working Days.*

<u>Note 2:</u>

In terms of Regulation 8(5) of the SEBI (SAST) Regulations, an indirect acquisition where:

1. *the proportionate net asset value of the Target Company, as a percentage of the consolidated net asset value of the entity or business being acquired;*
2. *the proportionate sales turnover of the Target Company, as a percentage of the consolidated sales turnover of the entity or business being acquired; or*
3. *the proportionate market capitalization of the Target Company, as a percentage of the enterprise value for the entity or business being acquired,*

is in excess of 15%, on the basis of the most recent audited financial statements, the Acquirer is required to compute and disclose the per Equity Share value of the Target Company.

As per the report prepared by K. J. Sheth & Associates, Chartered Accountants (Registration Number 118598W), dated August 26, 2016, disclosure requirements as prescribed in Regulation 8(5) of the SEBI (SAST) Regulations are not applicable

6.1.5 The Subscription Agreement was executed on 2 April 2016 and the intention or decision to make the Primary Transaction was made on 25 February 2016. The Primary Transaction contemplated in the Subscription Agreement was closed on 12 August 2016. The offer price of INR 53.18, as disclosed in the PA, has been enhanced at a rate of 10% per annum, calculated for the period from 25 February 2016 to 1 September 2016, being the date of publication of the DPS, which is computed to be INR 2.75 per Equity Share (“**Enhancement Amount**”).

6.1.6 Considering the offer price of INR 53.18, as disclosed in the PA, along with the Enhancement Amount of INR 2.75 the Offer Price amounts to INR 55.93 per Equity Share. Therefore, the Offer Price of INR 55.93 per Equity Share has been determined in accordance with the terms of Regulations 8(3) and 8(12) of the SEBI (SAST) Regulations.

Calculation of the volume-weighted average market price of Equity Shares for a period of sixty trading days immediately preceding 25 February 2016 as traded on the BSE as per Regulation 8(3) (e) of the SEBI (SAST) Regulations is as follows:

Sr. No.	Date	Total Traded Equity Shares	Total Turnover (INR)
1	24 February 2016	8,760	4.09
2	23 February 2016	7,236	3.42
3	22 February 2016	36,446	17.84
4	19 February 2016	21,831	10.34
5	18 February 2016	7,623	3.60
6	17 February 2016	29,748	13.60
7	16 February 2016	6,425	3.01
8	15 February 2016	60,812	30.12
9	12 February 2016	62,145	28.37
10	11 February 2016	41,910	19.96
11	10 February 2016	17,694	9.04
12	09 February 2016	16,553	8.83
13	08 February 2016	25,429	14.25
14	05 February 2016	133,087	75.18
15	04 February 2016	143,744	79.92
16	03 February 2016	18,606	9.55
17	02 February 2016	26,916	14.45
18	01 February 2016	78,361	44.60
19	29 January 2016	15,948	8.48
20	28 January 2016	41,214	22.43
21	27 January 2016	54,739	28.92
22	25 January 2016	66,239	34.07
23	22 January 2016	224,591	118.97
24	21 January 2016	311,700	146.95
25	20 January 2016	39,705	15.98
26	19 January 2016	39,870	16.55
27	18 January 2016	66,399	27.57
28	15 January 2016	62,479	29.31
29	14 January 2016	38,398	17.94
30	13 January 2016	42,061	20.07
31	12 January 2016	28,516	14.71
32	11 January 2016	70,164	36.81
33	08 January 2016	24,309	12.50
34	07 January 2016	57,149	28.90
35	06 January 2016	72,126	38.97
36	05 January 2016	51,092	28.83
37	04 January 2016	68,505	39.42
38	01 January 2016	92,856	54.67
39	31 December 2015	21,971	12.58
40	30 December 2015	29,369	16.85
41	29 December 2015	79,863	47.30
42	28 December 2015	230,160	139.34
43	24 December 2015	45,767	26.19
44	23 December 2015	38,614	22.43

Sr. No.	Date	Total Traded Equity Shares	Total Turnover (INR)
45	22 December 2015	145,218	86.45
46	21 December 2015	39,817	22.96
47	18 December 2015	180,373	103.17
48	17 December 2015	247,088	144.00
49	16 December 2015	74,741	40.16
50	15 December 2015	61,056	31.42
51	14 December 2015	88,326	45.17
52	11 December 2015	260,471	140.47
53	10 December 2015	63,267	31.11
54	09 December 2015	67,017	33.78
55	08 December 2015	451,450	244.76
56	07 December 2015	154,387	75.70
57	04 December 2015	11,377	4.75
58	03 December 2015	11,293	4.83
59	02 December 2015	45,143	19.49
60	01 December 2015	13,579	5.69

Source: www.bseindia.com

6.1.7 Except for inclusion of the Enhancement Amount, there has been no revision in the Offer Price or to the Offer Size as of the date of this Draft Letter of Offer. The Offer Price may be further adjusted in the event of any corporate actions like bonus, rights, split, consolidation, dividend, demergers, and reduction etc. where the record date for effecting such corporate actions falls between the date of the DPS up to 3 (three) Working Days prior to the commencement of tendering period of the Offer, in accordance with Regulation 8(9) of the SEBI (SAST) Regulations.

6.1.8 Since the maximum permissible non-public shareholding of the Target Company is held by the promoter and the promoter group of the Target Company, the Acquirer and/or the PAC would not be acquiring any Equity Shares during the Offer Period. Consequently, there would be no requirement to increase the Offer Price as envisaged in Regulation 8 (8) of the SEBI (SAST) Regulations.

6.1.9 An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last 3 (Three) Working Days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and PAC shall: (i) make a public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously with the issue of such announcement, inform BSE, SEBI and the Target Company at its registered office of such revision.

6.2 **Financial Arrangement**

6.2.1 The total funding requirement for this Offer assuming full acceptance of this Offer is INR 362,761,980.

6.2.2 The Acquirer has made firm financial arrangements for fulfilling the payment obligations under this Offer, in terms of Regulation 25(1) of the SEBI (SAST) Regulations, and the Acquirer is able to implement this Offer. The Equity Shares validly tendered and accepted under the Offer shall be acquired by the Acquirer.

6.2.3 In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer, Escrow Agent, and the Manager have entered into the Offer Escrow Agreement on 26 August 2016 ("**Offer Escrow Agreement**"). Pursuant to the Offer Escrow Agreement, the Acquirer has opened the Offer Escrow Account (the "**Offer Escrow Account**") with the Escrow Agent and deposited a sum of INR 91,598,200 in the Offer Escrow Account, which is more than the amount required under Regulation 17(1) of the SEBI (SAST) Regulations (i.e. 25% of the Maximum Consideration). The Manager to the Offer has been authorized by the Acquirer to operate and realize the monies lying to the credit of the Offer Escrow Account in terms of the SEBI (SAST) Regulations.

6.2.4 In case of any upward revision in the Offer Price or the Offer Size, the cash in the Offer Escrow Account shall be enhanced as per the revised consideration calculated at such revised offer price by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

6.2.5 K. J. Sheth & Associates, Chartered Accountants (Registration Number 118598W), has confirmed, by way of a certificate dated 26 August 2016 , that the Acquirer has adequate financial resources through verifiable means available for meeting its obligations under the SEBI (SAST) Regulations for a value up to the Maximum Consideration.

6.2.6 On the basis of the aforesaid financial arrangements and the Chartered Accountants' certificate, the Manager is satisfied about the ability of the Acquirer to implement this Offer in accordance with the SEBI (SAST) Regulations and confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer.

7 TERMS AND CONDITIONS OF THIS OFFER

7.1 This Offer is being made by the Acquirer and the PAC to (i) all the Eligible Shareholders, whose names appear in the register of members of the Target Company as of the close of business on Wednesday, 5 October 2016, i.e. the Identified Date; (ii) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on Wednesday, 5 October 2016, i.e. the Identified Date; and (iii) those persons who acquire the Equity Shares any time prior to the date of the Closure of the Tendering Period for this Offer, i.e. Friday, 4 November 2016, but who are not the registered Eligible Shareholders.

7.2 This Offer is being made by the Acquirer and the PAC to all the Eligible Shareholders, to acquire up to 6,486,000 Equity Shares, representing 25% of the Voting Share Capital, subject to the terms and conditions mentioned in the PA, DPS and this Draft Letter of Offer.

7.3 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

7.4 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

7.5 Except for inclusion of the Enhancement Amount, there has been no revision in the Offer Price or to the Offer Size as of the date of the DPS. The Offer Price may be further adjusted in the event of any corporate actions like bonus, rights, split, consolidation, dividend, demergers, and reduction etc. where the record date for effecting such corporate actions falls between the date of the DPS up to 3 (three) Working Days prior to the commencement of tendering period of the Offer, in accordance with Regulation 8(9) of the SEBI (SAST) Regulations.

7.6 An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PAC shall: (i) make a public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously with the issue of such announcement, inform the BSE, SEBI and the Target Company at its registered office.

7.7 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgment constitute an integral part of the terms of this Offer.

7.8 Accidental omission to dispatch this Draft Letter of Offer to any Shareholder to whom this Offer has been made or non-receipt of this Draft Letter of Offer by any such Shareholder shall not invalidate this Offer in any way.

7.9 Each Eligible Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.

7.10 The Eligible Shareholders who tender their Equity Shares in this Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances. The Acquirer and / or the PAC shall acquire the Equity Shares that are validly tendered and accepted in this Offer, together with all rights attached thereto, including the rights to dividends, bonuses and rights offers declared thereof.

7.11 The acceptance of this Offer is entirely at the discretion of the Eligible Shareholders. The Acquirer and the PAC will not be responsible for any loss of share certificate(s) and the Offer acceptance documents during transit and the Eligible Shareholders are advised to adequately safeguard their interests in this regard.

7.12 The acceptance of this Offer must be unconditional, absolute and unqualified and should be sent with the attached Form of Acceptance-cum-Acknowledgement duly filled in, signed by the applicant Shareholder(s), which should be received by the Registrar to the Offer at the address mentioned below on or before Friday, 4 November 2016, i.e. Closure of the Tendering Period. If any change or modification is made to the Form of Acceptance-cum-Acknowledgement or if any condition is inserted therein by the Shareholder, the Manager to the Offer, the Acquirer and the PAC reserve the right to reject the acceptance of this Offer by such Shareholder.

7.13 The Eligible Shareholders who have accepted this Offer by tendering their Equity Shares and requisite documents in terms of the PA, DPS and this Draft Letter of Offer, are not entitled to withdraw such acceptance during the Tendering Period for this Offer.

7.14 In the event that the aggregate of the Equity Shares tendered in this Offer by the Eligible

Shareholders are more than the Offer Size, the acquisition of the Equity Shares from each Eligible Shareholder will be on a proportionate basis.

7.15 To the best of the knowledge of the Acquirer and the PAC, there are no Equity Shares which are subject to any lock-in conditions.

7.16 Incomplete Forms of Acceptance-cum-Acknowledgement, if applicable, 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 Equity Shares tendered are liable to be rejected.

7.17 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 Eligible Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected if directions/orders are passed regarding the free transferability of such Equity Shares tendered under the Open Offer prior to the date of closure of the Tendering Period.

8 STATUTORY AND OTHER APPROVALS

8.1 As of the date of this Draft Letter of Offer, to the best of the knowledge of the Acquirer and/or the PAC, except the approval specified in paragraph 8, there are no other statutory approvals required by the Acquirer and/or the PAC to complete this Offer. However, in case of any other statutory approvals being required by the Acquirer and/or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer and/or the PAC shall make the necessary applications for such approvals. The Acquirer and/or the PAC will have the right not to proceed with the Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations by withdrawing the Offer in the manner prescribed in the event the statutory approvals are not obtained within the prescribed time or at all.

8.2 NRI and OCB holders of the Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them in this Offer (including, without limitation, the approval from the RBI, since the Equity Shares validly tendered in this Offer will be acquired by a non-resident entity) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered in this Offer. Further, if the Eligible Shareholders who are not persons resident in India (including NRIs, OCBs, FIIs and FPIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in 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 whether on repatriable basis or non-repatriable basis.

8.3 In case of delay in receipt of any such statutory approvals which may be required by the Acquirer and/or the PAC at a later date, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and/or the PAC agreeing to pay interest to the Eligible Shareholders for delay beyond 10 (Ten) Working Days at such rate, as may be specified by SEBI from time to time. Provided where the statutory approvals extend to some but not all Eligible Shareholders, the Acquirer and the PAC will have the option to pay consideration to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

8.4 The Acquirer and/or the PAC have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event that the statutory approvals indicated above are refused. In the event of withdrawal of this Offer, a public announcement will be made within 2 (Two) Working Days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to SEBI, BSE and the Target Company at its registered office.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THIS OFFER

9.1 The Offer will be implemented by the Acquirer and/or the PAC, subject to applicable law, through the stock exchange mechanism made available by BSE as provided under the SEBI Takeover Regulations and SEBI Circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 issued by SEBI. A separate window on the stock exchange ("**Acquisition Window**") would be provided by BSE for this purpose.

9.2 BSE will be the designated stock exchange for the purpose of tendering the Shares under the Offer**.**

9.3 The Acquirer and the PAC have appointed ICICI Securities Limited ("**Buying Broker**") as its broker for the Offer through whom the purchase and settlement of the Shares under the Offer will be made. The contact details of the Buying Broker are:

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
Contact Person: Allwyn Cardoza

9.4 All Eligible Shareholders who desire to tender their Shares under the Offer would have to intimate their respective stock brokers ("**Selling Broker**") within the normal trading hours of the secondary market during the Tendering Period.

9.5 Separate Acquisition Window will be provided by BSE to facilitate placing of sell orders. The Selling Brokers can enter orders for demat Shares as well as physical Shares.

9.6 The cumulative quantity tendered shall be displayed on the stock exchange website throughout the trading session at specific intervals by the stock exchange during the Tendering Period.

9.7 Eligible Shareholders can tender their Shares only through a broker with whom the Eligible Shareholder is registered as a client (KYC compliant).

9.8 **<u>Eligible Shareholders who are holding Equity Shares in physical form</u>**:

9.8.1 The Eligible Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach the Selling Broker and submit the complete set of documents for verification procedure as mentioned below:

(a) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Eligible Shareholder(s) whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company;

(b) Original share certificate(s);

(c) Valid share transfer deed(s) duly signed as transferor(s) by the sole/joint Eligible Shareholder(s) in the same order and as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place;

(d) Self-attested PAN card copy (in case of joint holders, PAN card copy of all transferors);

(e) Any other relevant document such as power of attorney, corporate authorization (including board resolution/specimen signature); and

(f) Self-attested copy of address proof such as valid aadhar card, voter ID, passport or driving license.

9.8.2 The Selling Broker(s) should place bids on the exchange platform with relevant details as mentioned on physical share certificate(s). The Selling Broker(s) to print the Transaction Registration Slip ("TRS") generated by the stock exchange bidding system. TRS will contain the details of order submitted like Folio No., Certificate No., Dist. No., No. of Shares, etc.

9.8.3 The Seller Broker/investor has to deliver the physical share certificates and documents along with Form of Acceptance-cum-Acknowledgement and TRS to the Registrar and Transfer Agent ("**RTA**") within 2 (Two) Working Days of bidding by Selling Broker and not later than two days from the date of Closure of the Tendering Period.

9.8.4 Eligible Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Shares in the Offer shall be subject to verification by RTA. On receipt of the confirmation from RTA, the bid will be accepted, else rejected, and accordingly the same will be depicted on the exchange platform.

9.8.5 In case any person has submitted Equity Shares in physical form for dematerialization, such Eligible Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Offer.

9.9 **Eligible Shareholders who are holding Equity Shares in dematerialized form**:

9.9.1 The Eligible Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach the Selling Broker(s) indicating to their broker the details of Equity Shares they intend to tender in the Offer.

9.9.2 The Selling Broker shall provide early pay-in of demat Shares (except for custodian participant orders) to the Clearing Corporation before placing the bids/orders and the same shall be validated at the time of order entry.

9.9.3 For custodian participant, orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order by the custodian. The custodians shall either confirm or reject orders not later than close of trading hours on the last day of the Offer Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.

9.9.4 The details of settlement number for early pay-in of Shares shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation, before the opening of the Offer.

9.9.5 Upon placing the bid, the Selling Broker(s) shall provide the TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No. of Shares tendered, etc.

9.9.6 The Eligible Shareholders will have to ensure that they keep the Depository Participant Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to pro-rated Offer.

9.9.7 The Eligible Shareholders holding shares in demat mode are not required to fill any Form of Acceptance-cum-Acknowledgement. The Eligible Shareholders holding Equity Shares in physical mode will be required to fill the respective Form of Acceptance-cum-Acknowledgement. The Eligible Shareholders holding Equity Shares in physical mode will be sent Form of Acceptance-cum-Acknowledgement along with the Draft Letter of Offer. Detailed procedure for tendering such Equity Shares will be included in the Form of Acceptance-cum-Acknowledgement. Form of Acceptance-cum-Acknowledgement will not be sent to the Eligible Shareholders holding Equity Shares in demat mode.

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

9.9.9 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in this Offer. Equity Shares that are the subject of litigation, wherein the Eligible Shareholders may be prohibited from transferring their Equity Shares during the pendency of the said litigation, are liable to be rejected, if the directions/orders regarding these Equity Shares are not received together with the Equity Shares tendered in this Offer. The Draft Letter of Offer, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

9.10 **Procedure for tendering the Shares in case of non-receipt of Letter of Offer**:

9.10.1 Eligible Shareholders who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.

9.10.2 An Eligible Shareholder may participate in the Offer by approaching their broker/Selling Broker and tender Shares in the Offer as per the procedure mentioned in the Letter of Offer or in the relevant Acceptance Form.

9.10.3 The Letter of Offer will be dispatched to all the Eligible Shareholders of the Target Company. The Eligible Shareholders holding Equity Shares in physical mode will be sent Form of Acceptance-cum-Acknowledgement along with the Letter of Offer. In case of non-receipt of the Letter of Offer, such Eligible Shareholders of the Target Company may download the same from the SEBI website (www.sebi.gov.in) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company.

9.10.4 The Letter of Offer along with the Form of Acceptance-cum-Acknowledgement would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the SEBI’s website.

9.11 **Settlement Process**

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

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

9.11.3 Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the escrow account which will be opened by the Acquirer.

9.11.4 In case of partial or non-acceptance of orders or excess pay-in, demat shares shall be released to the securities pool account of the Selling Broker(s)/custodian, post which, the Selling Broker(s) would then issue contract note for the shares accepted and return the balance shares to the Eligible Shareholders.

9.11.5 Any excess physical shares, to the extent tendered but not accepted, will be returned to the Eligible Shareholder(s) directly by Registrar to the Offer.

9.12 **Settlement of Funds/Payment Consideration-** For Eligible Shareholders holding Equity Shares in demat and physical mode:

9.12.1 The settlement of fund obligation for demat and physical Shares shall be effected through existing settlement accounts of Selling Broker(s).

9.12.2 The payment will be made by the Buying Broker for settlement. For Equity Shares accepted under the Offer, the Selling Broker/custodian participant will receive funds payout in their settlement bank account. The Selling Brokers/custodian participants would pay the consideration to their respective clients.

9.12.3 The funds received from the Buying Broker by the Clearing Corporation will be released to the Selling Broker(s) as per secondary market pay out mechanism.

9.12.4 Eligible Shareholders who intend to participate in the Offer should consult their respective Selling Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the Eligible Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the Eligible Shareholders from their respective Selling Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirer or the PAC accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Eligible Shareholder.

10 COMPLIANCE WITH TAX REQUIREMENTS:

10.1 Capital Gain

10.1.1 As per the current provisions of the Income Tax Act, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 (Twelve) months will not be subject to capital gains tax in India if securities transaction tax ("**STT**") has been paid on the transaction. SST will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 (Twelve) months or less, which are sold, will be subject to short term capital gains tax.

10.1.2 Taxability of capital gain arising to a non-resident in India from the sale of equity shares shall be determined basis the provisions of the Income Tax Act or the Double Taxation Avoidance Agreement entered between India and country of which the non-resident seller is resident, subject to satisfaction of certain prescribed conditions.

10.2 Tax deduction at source

10.2.1 In case of Resident Eligible Shareholders – the Acquirer or the PAC shall not deduct tax on the consideration payable to resident Eligible Shareholders pursuant to the Offer.

10.2.2 In case of Non-Resident Eligible Shareholders – the Acquirer or the PAC will deduct income-tax at source at the applicable rates under the Income Tax Act on the consideration payable to non-resident Eligible Shareholders pursuant to the Offer.

10.2.3 In case of interest payments, if any, by the Acquirer or the PAC for delay in payment of Offer Price or a part thereof, the Acquirer or the PAC will deduct taxes at source at the applicable rates under the Income Tax Act.

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

11 DOCUMENTS FOR INSPECTION

11.1 The following documents (copies/execution versions, as may be applicable) are available for inspection to the Eligible Shareholders at the registered office of the Manager to the Offer at ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai – 400 020, India, between 10.30 am and 5.00 pm on all Working Days (except Saturdays, Sundays and bank holidays) until Friday, 4 November 2016 i.e. the Closure of the Tendering Period:

11.1.1 Certified copies of the certificates of incorporation and constitution documents of the Acquirer;

11.1.2 Certified copies of the certificates of incorporation, memorandum and articles of association of the Target Company;

11.1.3 Certificate dated 26 August 2016, issued by K. J. Sheth & Associates, Chartered Accountants (Registration Number 118598W) certifying the adequacy of financial resources of the Acquirer to fulfill the Offer obligations;

11.1.4 Report dated 26 August 2016, issued by K. J. Sheth & Associates, Chartered Accountants (Registration Number 118598W) confirming that this indirect acquisition cannot be deemed as a direct acquisition in accordance with the Regulation 5(2) and Regulation 8(5) of the SEBI (SAST) Regulations is not met, and therefore, the Acquirer is not required to compute and disclose the per Equity Share value of the Target Company;

11.1.5 Audited annual reports of the Target Company for the last 3 (three) financial years;

11.1.6 Letter issued by Escrow Agent confirming the amount kept in the Offer Escrow Account;

11.1.7 Subscription Agreement;

11.1.8 PA and DPS;

11.1.9 Recommendation made by the Target Company's committee of independent directors, as issued under Regulation 26(7) of the SEBI (SAST) Regulations;

11.1.10 Observation letter from SEBI dated [●] containing its comments on the Draft Letter of Offer; and

11.1.11 Offer Escrow Agreement.

12 DECLARATION BY THE ACQUIRER AND THE PAC

12.1 The Acquirer, the PAC and the Acquirer’s directors accept full responsibility for the information contained in this Draft Letter of Offer except all information pertaining to the Target Company.

12.2 The Acquirer and the PAC shall be jointly and severally responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for their obligations laid down in the SEBI (SAST) Regulations.

12.3 The information contained in this Draft Letter of Offer is as of the date of this Draft Letter of Offer, unless expressly stated otherwise.

For and on behalf of the Acquirer and PAC

For Sharp Corporation (Acquirer)

Sd/-

Authorized Signatory
Place: Osaka, Japan
Date: September 9, 2016

For Hon Hai Precision Industry Co., Ltd (PAC1)

Sd/-

Authorized Signatory
Place: New Taipie, Taiwan
Date: September 9, 2016

For Foxconn (Far East) Limited (PAC2)

Sd/-

Authorized Signatory
Place: Cayman Islands
Date: September 9, 2016

For Foxconn Technology Pte. Ltd (PAC 3)

Sd/-

Authorized Signatory
Place: Singapore
Date: September 9, 2016

For SIO International Holdings Limited (PAC 4)

Sd/-

Authorized Signatory
Place: Cayman Islands
Date: September 9, 2016