

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF
H. K. FINECHEM LIMITED
(Registered Office: 201, Aniket, C. G. Road, Navrangpura, Ahmedabad - 380009)

This Public Announcement ("PA") is being issued by Ernst & Young Merchant Banking Services Private Limited ("Manager to the Offer" or "EYMSB"), for and on behalf of Mr. Utkarsh Bhikhoobhai Shah, Mr. Raj B. Shah, Mr. Sukoon V. Shah, Mr. Bimal Dashrathbhai Parikh, Mrs. Mamta Bimal Parikh, Bimal D. Parikh HUF, Mr. Hemant Navinchandra Shah and Mr. Rohan Hemant Shah (hereinafter referred to as "Acquirers"), pursuant to and in compliance with Regulation 10 and Regulation 12 and other applicable provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations").

1. The Offer

- 1.1. The Acquirers are making this offer to the public shareholders of H. K. Finechem Limited ("HKFL" or "Target Company") to acquire 19,00,000 fully paid-up equity shares of Rs. 10/- each, ("Offer Shares") representing 20% of the voting equity share capital of HKFL at a price of Rs. 25.20 per equity share ("Offer Price"), payable in cash, in terms of Regulation 10 and Regulation 12 of the SEBI (SAST) Regulations subject to the terms and conditions mentioned hereinafter (the "Offer" or "Open Offer").
- 1.2. On February 15, 2010 the Acquirers entered into a Share Purchase Agreement ("SPA") with the existing promoters and promoter group entities of the Target Company (including individuals, HUFs and companies) more specifically set out hereunder (hereinafter collectively referred to as the "Sellers") the Target Company and the continuing shareholders, as described in clause 1.2.2 below, to acquire 39,59,223 equity shares of Rs. 10/- each, representing 41.68% of the voting equity share capital of the Target Company ("Sale Shares");

Details of the shares to be acquired through the SPA:

Sl. No.	Name of the Sellers	Number of Equity Shares	Sale consideration (in rupees)
Seller No. 1	Mr. Rajan Ramkrishna Harivallabhdas, son of Mr. Ramkrishna Harivallabhdas	2	35
Seller No. 2	Mr. Dharmesh Rajan Harivallabhdas, son of Mr. Rajan Ramkrishna Harivallabhdas	29,51,250	7,37,86,470
Seller No. 3	Shri Arya Investments Private Limited, a company incorporated under the Companies Act, 1956 (the 'Act')	4,32,268	1,07,58,331
Seller No. 4	Shri Aja Impex Private Limited, a company incorporated under the Act	1,91,401	47,63,608
Seller No. 5	Shri Abhyudaya Chemicals Private Limited, a company incorporated under the Act	1,31,801	32,80,277
Seller No. 6	Mr. Ashish Pratulbhai Patel, son of Mr. Pratulbhai Patel	1,50,000*	37,65,000
Seller No. 7	Mr. Ambrish Ramkrishna Harivallabhdas, son of Mr. Ramkrishna Harivallabhdas,	2,000	49,876
Seller No. 8	Mrs. Bhadrashela Rajan Harivallabhdas, wife of Mr. Rajan Ramkrishna Harivallabhdas	501	12,519
Seller No. 9	Mr. Rajan Ramkrishna Harivallabhdas, karta of Rajan R. Harivallabhdas HUF	1,00,000	24,88,810
Total		3,959,223	9,89,04,926

* the shares will be transferred subsequently at an agreed consideration of Rs. 25.10/- per share, as per SPA. Further details on this transfer by Seller No 6 are provided at clause nos. 1.3.7, to 1.3.9.

The Seller nos. 1 to 9 are collectively referred to as 'Sellers'.

- 1.2.1. The details of the shareholding of the Sellers and the continuing shareholders (the Promoter Group of the Target Company) are as follows:

	No of Shares	% of voting equity share capital
Sellers	39,59,223	41.68%
Continuing shareholders	16,78,287	17.67%
Total	56,37,510	59.34%

- 1.2.2. In terms of the SPA, some of existing promoters will continue to hold their shares in the Target Company, comprising of (1) Harihar Manufacturing and Trading Private Limited, (2) PCD Investments Private Limited, (3) UKM Investments Private Limited, (4) Chadrika Family Trust, and (5) Mr. Nahoosh Jayvadan Jariwala, karta of Nahoosh Jayvadan Jariwala HUF ("Continuing Shareholders").

- 1.3. The Acquirers have agreed to acquire the entire shareholding of the Sellers in terms of the SPA. The relevant terms of the SPA are as follows:

- 1.3.1. The SPA contains a provision that the parties to the SPA shall not act upon the sale and purchase of the Sale Shares in the event of non-compliance of the provisions of the SEBI (SAST) Regulations by the parties.

- 1.3.2. The Continuing Shareholders shall neither pledge, transfer, sale and/or create any third party rights, title, interest with respect to their shareholding in the Target Company till the completion of Open Offer formalities nor offer their shares in the Target Company in the Open Offer.

- 1.3.3. Mr. Nahoosh Jayvadan Jariwala shall continue as Executive Director on the Board of Directors of the Target Company till the completion of the Open Offer formalities.

- 1.3.4. The non-complete clause of the SPA prohibits, for a tenure of five years commencing from the date of the SPA, each of the Sellers, except Seller Nos. 6 and 7, including their respective relatives and affiliates, without the prior written approval of the Acquirers, from being engaged in, establish, own, manage, operate, join or participate, control, lend money or render financial or other assistance to or participate in or be connected with, as a partner, stockholder, co-venturer, consultant or otherwise directly or indirectly in any business or undertake any activity, which shall be in direct or indirect competition with or is same as any part of the processing of a) Sunflower, Soya and Cotton seed acid oil and its derivatives; b) Sun flower, Soya and Cotton Seed deodorized distillate and its derivatives; c) Dimer and monomer fatty acid; and d) production of cardanol for sale business. However, the Acquirers have not paid and are not liable to pay any consideration to Sellers as non-complete fee over and above the consideration paid for acquiring the Sale Shares.

- 1.3.5. The directors representing the Sellers, namely, Mr. Rajan R. Harivallabhdas, Mr. Chinubhai R. Shah, Mr. Praful Anubhai, Mr. Janak G. Nanavaty, Mr. Himanshu C. Patel, Mr. Naishadh I Parikh, Mr. Dharmesh R. Harivallabhdas shall resign from the Board of Directors of the Target Company, after expiry of 21 days from the date of PA, in terms of Regulation 22(7) of SEBI (SAST) Regulations.

- 1.3.6. In terms of Regulation 22(7) of SEBI (SAST) Regulations, the Acquirers have the right to nominate directors on the board of the Target Company after depositing in the escrow account hundred per cent of the consideration payable in cash.

- 1.3.7. The Sale Shares are free from all lien, claim, pledge, charge, mortgage and encumbrance, save and except the 1,50,000 shares held by Seller No. 6, which are attached by the Income Tax Department.

- 1.3.8. Out of the Sale Shares (as defined above in Clause No. 1.2), 1,50,000 shares representing 1.58% of the voting equity share capital of the Target Company and held by Seller No. 6, are attached by the Income Tax Department. As per the SPA, the Seller No. 6 shall transfer the shares to the Acquirers once the Income Tax Department lifts the attachment order and upon transfer of the said shares, the Acquirers shall pay the consideration of Rs. 25.10 per equity share, aggregating Rs. 37.65,000/- (Rupees Thirty Seven Lakhs Sixty Five Thousand only), to the Seller No. 6 as agreed in the SPA.

- 1.3.9. The Seller No. 6 and Seller No. 1 jointly and each of them severally are responsible for ensuring the transfer of 1,50,000 shares by Seller No. 6 to the Acquirers.

- 1.4. The Acquirers acquired and the Sellers sold 28,88,483 equity shares of the Target Company at a price of Rs. 25.15 per equity share of Rs. 10/- each, constituting 30.41% of the voting equity share capital of the Target Company, for a consideration of Rs. 7,26,33,378/- (Rupees Seven Crore Twenty Six Lakhs Three Hundred and Seventy Eight only) by carrying out block deals on the Bombay Stock Exchange Limited ("BSE") on February 15, 2010.

- 1.5. Further, the Acquirers acquired and the Sellers sold 9,20,740 equity shares of the Target Company at a price of Rs. 25.10 per equity share of Rs. 10/- each, constituting 9.69% of the voting equity share capital of the Target Company, for a consideration of Rs. 2,31,10,446/- (Rupees Two Crore Thirty One Lakhs Ten Thousand Four Hundred and Forty Six only) by carrying out bulk deals on the BSE on February 15, 2010.

- 1.6. The details of the shares acquired by the Acquirers through block deal and bulk deal on February 15, 2010 and the shares to be transferred from the Seller No. 6 upon the lifting of attachment by the Income Tax Department, are given below;

Acquirer	Acquired through block deal		Acquired through bulk deal		To be transferred by Seller No. 6	Total
	No. of shares	Price per share (Rs.)	No. of shares	Price per share (Rs.)	No. of shares	No. of shares
Mr. Utkarsh Bhikhoobhai Shah	11,00,090	25.15	Nil	Nil	43,319	1,143,409
Mr. Raj B. Shah	5,51,009	25.15	Nil	Nil	21,698	572,707
Mr. Sukoon V. Shah	Nil	Nil	3,80,740	25.18	14,993	395,733
Mr. Bimal Dashrathbhai Parikh	5,48,692	25.15	Nil	Nil	21,606	570,298
Mrs. Mamta Bimal Parikh	Nil	Nil	1,50,000	25.05	5,907	155,907
Bimal D. Parikh HUF	Nil	Nil	1,90,000	25.05	7,482	197,482
Mr. Hemant Navinchandra Shah	6,88,692	25.15	Nil	Nil	27,119	715,811
Mr. Rohan Hemant Shah	Nil	Nil	2,00,000	25.05	7,876	207,876
Total	28,88,483		9,20,740		1,50,000	39,59,223

- 1.7. As a result of the above acquisition of shares, the Acquirers are making a mandatory Offer to the public shareholders of the Target Company for acquiring up to 19,00,000 fully paid up equity shares of Rs. 10/- each constituting 20% of the voting equity share capital of the Target Company at Rs. 25.20 (Rupees twenty five and paise twenty only) per equity share aggregating to Rs. 4,78,80,000/- (Rupees Four Crore Seventy Eight Lakhs Eighty Thousand only) ("Offer Size") in terms of Regulation 20 of the SEBI (SAST) Regulations payable in cash subject to the terms and conditions mentioned hereinafter and the terms and conditions that will be set out in the letter of offer in relation to the Offer (the "Letter of Offer").

- 1.8. The Acquirers shall acquire the title and interest of the Sellers in and unto the Sale Shares together with all benefits and rights and obligations attaching thereto only upon the completion of the Offer.

- 1.9. Other than the acquisition of the Sale Shares, some of the Acquirers, have acquired/sold the shares in the Target Company during the twelve months preceding the date of this PA, the details of the same are as follows:

Name	Date	No. of Shares	Transaction	Price per share
Mr. Hemant Navinchadra Shah	18 January, 2010	499	Purchase of Shares	Rs. 13.75
Mr. Hemant Navinchadra Shah	21 January, 2010	407	Purchase of Shares	Rs. 15.90
Mr. Hemant Navinchadra Shah	27 January, 2010	906	Sale of Shares	Rs. 17.22
Mr. Bimal D Parikh	31 January, 2010	3,028	Purchase of Shares	Rs. 15.25

- 1.10. As on the PA date, other than the Sale Shares, the Acquirers are holding directly and indirectly through their relatives and affiliates, 1,09,563 equity shares of Rs. 10/- each representing 1.15% of the voting equity share capital of the Target Company, the details of such holding is as follows:-

Name	Relationship	No of shares	% of voting capital
Bimal D. Parikh HUF	Acquirer	5,000	0.05%
Mamta B. Parikh	Acquirer	10,000	0.11%
Ashmak Investments Private Limited	Affiliate	2,000	0.02%
Dashrath Jagnohan Investments Private Limited	Affiliate	5,000	0.05%
Bimal D. Parikh	Acquirer	13,028	0.14%
Priyam B. Parikh	Relative	3,000	0.03%
Super Enterprise	Affiliate	71,535	0.75%
Total		109,563	1.15%

- 1.11. There are no 'Persons Acting in Concert' ("PAC") within the meaning of Regulation 21(1)(e)(1) of the SEBI (SAST) Regulations in relation to this Offer. However, due to the applicability of Regulation 21(1)(e)(2) of the SEBI (SAST) Regulations, there will be certain relatives / affiliates deemed to be PAC(s) with the Acquirers.

- 1.12. As on date of this PA, the paid up equity share capital of HKFL is Rs. 9,50,00,000 represented by 95,00,000 equity shares of Rs. 10 each.

- 1.13. As on the date of this PA, there are no outstanding partly paid up shares in the Target Company and there are no other instruments convertible into equity shares of the Target Company at a future date.

- 1.14. The acquisition of the Sale Shares by the Acquirers from the Sellers will result in substantial acquisition of shares and together with the shareholding of the Continuing Shareholders (17.67% of the paid up equity capital) will also result in change in management control of the Target Company. Hence, the Acquirers are hereby making this Open Offer in compliance with Regulations 10 and 12 of the SEBI (SAST) Regulations.

- 1.15. Neither the Acquirers nor the Target Company nor the Sellers have been prohibited by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") from dealing in securities, in terms of direction under Section 11B of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") or under any of the Regulations made under the SEBI Act.

- 1.16. This Offer is being made to all the shareholders of the Target Company (except to the Acquirers, Sellers and the Continuing Shareholders) and is not conditional on any minimum level of acceptance by the shareholders of the Target Company. The Acquirers will acquire all the shares that are validly tendered as per the terms of the Offer, up to a maximum of 19,00,000 equity shares at the Offer Price.

- 1.17. The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that would be sent to the shareholders of HKFL.

- 1.18. The Manager to the Offer does not hold any equity shares in the Target Company as on the date of this PA.

- 1.19. This is not a competitive bid.

2. The Offer Price

- 2.1. The equity shares of HKFL are currently listed on the BSE and the Ahmedabad Stock Exchange Limited ("ASE").

- 2.2. The annualized trading turnover during the preceding six calendar months ended January 2010 in each of the Stock Exchange where the shares are listed is as follows:-

Name of the Stock Exchange	Total Number of shares traded during August '09 – January '10	Total Number of Listed Shares (Equity)	Annualized Trading Turnover (in % of total listed shares)
BSE	2,87,076	95,00,000	6.04%
ASE	not traded	95,00,000	-

Based on the above information, the equity shares of HKFL are frequently traded on BSE (source: bseindia.com) and infrequently traded on ASE during the six months period mentioned above within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

- 2.3. The Offer Price of Rs. 25.20/- per equity share is justified in terms of Regulation 20(4) and Regulation 20(5) of the SEBI (SAST) Regulations, in view of the following:-

a)	Negotiated price as per the SPA (agreed consideration payable to Seller No.6)	Rs. 25.10
b)	Highest price paid by Acquirers for acquisition, if any, including by way of allotment in a public or rights issue or Preferential issue during the 26 weeks prior to the date of the PA	Rs. 25.18
c)	The average of the weekly high and low of the closing prices of the shares of HKFL on the BSE, during 26 weeks period ended on February 17, 2010 i.e. the date preceding the date of PA	Rs. 14.40
d)	The average of the daily high and low of the prices of the shares of HKFL on the BSE, during 2 weeks period ended on February 17, 2010 i.e. the date preceding the date of PA	Rs. 24.28
e)	Other parameters with reference to the Target Company for	For the Year ended March 31, 2009
	Return on Net Worth (%)	(10.30)%
	Book Value (Rs. per share.)	14.05
	Earnings per Share (Rs. per share)	(1.53)
	Price Earnings Ratio based on Offer Price	N.A.
	Price Earnings Ratio – Industry Average (Chemicals) - Source: Capital Market Journal, Vol. XXIV24– January 25 to February 7, 2010.	15.50

Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants, having its office at 503, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009 has vide his letter February 17, 2010, certified the value of the equity shares of HKFL as Rs. 12.44 based on the decision of the Hon'ble Supreme Court of India in case of Hindustan Lever Employees Union vs Hindustan Lever Limited, 1995, (83 Com case 30) ("HL Case") using a combination of Book Value (Net Asset Value), Price Earning Capacity Value (PECV) and Market Price.

In view of the above, the Offer Price of Rs. 25.20 per equity share is justified as per the SEBI (SAST) Regulations.

- 2.4. During the Offer period, Acquirers may acquire additional equity shares of the Target Company in accordance with the SEBI (SAST) Regulations. In the event that the Acquirers acquire additional equity shares of the Target Company during the Offer period, such purchase shall be disclosed to the stock exchanges where the equity shares of the Target Company are listed and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations.

- 2.5. If the Acquirers acquire equity shares of HKFL after the date of PA upto seven working days prior to the closure of the Open Offer at a price higher than the Offer Price then the highest price paid for such acquisition shall be payable for all valid acceptances received under the Open Offer.

- 2.6. To the extent of the Offer size, all equity shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirers. The equity shares acquired by the Acquirers will be free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

- 2.7. This PA is being released, as per Regulation 15(1) of the SEBI (SAST) Regulations in Financial Express (national daily – all English editions and Gujarati edition, Jansatta (Hindi national daily – all editions), and Navshakti (Marathi regional language – Mumbai edition).

3. Information on the Acquirers

- 3.1. The names, addresses and net worth of the Acquirers are as follows:

Sl. No	Name	Age (years), Qualification	Address	Net Worth (Rs. Lakhs)	Occupation / Experience (Yrs)
1	Mr. Utkarsh Bhikhoobhai Shah, son of Mr. Bhikhoobhai Shah	49 B.Sc.	10 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054	1,406.92*	Engaged in business of coal/lignite transportation, coal trading, real estate since last 30 years
2	Mr. Raj B Shah, son of Mr. Bhikhoobhai Shah	53 B.Com	28, Heritage Homes, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054	1,088.81*	Engaged in business of coal / lignite transportation, coal trading, real estate since last 30 years
3	Mr. Sukoon V Shah, son of Mr. Vipool Shah	27, B. Com.	202, Heritage Crescent, Opp Karmavati Club, Nr Mahmothan, Prahladnagar, Ahmedabad 380 052	583.56*	Engaged in business of coal / lignite transportation, coal trading, real estate since last 7 years
4	Mr. Bimal Dashrathbhai Parikh, son of Mr. Dashrathbhai Patel	49, B.E.	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	548.81*	Engaged in manufacture of dyes & chemicals since last 30 years .
5	Mrs. Mamta Bimal Parikh, wife of Mr. Bimal Parikh	46, B.A.	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	366.45*	Experience in manufacturing & investment activities
6	Bimal D Parikh HUF	Not applicable	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	150.65*	Not applicable
7	Mr. Hemant Navinchandra Shah son of Mr. Navinchandra Shah	48, B. Com	Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006	368.20**	Involved in business of logistics, garments, trading of minerals, and retailing since 25 years
8	Mr. Rohan Hemant Shah, son of Mr. Hemant Shah	23, B.E.	Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006	214.38**	Involved in business of hosiery 6 months

*Networth as on December 31, 2009, as certified by Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants, having its office at 503, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009

**Networth as on March 31, 2009, as certified by Mr. Rajendra M. Mulani, (Membership No. 40768), Partner, Mulani Kajarekar & Co., Chartered Accountants, having its office at 204, Simandhar Avenue, 8, Kailash Society, Near H.K. House, Ashram Road, Ahmedabad 380 009

4. Information about the Target Company

- 4.1 H.K. Finechem Limited is a public limited company with its registered office situate at 201, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009, Tel. No. 079-26468752, Fax No.: 079-26460910.

- 4.2 The Target Company was incorporated on May 25, 1985 under the Act.

- 4.3 The equity shares of the Target Company are listed on BSE and ASE.

- 4.4 The Target Company is involved in the business of manufacturing and distribution of speciality chemicals and has its manufacturing facility in the state of Gujarat.

- 4.5 As on the date of the PA, the authorized share capital of the Target Company is Rs. 15,00,00,000/- (Rupees fifteen crore only) divided into 1,45,00,000 equity shares of Rs. 10/- each aggregating to Rs.14,50,00,000/- (Rupees fourteen crore fifty lakhs only) and 50,000 preference shares of Rs. 100/- each aggregating to Rs. 50,00,000/- (Rupees fifty lakhs only). The paid up share capital of the Target Company is Rs. 9,50,00,000/- (Rupees Nine Crore Fifty Lakhs only) divided into 95,00,000 equity shares of Rs.10/- each.

- 4.6 As on the date of this PA, there are no outstanding partly paid up shares in the Target Company and there are no other instruments convertible into equity shares of the Target Company at a future date.

- 4.7 Based on the latest audited annual accounts of the Target Company, the summary of financial information of the Target Company for the year ended March 31, 2009 is as follows:

Particulars	Rs. in Lakhs
Total Income	3,409
(Loss) / Profit before tax	(203)
(Loss) / Profit after Tax	(145)
Share Capital	950
Reserves	457
Diluted Earnings Per Share (Rs.)	(1.53)
Book Value Per Share(Rs.)	14.05
Networth	1,407
Return on Net Worth (%)	(10.30)%

5. Reasons for the acquisition, rationale for the Offer and future plans

- 5.1. The Acquirers have entered into an SPA on February 15, 2010 to acquire 39,59,223 equity shares of Rs.10/- each of HKFL, representing 41.68% of the paid up Share capital of HKFL from the Sellers. This acquisition is thus a substantial acquisition of shares in HKFL, which will enable the Acquirers together with the continuing shareholder to gain control of the Target Company. As a result of this acquisition, provisions of Regulations 10 and 12 of the SEBI (SAST) Regulations have been attracted. The Acquirers are making this Offer to acquire 19,00,000/- fully paid Equity Share of Rs. 10/- each being 20% of the voting equity Share capital of HKFL in order to comply with the provisions of the SEBI (SAST) Regulations.

- 5.2. After conclusion of the Open Offer, assuming full acceptance in the Open Offer the shareholding of the Acquirers in the Target Company will be as follows

	Pending transfer of shares by Seller No. 6		Completion of transfer of shares by Seller No. 6	
	Acquirers	Continuing Shareholders	Acquirers	Continuing Shareholders
A Existing Shareholding	1,09,563	16,78,287	1,09,563	16,78,287
B Acquisition through SPA	38,09,223	Nil	39,59,223	Nil
C Open Offer	19,00,000	Nil	19,00,000	Nil
Total Shareholding	58,18,786	16,78,287	59,68,786	16,78,287
% of voting equity capital	61.25%	17.67%	62.83%	17.67%

- 5.3. The Acquirers propose to increase the present product capacities and portfolios by investing in technology and will also explore other avenues for achieving organic growth by infusing requisite funds for capital expenditure and long term working capital.

- 5.4. The Acquirers does not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company.

- 5.5. The Acquirers undertakes that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company as required under applicable law.

- 5.6. The Acquirers have right to appoint directors on the Board of Directors of the Target Company after a period of twenty one days from the date of PA, in terms of second proviso to Regulation 22(7) of the Regulations.

6. Statutory Approvals and Other Approvals for the Offer

- 6.1 The Offer is subject to the Acquirers obtaining all necessary approvals including the approval from Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 as amended from time to time and the rules and regulations made there under for the acquisition/transfer of Offer Shares tendered pursuant to this Offer, if required.

- 6.2 To the best of the knowledge and belief of the Acquirers, as on the date of this PA, there are no statutory approvals or approvals from financial institutions or banks required to acquire the equity shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals that as may be required and/or may subsequently become necessary, to acquire equity shares at a later date, before completion of the Offer.

- 6.3 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment of consideration to the shareholders under the Offer subject to the Acquirers agreeing to pay interest for the delayed period in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. If the delay occurs due to the willful default or neglect or inaction or non-action on the part of the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable. The Acquirers will not proceed with the Offer in terms of Regulations 27 of the SEBI (SAST) Regulation in the event any statutory approvals indicated herein, is not obtained.

7. Disclosure in terms of Regulation 21(2)

- 7.1 As per the listing agreement with the BSE, the ASE and the Target Company and in terms of Clause 40A of the Listing Agreement, the Target Company is required to maintain a minimum threshold of 25% public shareholding for listing on a continuous basis.

- 7.2 Upon completion of the Offer, assuming full acceptances in the Offer and taking into account the Sale Shares and the existing shareholding of the Acquirers and their relatives and affiliates, the Acquirers alongwith Continuing Shareholders will hold 76,47,073 Equity Shares in the Target Company representing 80.50% of the total paid up equity share capital of the Target Company. The Acquirers undertake that in case the public shareholding falls below the limits specified in the Listing Agreement with the stock exchange for listing on a continuous basis pursuant to shares acquired pursuant to the Offer and open market purchases made by the Acquirers during the Offer, if any,