

INDO TECH TRANSFORMERS LIMITED

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OPEN OFFER FOR ACQUISITION OF UP TO 27,24,375 (TWENTY SEVEN LAKH TWENTY FOUR THOUSAND THREE HUNDRED AND SEVENTY FIVE) FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF INR 10 EACH (INDIAN RUPEES TEN ONLY) ("EQUITY SHARES"), REPRESENTING 25.65% OF THE TOTAL PAID-UP EQUITY SHARE CAPITAL OF INDO TECH TRANSFORMERS LIMITED ("TARGET COMPANY"), AS OF THE 10TH WORKING DAY (AS DEFINED BELOW) FROM THE TENDERING PERIOD (AS DEFINED BELOW) FROM THE PUBLIC SHAREHOLDERS (AS DEFINED BELOW) OF THE TARGET COMPANY BY SHIRDI SAI ELECTRICALS LIMITED ("ACQUIRER") (HEREINAFTER REFERRED TO AS THE "OFFER" OR THE "OPEN OFFER").

This detailed public statement ("DPS") is being issued by Ernst & Young Merchant Banking Services LLP ("Manager to the Offer") for and on behalf of the Acquirer, pursuant to and in compliance with Regulations 3(1) and 4 read with Regulations 13(4), 14(3), 15(2) and other applicable regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations"), and pursuant to the public announcement dated December 20, 2019 ("Public Announcement" or "PA") filed with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (collectively referred to as the "Stock Exchanges"). The PA was also filed with the Securities and Exchange Board of India ("SEBI") and sent to the Target Company at its registered office, in terms of Regulation 14(2) of the SEBI (SAST) Regulations.

For the purposes of this DPS, the following terms have the meanings assigned to them below: "Closing Date" means the date on which, *inter alia*, the purchase of Sale Shares by the Acquirer from the Seller and the payment of Sale Consideration by the Seller to the Acquirer, is completed in accordance with the SPA;

"Equity Shares" or "Shares" shall mean the fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten only) each of the Target Company;

"Fair Market Value" means the fair market value of Equity Shares determined in accordance with the applicable Indian foreign exchange regulations and the SEBI regulations;

"Financial Year/FY" means the year beginning from first day of April of one year and ending on thirty-first day of March in the immediate next year;

"Public Shareholders" shall mean all the equity shareholders of the Target Company who are eligible to tender their Equity Shares in the Open Offer, except: (i) the Acquirer; (ii) parties to the SPA (as defined below), and (iii) the persons acting or deemed to be acting in concert with parties as set out in (i) and (ii);

"Residual Equity Shares" means the 5,29,593 (Five Lakh Twenty Nine Thousand Five Hundred and Ninety Three) Equity Shares of the Target Company held by the Seller on the SPA Date, constituting 4.99% of the Equity Share Capital as of the SPA Date;

"Rupee/INR/₹" shall mean Indian Rupee(s), the official currency of the Republic of India;

"Sale Consideration" means the consideration to be paid by the Acquirer to the Seller for the purchase of Sale Shares in accordance with the SPA, including the applicable Indian foreign exchange regulations;

"Sale Shares" means 73,66,032 Equity Shares of the Target Company held by the Seller on the SPA Date, constituting 69.36% of the total paid-up equity share capital of the Target Company;

"Sale Share Price" means the price per share to be paid by the Acquirer for the Sale Shares to the Seller in accordance with the SPA, including the applicable Indian foreign exchange regulations;

"Seller" means Prolec GE Internacional, S.De R.L. De C.V.;

"SPA" means the share purchase agreement dated December 20, 2019 executed between the Acquirer and the Seller, pursuant to which the Acquirer has agreed to acquire from the Seller, 73,66,032 Equity Shares of the Target Company, representing 69.36% of the total paid-up equity share capital of the Target Company at a price of INR 94.51 (Indian Rupees Ninety Four and Fifty One Paise only) per Equity Share;

"SPA Date" means the execution date of the SPA;

"Tendering Period" has the meaning ascribed to it under the SEBI (SAST) Regulations;

"Transaction" means collectively the Underlying Transaction and the Open Offer;

"Underlying Transaction" means the transaction in terms of the SPA, pursuant to which the Acquirer shall acquire 73,66,032 Equity Shares of the Target Company, representing 69.36% of the total paid-up equity share capital at a price of INR 94.51 (Indian Rupees Ninety Four and Fifty One Paise only) per Equity Share, from the Seller, in accordance with the terms of the SPA;

"Working Day" means the working day of the Securities and Exchange Board of India, in Mumbai;

"SEBI Act" shall mean the Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto.

I. ACQUIRER, SELLER, TARGET COMPANY AND OFFER

1. Information about the Acquirer: Shirdi Sai Electricals Limited

1.1. The Acquirer is an unlisted public limited company and was incorporated on July 30, 2010 under the Companies Act, 1956, and is promoted by Mr. N. Visweswara Reddy. There has been no change in the name of the Acquirer since the time of its incorporation.

1.2. The registered office of the Acquirer is situated at G Pulla Reddy Sweets Building, 3rd Floor, # 6-3-8-879/B, Greenland Road, Begumpet, Hyderabad, Telangana 500 016, India.

1.3. The principal activity of the Acquirer is manufacturing of power and distribution transformers and an EPC player in power and distribution sector.

1.4. The shareholding pattern of the promoter and promoter group of the Acquirer, as on November 30, 2019, is as under:

Sl No	Name	No. of shares	% holding
1	Mr. N. Visweswara Reddy	2,04,83,199	68.13%
2	Ms. N. Pratibha	39,64,676	13.19%
3	Ms. N. Reddy Radha	47,77,787	15.89%
4	Mr. N. Karunakara Reddy	3,01,014	1.00%
5	Ms. N. Lavanya	4,66,325	1.55%
	Total	2,99,93,001	99.75%

1.5. The Acquirer does not belong to any group. No person is acting in concert with the Acquirer for the purpose of this Open Offer.

1.6. The securities of the Acquirer are not listed on any stock exchange in India or abroad.

1.7. The board of directors of the Acquirer comprises of 4 (four) directors, namely, (a) Mr. N Visweswara Reddy, Managing Director; (b) Ms. N Radha Reddy, Whole-time Director; (c) Mr. Vinod Masson, Whole-time Director; and (d) Mr. M Vikram Ravindra, Independent Director.

1.8. Neither the Acquirer nor its directors or key employees have any relationship or interest in the Target Company, except for the Underlying Transaction. Further, there are no common directors on the board of the Acquirer and the Target Company.

1.9. Neither the Acquirer nor any of its directors hold any Equity Shares in the Target Company.

1.10. The Acquirer does not hold any Equity Shares or voting rights in the Target Company. Furthermore, the Acquirer has not acquired any Equity Shares of the Target Company after the date of the PA, i.e. December 20, 2019.

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

1.12. The below key audited financial information of the Acquirer for the FY 2019 and FY 2018 has been extracted from the audited financial information of FY 2019 and the information pertaining to FY 2017 has been extracted from comparative financial information in the audited financial statements as at and for the FY 2018 and the unaudited financial information for the six months period ended September 30, 2019, subjected to limited review are as follows:

(INR in Lakhs except earnings per share)

Particulars	Unaudited six months period ended September 30, 2019 (Ind AS)	FY 2019 (Ind AS)	FY 2018 (Ind AS)	FY 2017 (IGAAP)
Total Revenue ¹	42,544.46	1,06,083.69	1,00,716.17	90,659.72
Net Income (i.e., Profit for the Year)	3,474.02	11,360.81	7,141.61	5,885.83
Earnings Per Share (Basic and Diluted)	11.55	37.79	23.81	19.63
Net Worth/Shareholder's Funds ²	34,728.32	31,254.30	19,883.60	18,876.79

Note:

1. Total revenue consists of (i) revenue from operations (ii) other income and (iii) finance income, as applicable

2. Net worth includes paid-up share capital and reserves & surplus

2. Details of the Seller: Prolec-GE Internacional, S.De R.L. de C.V.

2.1. The Seller is a limited liability company incorporated on March 23, 1998 under the name Lumisistemas-GE, S. de R.L. de C.V., under the laws of Mexico, with its registered office located at Blvd. Carlos Salinas de Gortari KM 9.25, Apodaca, Nuevo Leon, Mexico, CP 66600. The Seller's name was further changed to Prolec-GE Internacional, S.de R.L. de C.V. on September 24, 2007.

2.2. The Seller was formed as a joint venture between Xignux and General Electric Company. Xignux is a Mexico based group with significant presence in the electricity, infrastructure and food sectors.

2.3. The Seller is engaged in designing, manufacturing, and selling products and solutions for the generation, transmission, and distribution of electrical energy.

2.4. The Seller is the 'promoter' of the Target Company.

2.5. As on the date of this DPS, the Seller holds 78,95,625 Equity Shares representing 74.35% of the total equity share capital of the Target Company.

2.6. The securities of the Seller are not listed on any stock exchanges, in India or abroad.

2.7. The Seller has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under Section 11B of the SEBI Act or any other regulations made thereunder.

3. Details of the Target Company: Indo Tech Transformers Limited

3.1. The Target Company is a public limited company incorporated on January 16, 1992, under the Companies Act, 1956, in Tamil Nadu, India. The Corporate Identity Number (CIN) of the Target Company is L29113TN1992PLC022011. There has been no change in the name of the Target Company in the last 3 (three) years.

3.2. The registered office of the Target Company is situated at Survey No. 153-210, Illuppapattu Village, Near Rajakulam, Chennai - Bangalore Highway, Kancheepuram, Tamil Nadu, 631561, India.

3.3. The Target Company is *inter-alia* engaged in the business of manufacturing power and distribution transformers, various special application transformers, and skid mounted sub-stations. The Target Company has manufacturing plants located at Chennai and Kancheepuram in Tamil Nadu.

3.4. The Equity Shares of the Target Company are listed on BSE (Scrip Code: 532717, Scrip ID: INDOTECH) and NSE (Symbol: INDOTECH). The ISIN of the Target Company is INE332H01014.

3.5. As on the date of this DPS, the Equity Shares are frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations.

3.6. As on the date of this DPS, there are no partly paid-up Equity Shares of the Target Company, outstanding convertible securities, depositary receipts, warrants or instruments, which are convertible into Equity Shares of the Target Company.

3.7. The key audited financial information of the Target Company as at and for the financial years ended March 31, 2019, March 31, 2018, and March 31, 2017 and the unaudited financial information for the six months period ended September 30, 2019, subjected to limited review, are as given below. In this regard, please note that the key financial information of the Target Company as at and for the financial years ended March 31, 2019 and March 31, 2018 have been extracted from the respective audited financial statements for the said financial years, and as at and for the financial year ended March 31, 2017 has been extracted from the comparative financial information in the audited financial statements as at and for the financial year ended March 31, 2018. The financial information for the six months period ended September 30, 2019, of the Target Company, has been extracted from the unaudited limited reviewed financial information for such period:

(All figures in INR lakhs, except earnings per share in INR per Equity Share)

Particulars	Unaudited six months period ended September 30, 2019	FY March 31, 2019	FY March 31, 2018	FY March 31, 2017
Total Income ¹	10,339	21,463.33	23,016.29	16,590.56
Profit/(Loss) after tax	192	(838.90)	(369.42)	(1,127.36)
Earnings per Share (Basic & Diluted)	1.81	(7.90)	(3.48)	(10.62)
Net worth/Shareholder Funds ²	12,661	12,516.77	13,410.08	13,818.82

Note:

1. Total income consists of (i) revenue from operations; and (ii) other income.

2. Net worth includes paid-up share capital and other equity.

Source:

a) <http://www.prolecge.in/wp-content/uploads/2019/07/Annual-Report-2018-2019.pdf>

b) <http://www.prolecge.in/wp-content/themes/salient/img/pdf/Annual%20Report%202017-2018.pdf>

c) <http://www.prolecge.in/wp-content/uploads/2019/11/Unaudited-Financial-Results-for-Quarter-and-Half-Year-ended-September-30-2019.pdf>

4. Details of the Offer

4.1. This Offer is a mandatory open offer made by the Acquirer in terms of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations pursuant to the execution of SPA to acquire in excess of 25% of the equity share capital of the Target Company and control over the Target Company. The PA announcing the Open Offer, under Regulations 3(1) and 4 read with Regulations 13(1) and 15(1) of the SEBI (SAST) Regulations, was released to the Stock Exchanges on December 20, 2019. Please refer to Part II (Background to the Offer) of this DPS for further information on the SPA.

4.2. The Acquirer is making this Offer to all the Public Shareholders of the Target Company, to acquire up to 27,24,375 Equity Shares ("Offer Shares"), representing 25.65% of the total paid-up equity capital of the Target Company ("Offer Size") at a price of INR 115.60 (Indian Rupees One Hundred and Fifteen and Sixty Paise only) per Equity Share ("Offer Price") determined in accordance with SEBI (SAST) Regulations aggregating to a total consideration of INR 31,49,37,750 (Indian Rupees Thirty One Crore Forty Nine Lakh Thirty Seven Thousand Seven Hundred and Fifty only).

4.3. The Offer Price shall be payable by the Acquirer in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations, subject to the terms and conditions set out in this DPS and the letter of offer ("Letter of Offer") that will be dispatched to the Public Shareholders in accordance with the provisions of the SEBI (SAST) Regulations.

4.4. The Public Shareholders who tender their Equity Shares in this Offer should ensure that the Equity Shares are free and clear from all liens, charges and encumbrances. The Offer Shares will be acquired by the Acquirer, subject to such Offer Shares being validly tendered in this Offer, together with all the rights attached thereto, including all the rights to dividends, bonuses and right offers declared thereof, and the tendering Public Shareholders shall have obtained all necessary consents required by them to tender the Offer Shares.

4.5. Please refer to Section VI (Statutory and Other Approvals) in relation to the details of the statutory, governmental and other approvals required for the Transaction and Paragraph 3 under Section II (Background to the Offer) for details on conditions stipulated in the SPA, completion of which are outside the reasonable control of the Acquirer, and in view of which the Transaction may be withdrawn under Regulation 23 of the SEBI (SAST) Regulations, 2011. In the event of such a withdrawal of the Open Offer, the Acquirer (through Manager to Open Offer) shall, within 2 (Two) working days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, in the same newspapers in which this DPS has been published, and such announcement will also be sent to SEBI, BSE, NSE and the registered office of the Target Company.

4.6. The Offer is not conditional on any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.

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

4.8. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, as of the date of this DPS, the Acquirer has no intention to restructure or alienate, whether by way of sale, lease, encumbrance or otherwise, any material assets of the Target Company, except:

- in the ordinary course of business; or
- on account of compliance with any law that is or becomes binding on or applicable to the operations of the Target Company; or
- as has already been disclosed by the Target Company in the public domain.

In case if the Acquirer intends to alienate any material asset of the Target Company within a period of 2 (two) years from the date of completion of the Offer, a special resolution of the shareholders of the Target Company in accordance with the proviso to Regulation 25(2) of the SEBI (SAST) Regulations shall be obtained before undertaking any such alienation of any material assets of the Target Company.

4.9. Non-resident Indians ("NRIs") and Overseas Corporate Bodies ("OCBs") who are holders of Equity Shares, if any, must obtain all requisite approvals required to tender their Equity Shares pursuant to the Open Offer and submit such approvals along with the other documents required to accept the Open Offer. Further, if holders of Equity Shares who are not persons resident in India (including NRIs, OCBs and foreign portfolio investors) required any approval from the Reserve Bank of India ("RBI") or any other regulatory body in respect of the Equity Shares held by them in the Target Company, they will be required to submit such previous approvals that they would have obtained for acquiring and holding the Equity Shares of the Target Company to tender their Equity Shares pursuant to the Open Offer, along with the other documents required to be tendered to accept the Open Offer as mentioned in the Letter of Offer. In the event such approvals and supporting documents are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in the Open Offer.

4.10. Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations") read with Rule 19A of the Securities Contract (Regulation) Rules, 1957, and subsequent amendments thereto ("SCRR") require the Target Company to maintain minimum public shareholding as determined in accordance with the SCRR, on a continuous basis for listing. Upon the completion of the Offer and the Underlying Transaction, if the public shareholding of the Target Company falls below the minimum level of public shareholding, as required to be maintained by the Target Company under the SCRR and the SEBI LODR Regulations, the Acquirer undertakes to take necessary steps to facilitate compliance by the Target Company with the relevant provisions under the SCRR, as required under Regulation 7(4) of the SEBI (SAST) Regulations and/or the SEBI LODR Regulations, within the time period stated therein, i.e., to bring down the non-public shareholding to 75% of the equity share capital within 12 (twelve) months from the date of such fall in the public shareholding below 25%, through the mechanisms prescribed by SEBI and/or any other such mechanism as may be approved by SEBI from time to time.

4.11. The Manager to the Offer does not hold any Equity Shares of the Target Company. The Manager to the Offer further declares and undertakes not to deal on its account in the Equity Shares during the Offer period (as defined under the SEBI (SAST) Regulations).

II. BACKGROUND TO THE OFFER

1. This Offer is a mandatory open offer made by the Acquirer in terms of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations pursuant to the execution of SPA to acquire in excess of 25% of the Equity Share of the Target Company and control over the Target Company.

2. The SPA was executed on December 20, 2019. Pursuant to the SPA, the Acquirer has agreed to acquire from the Seller, being promoter of the Target Company, 73,66,032 Equity Shares of the Target Company, representing 69.36% of the total paid-up equity share capital for cash at a price of INR 94.51 (Indian Rupees Ninety Four and Fifty

One Paise only) per Equity Share. The Underlying Transaction is subject to receipt of all the statutory approvals, as may be required, and satisfaction of certain other conditions precedent specified in the SPA.

3. Salient features of the SPA are set out below:

3.1. Subject to the terms and conditions set out in the SPA, the Acquirer has agreed to purchase the Sale Shares from the Seller, and the Seller has agreed to sell and transfer to the Acquirer, the Sale Shares, free from any Encumbrances (as defined in the SPA) and together with all rights, title and interests against the payment of the Sale Consideration by the Acquirer on the Closing Date.

3.2. Sale Consideration shall be subject to certain pre-closing adjustments based on the net debt and net working capital of the Target Company prior to the Closing Date; however, the price per Equity Share to be paid by the Acquirer to the Seller pursuant to the Underlying Transaction shall not exceed the Offer Price (as defined hereinafter).

3.3. For the Underlying Transaction, the Acquirer shall pay the Sale Consideration to the Seller in the following manner:

(a) A sum equal to 90% (Ninety Percent) of the Sale Consideration to the Seller on the date on which the Seller transfers the Sale Shares to the Acquirer in accordance with the SPA; and

(b) A sum equal to 10% (Ten Percent) of the Sale Consideration in an escrow account (opened by the Seller) in terms of the SPA, for a period of 12 months from the closing of the Underlying Transaction or 18 months from the date of the SPA, whichever is earlier.

3.4. Seller's Conditions Precedent: The obligation of the Acquirer to purchase the Sale Shares and pay the Sale Consideration is conditional upon fulfillment by the Seller or waiver by the Acquirer, *inter alia*, of the following conditions precedent:

(a) The Seller shall ensure that all necessary corporate approvals and authorizations for the Underlying Transaction are obtained;

(b) No Material Adverse Change (as defined in the SPA) shall have occurred between the SPA Date and the Closing Date;

(c) The Target Company having obtained the necessary approvals of the lenders and Third Parties (as defined in the SPA) in accordance with the SPA; and

(d) The Target Company having obtained the necessary approvals from governmental authorities (if required) in accordance with the SPA.

3.5. Acquirer's Conditions Precedent: The obligation of the Seller to sell the Sale Shares to the Acquirer is conditional upon fulfillment by the Acquirer or waiver by the Seller (as the case may be), of the following conditions precedent:

(a) completion of Open Offer in accordance with SEBI (SAST) Regulations by the Acquirer; and

(b) Acquirer having obtained the approval of the lead member of consortium of banks for purchase of Sale Shares from the Seller.

3.6. After the completion of Open Offer and at least 3 (three) days prior to the Closing Date, the Seller has to ensure that the Target Company executes: (a) 2 (two) separate trademark license agreements, in a form and manner acceptable to the parties to the SPA and parties to the agreements: (i) 1 (one) to be executed with Xignux, S.A. de C.V. and Prolec S.A. de C.V.; and (ii) other 1 (one) to be executed with Monogram Licensing Inc. and Monogram Licensing International Inc.; and (b) the transition services agreement with the Seller, in a form and manner acceptable to the parties to the SPA and parties to the agreement, which agreements shall be effective from the Closing Date.

3.7. The SPA contains mutual customary representations and warranties, including in relation to compliance with applicable laws, subject to the disclosures (if any) between the Acquirer and the Seller.

3.8. Parties have given indemnities to each other as set out in the SPA.

3.9. The Seller is subject to certain non-compete and non-solicit restrictions as set out in the SPA, without any additional consideration.

3.10. Re-classification of the Seller: The Acquirer, as soon as possible after completion of the Underlying Transaction and in any event no later than 6 (six) months from the date of compliance with the minimum public shareholding requirement with respect to the Target Company, shall make best efforts to procure that the board of the Target Company seeks approval of the shareholders of the Target Company to re-classify the Seller from the 'promoter and promoter group' of the Target Company to 'public' and such re-classification shall take place subject to receipt of necessary approvals in terms of the SEBI LODR Regulations and conditions prescribed therein.

3.11. Lock-in-The Seller has agreed that from SPA Date until a period of 30 (thirty) days from the third anniversary of Closing Date it shall not, directly or indirectly, transfer any Residual Equity Shares of the Company, except as provided in the SPA.

3.12. Call Option: The Acquirer has the right (but not an obligation) for a period of three years from the Closing Date to acquire the Residual Equity Shares held by the Seller in the Target Company at a price per Equity Share ("Option Price") which is lower of: (a) Sale Share Price; and (b) the Fair Market Value, in each case calculated as per Equity Share basis and the Seller shall have an obligation to sell such Residual Equity Shares.

3.13. Put Option: If the Acquirer fails to exercise its call option within 3 (three) years of the Closing Date, the Seller has the right (but not an obligation), for a period of 6 (six) months, to sell to the Acquirer all Residual Equity Shares held by the Seller and/or its Affiliates (as defined in the SPA) (if applicable) and the Acquirer shall have an obligation to buy such Residual Equity Shares at the Option Price.

3.14. Material Adverse Impact: If in the opinion of the Seller, any Material Adverse Impact (as defined in the SPA) occurs after the Closing Date, the Seller has the right to call the Acquirer to purchase the Residual Equity Shares at the Option Price.

4. The Offer Price shall be payable in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations, and subject to the terms and conditions set out in this DPS and the Letter of Offer that will be dispatched to the Public Shareholders in accordance with the provisions of the SEBI (SAST) Regulations.

5. Object of the Offer: The Offer is being made as a result of the acquisition of more than 25% of the Equity Shares, voting rights and control of the Target Company by the Acquirer resulting in a change of control of the Target Company in terms of Regulations 3(1) and 4 of the SEBI (SAST) Regulations. Following the completion of the Offer, the Acquirer intends to work with the employees of the Target Company to accelerate its growth. The Target Company is engaged in the business of manufacturing power and distribution transformers, various special application transformers, and skid mounted sub-stations. The Target Company has manufacturing plants located at Chennai and Kancheepuram in Tamil Nadu. The Acquirer proposes to continue with the existing activities.

6. Object and purpose of acquisition and strategic intent and future plans:

The acquisition will help the Acquirer (a) to expand its business in the power transformer business; (b) consolidate its position in south India for the transformer business, (c) to create a strong foothold in power transmission and distribution sector and (d) to use the manufacturing facilities of the Target Company at an optimum level by bringing in its expertise in manufacturing operations.

7. Upon consummation of the Transaction, the Acquirer will acquire control over the Target Company and will become a promoter of the Target Company, including in accordance with the provisions of SEBI LODR Regulations.

III. SHAREHOLDING AND ACQUISITION DETAILS

1. The current and proposed shareholding of the Acquirer in the Target Company and the details of their acquisition are as follows:

Details of Shareholding	Acquirer	
	No. of Equity Shares	% age
As on the date of PA (i.e. December 20, 2019)	Nil	Nil
Acquired between the date of PA (i.e. December 20,		

B.	The volume-weighted average price paid or payable per Equity Share for any acquisitions, whether by the Acquirer or by any person acting in concert with it, during the 52 (fifty-two) weeks immediately preceding the date of the PA being December 20, 2019	Not Applicable ¹
C.	The highest price per Equity Share paid or payable for any acquisition by the Acquirer or by any person acting in concert with him during the 26 (twenty-six) weeks immediately preceding the date of the PA, being December 20, 2019	Not Applicable ¹
D.	The volume-weighted average market price per Equity Share for a period of 60 (sixty) trading days immediately preceding the date of the PA as traded on the NSE	115.60
E.	Where the Equity Shares are not frequently traded, the price determined by the Acquirer and the Manager to Offer, taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and	Not Applicable
F.	The per equity share value computed under Regulation 8(5), of SEBI (SAST) Regulations, if applicable	Not Applicable ²

Notes:

- The Acquirer has not acquired any Equity Shares in the Target Company.
- The acquisition is not an indirect acquisition under Regulation 5(1) of the SEBI (SAST) Regulations.

5. The Offer Price of INR 115.60 (Indian Rupees One Hundred and Fifteen and Sixty Paise only) per Offer Share represents the highest of the above parameters mentioned in the SEBI (SAST) Regulations.

6. There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations. There has been no revision in the Offer Price or the Offer Size. In case of any revision in the Offer Price or the Offer Size, the Acquirer shall comply with Regulations 18(4) and 18(5) of the SEBI (SAST) Regulations and other applicable provisions of the SEBI (SAST) Regulations.

7. In the event of an acquisition of the Equity Shares of the Target Company by the Acquirer during the Offer period, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer shall not acquire any Equity Shares of the Target Company after the 3rd (third) working day prior to the commencement of the Tendering Period of this Offer and until the expiry of the Tendering Period of this Offer. An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, may also be done at any time prior to the commencement of 1 (one) working day before the commencement of the Tendering Period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall:

- make corresponding increase to the escrow amounts as more particularly set out in paragraph 6 of Part V (*Financial Arrangements*) of this DPS;
- make a public announcement in the same newspapers in which this DPS is published; and
- simultaneously with the issue of such announcement, inform BSE, NSE, SEBI and the Target Company at its registered office of such revision in accordance with the SEBI (SAST) Regulations.

8. In the event the Acquirer acquires any Equity Shares, it will disclose such information to BSE and NSE where the Equity Shares are listed and to the Target Company within 24 (twenty-four) hours of such acquisition.

V. FINANCIAL ARRANGEMENTS

1. The total consideration for the Offer Size at the Offer Price, assuming full acceptance of the Offer, is INR 31,49,37,750 (Indian Rupees Thirty One Crore Forty Nine Lakh Thirty Seven Thousand Seven Hundred and Fifty only) ("**Maximum Consideration**").

2. In accordance with Regulation 17(5) of the SEBI (SAST) Regulations, the Acquirer has opened an escrow account under the name and title of '**Shirdi Sai Open Offer Escrow Account**' ("**Escrow Account**") with Citi Bank, N.A., Mumbai and having its branch at 4th Floor, Fort House, Dr. D.N. Road, Fort, Mumbai - 400001 and acting through its office at Citibank N.A. 11th Floor, First International Financial Center, C-54 & 55, G Block, Bandra-Kurla Complex, Bandra East, Mumbai 400 098 ("**Escrow Agent**") pursuant to an escrow agreement dated December 19, 2019 ("**Escrow Agreement**") and has made a cash deposit of an amount of INR 7,90,00,000 (Indian Rupees Seven Crore Ninety Lakh only) in such Escrow Account which constitutes more than 25% (Twenty Five percent) of the Maximum Consideration ("**Cash Escrow**"). In terms of the Escrow Agreement, the Manager to the Offer has been authorized to operate the Escrow Account in accordance with the SEBI (SAST) Regulations. The cash deposit has been confirmed by the Escrow Agent by way of its confirmation letter dated December 26, 2019.

3. Reddy & Kumar, Chartered Accountants, located at B-27, View Towers, Lakdi-ka-pul, Hyderabad-500 004, Telangana, has *vide* its letter dated December 20, 2019, certified that the Acquirer has adequate resources and capability to meet the financial obligations under the open offer.

4. The Manager to the Offer has entered into an Escrow Agreement with the Acquirer and the Escrow Agent pursuant to which the Acquirer has solely authorized the Manager to the Offer to realize the value of the Escrow Account and to operate the special escrow account opened as per the provisions of the SEBI (SAST) Regulations.

5. Based on the certificate dated December 20, 2019 provided by Reddy & Kumar, Chartered Accountants, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to fulfill the obligations in relation to this Open Offer through verifiable means in accordance with the SEBI (SAST) Regulations.

6. In case of any upward revision in the Offer Price or the Offer Size, corresponding increase to the escrow amounts as mentioned above in this Part shall be made by the Acquirer in terms of Regulation 17(2) of the SEBI (SAST) Regulations, prior to effecting such revision.

VI. STATUTORY AND OTHER APPROVALS

1. To the best of knowledge of the Acquirer, there are no statutory approvals required to complete the Open Offer as on the date of this DPS. If, however, any statutory approval becomes applicable prior to completion of such acquisitions, the Open Offer would also be subject to such statutory approval(s) and the Acquirer shall make the necessary applications for such approvals.

2. In terms of Regulation 23 of the SEBI (SAST) Regulations, in the event that the statutory approvals (in relation to the acquisition of the Offer Shares), if any, applicable, or those which become applicable prior to completion of the Open Offer are not received, for reasons outside the reasonable control of the Acquirer, then the Acquirer shall have the right to withdraw the Open Offer. In the event of such a withdrawal of the Open Offer, the Acquirer (through the Manager to the Offer) shall, within 2 (two) working days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

3. All Public Shareholders, (including resident or non-resident shareholders) must obtain all requisite approvals required, if any, to tender their part of the Offer Shares (including without limitation, the approval from the RBI, if required), in the Offer and submit such

approvals, along with the other documents required 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. Further, if the holders of the Equity Shares who are not persons resident in India had required any approvals (including from the RBI, or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals, that they would have obtained for holding the Equity Shares, to tender the Offer Shares held by them, 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 Offer Shares.

4. Public Shareholders classified as OCBs, if any, may tender the Equity Shares held by them in the Open Offer pursuant to receipt of approval from Foreign Investment Facilitation Portal (FIFP)/SIA and RBI, as applicable under the Foreign Exchange Management Act, 1999 and the regulations made thereunder, including the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. Such OCBs shall approach the RBI independently to seek approval to tender the Equity Shares held by them in the Open Offer.

5. Subject to the receipt of the statutory and other approvals, if any, the Acquirer shall complete payment of consideration within 10 (Ten) working days from the closure of the Tendering Period to those Public Shareholders whose documents are found valid and in order and are approved for acquisition by the Acquirer.

6. Where any statutory or other approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory or other approvals are required in order to complete this Open Offer.

7. In case of delay/non-receipt of any statutory and other approval referred to in this Part VI, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of the requisite statutory approval(s) was not attributable to any willful default, failure or neglect on the part of the Acquirer to diligently pursue such approval(s), grant an extension of time for the purpose of completion of this Open Offer, subject to such terms and conditions as may be specified by SEBI, including payment of interest by the Acquirer to the Public Shareholders at such rate, as may be prescribed by SEBI from time to time, in accordance with Regulation 18(11) of the SEBI (SAST) Regulations.

8. For the Transaction, the Acquirer is required to procure a no-objection certificate from its lenders, in terms of its lending documents. Accordingly, the Acquirer has already made an application for procuring the same.

VII. TENTATIVE SCHEDULE OF ACTIVITY

Sl. No.	Activity	Schedule (Day and Date) ^A
1.	Issue of PA	Friday, December 20, 2019
2.	Date of publishing the DPS in the newspapers	Monday, December 30, 2019
3.	Last date of filing of the draft letter of offer (" DLoF ") with SEBI	Monday, January 06, 2020
4.	Last date for public announcement for competing offer(s) as per the DPS*	Monday, January 20, 2020
5.	Last date for receipt of SEBI observations on the DLoF (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Monday, January 27, 2020
6.	Identified Date [#]	Wednesday, January 29, 2020
7.	Last date by which the Letter of Offer is to be dispatched to the Public Shareholders whose name appears on the register of members on the Identified Date	Wednesday, February 05, 2020
8.	Last date by which the committee of the independent directors of the Target Company shall give its recommendation to the shareholders of the Target Company for this Offer	Monday, February 10, 2020
9.	Last date for upward revision of the Offer Price/Offer Size	Monday, February 10, 2020
10.	Date of publication of Offer opening public announcement in the newspapers in which this DPS has been published	Tuesday, February 11, 2020
11.	Date of commencement of the Tendering Period (" Offer Opening Date ")	Wednesday, February 12, 2020
12.	Date of closure of the Tendering Period (" Offer Closing Date ")	Thursday, February 27, 2020
13.	Last date of communicating the rejection/acceptance and completion of payment of consideration or refund of Equity Shares to the shareholders of the Target Company	Friday, March 13, 2020
14.	Last date for issue of post-Offer advertisement	Friday, March 20, 2020

^A The above timelines are indicative (prepared on the basis of timelines provided under the SEBI (SAST) Regulations) and may be subject to receipt of relevant approvals from various regulatory authorities and may be revised accordingly.

*There has been no competing offer as on the date of this DPS.

Date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period. The Identified Date is only for the purpose of determining the Public Shareholders as on such date to whom the Letter of Offer would be dispatched/mailed. It is clarified that all the Public Shareholders (registered or unregistered) who own Equity Shares of the Target Company are eligible to participate in the Offer at any time prior to the Offer Closing Date.

VIII. PROCEDURE FOR TENDERING THE SHARES IN CASE OF NON-RECEIPT OF LETTER OF OFFER

1. Subject to paragraph 2 of Part VI (*Statutory and Other Approvals*), all Public Shareholders holding the shares in dematerialized form are eligible to participate in this Open Offer at any time during the period from Offer Opening Date till the Offer Closing Date ("**Tendering Period**") for this Open Offer. Please refer to paragraph 7 below of this part, for details in relation to tendering of Offer Shares held in physical form.

2. The Letter of Offer specifying the detailed terms and conditions of this Offer will be mailed to all the Public Shareholders whose name appears in the register of members of the Target Company as at the close of business hours on the Identified Date.

3. Accidental omission to dispatch the Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of the Letter of Offer by any such person will not invalidate the Offer in any way. The last date by which the Letter of Offer may be dispatched to the Public Shareholders of the Target Company is February 05, 2020.

4. Public 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 but prior to the closure of the Tendering Period of the Offer, or those who have not received the Letter of Offer, may also participate in this Offer.

5. In case of non-receipt of the Letter of Offer, such Public 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 (details at paragraph 7 of Part IX (*Other Information*)) of this DPS) on providing suitable documentary evidence of holding of the Equity Shares of the Target Company.

6. The Offer will be implemented under the stock exchange mechanism made available by the Stock Exchanges in the form of a separate window ("**Acquisition Window**"), as provided under the SEBI (SAST) Regulations and SEBI circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 issued by SEBI and as amended via SEBI circular CFD/DCR/CIR/P/2016/131 dated December 9, 2016 and BSE notice no. 20170202-34 dated 02 February 2017, in such a case:

- BSE shall be the designated stock exchange for the purpose of tendering Equity Shares in the Offer.
- The Acquirer has appointed Prabhudas Lilladher Private Limited ("**Buying Broker**") as its broker for the Offer through whom the purchases and settlement of the Equity Shares tendered under the Offer shall be made. The contact details of the Buying Broker are as mentioned below:

Name: Prabhudas Lilladher Private Limited
Address: 3rd Floor, Sadhana House, 570 P.B. Marg, Behind Mahindra Tower, Worli Mumbai - 400 018
Tel.: +91 22 6632 2222
Email: vijayshah@plindia.com
Contact Person: Mr. Vijay Shah
Website: www.plindia.com
SEBI Registration Number: NSE: INB230597738 / BSE: INB010502855

- All the Public Shareholders who desire to tender their Equity 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.

- A separate Acquisition Window will be provided by BSE to facilitate placing of sell orders. The Selling Broker can enter orders for dematerialized Equity Shares.

- Upon placing the order, the Selling Broker shall provide Transaction Registration Slip ("**TRS**") generated by the stock exchange bidding system to the Public Shareholder. TRS will contain details of order submitted like bid ID No., DP ID, Client ID, no. of Equity Shares tendered, etc.

- On receipt of TRS from the respective Selling Broker, the Public Shareholder has successfully placed the bid in the Offer.

- Modification/cancellation of orders will not be allowed during the Tendering Period.

- 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 the time provided by the Stock Exchanges on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.

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

- The Public Shareholders will have to ensure that they keep their DP account active and unblocked to successfully facilitate the tendering of the Equity Shares and to receive credit in case of return of Equity Shares due to rejection or due to prorated Offer.

- The cumulative quantity tendered will be made available on the website of the BSE (www.bseindia.com) throughout the trading sessions and will be updated at specific intervals during the Tendering Period.

7. Procedure to be followed by Public Shareholders holding Equity Shares in the physical form:

- As per the proviso to Regulation 40(1) of the SEBI LODR Regulations read with SEBI Press Release No. 49/2018 dated December 3, 2018, effective from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

- Accordingly, the Public Shareholders who are holding Equity Shares in physical form and are desirous of tendering their Equity Shares in the Open Offer can do so only after the Equity Shares are dematerialized. Such Public Shareholders are advised to approach any depository participant to have their Equity Shares dematerialized.

THE DETAILED PROCEDURE FOR TENDERING THE EQUITY SHARES IN THE OPEN OFFER WILL BE AVAILABLE IN THE LETTER OF OFFER

IX. OTHER INFORMATION

1. The Acquirer and its directors, accept full responsibility for the information contained in this DPS (other than: (i) such information regarding the Seller and the Target Company that has been confirmed and verified by them; and (ii) information compiled from public sources, neither of which have been independently verified by the Acquirer or the Manager to the Offer) and shall be responsible for the fulfillment of obligations under the SEBI (SAST) Regulations in respect of this Offer.

2. The information pertaining to the Target Company contained in the PA or the DPS or Letter of Offer or any other advertisement/publications made in connection with the Open Offer has been compiled from information published or provided by the Target Company, as the case may be, or from publicly available sources which has not been independently verified by the Acquirer. The Acquirer does not accept any responsibility with respect to any misstatement in relation to such information.

3. The Acquirer accepts full responsibility for its obligations under the Open Offer and shall be jointly and severally responsible for the fulfillment of obligations under the SEBI (SAST) Regulations in respect of this Open Offer.

4. Unless otherwise stated, the information set out in this DPS reflects the position as of the date hereof.

5. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirer has appointed Ernst & Young Merchant Banking Services LLP as the Manager to the Offer.

6. This DPS and the PA shall also be available on SEBI's website (www.sebi.gov.in).

7. The Acquirer has appointed Link Intime India Private Limited as the Registrar to the Offer, whose details are set out here below:

Registrar to the Offer	
	LINK INTIME INDIA PRIVATE LIMITED Address: C-101, 1 st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India Contact Person: Mr. Sumeet Deshpande Tel: +91 22 4918 6200; Fax: +91 22 4918 6195 Email: indotechtransformers.offer@linkintime.co.in Website: www.linkintime.co.in SEBI Registration No.: INR000004058

8. In this DPS, any discrepancy in any table between the total and sums of the amount listed is due to rounding off and/or regrouping.

Issued on behalf of the Acquirer by the Manager to the Offer	
	ERNST & YOUNG MERCHANT BANKING SERVICES LLP^A 14 th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar West, Mumbai - 400 028, India Tel: +91-22-6192 0000; Fax: +91-22-6192 1000 Website: www.ey.com/india; Email: ittlopenoffer@in.ey.com Contact Person: Mr. Chintan Hefa SEBI Registration No.: INM000010700

^AErnst & Young Merchant Banking Services Pvt. Ltd. (a company with registration no U67120MH2000PTC129109) converted into Ernst & Young Merchant Banking Services LLP (a Limited Liability Partnership with LLP Identity No. AAO-2287) effective February 7, 2019.

On behalf of the Acquirer:
Shirdi Sai Electricals Limited

Place : Mumbai
Date : December 28, 2019