

## LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This letter of offer ("Letter of Offer" / "LoF") is sent to you as a Public Shareholder (as defined below) of Pipavav Defence and Offshore Engineering Company Limited ("Pipavav Defence" / "Target Company"). If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager / the Registrar to the Offer. In case you have recently sold your equity shares of Pipavav Defence ("Equity Shares"), please hand over the LoF and the accompanying form of acceptance cum acknowledgement to the member of stock exchange through whom the said sale was effected.

### RELiance DEFENCE SYSTEMS PRIVATE LIMITED

A private limited company incorporated under the Companies Act, 2013

CIN: U74999MH2014PTC260288

Registered address: 502, Plot no. 91/94, Prabhat Colony, Santa Cruz (East), Mumbai 400 055, Maharashtra, India  
(Tel: +91 22 3009 8181, Fax: +91 22 3009 8128)

(hereinafter referred to as the "Acquirer" or "Reliance Defence")

ALONG WITH

### RELiance INFRASTRUCTURE LIMITED

A public limited company incorporated under the Indian Companies Act, 1913

CIN: L99999MH1929PLC001530

Registered office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India  
(Tel: +91 22 3009 8181, Fax: +91 22 3009 8128)

(hereinafter referred to as "PAC" / "Reliance Infra")

**MAKE A CASH OFFER OF Rs. 66.00 (Rupees Sixty Six only) ("Offer Price") PLUS INTEREST @ 10% PER ANNUM PER EQUITY SHARE FOR DELAY IN PAYMENT BEYOND THE SCHEDULED PAYMENT DATE (AS DEFINED HEREINAFTER) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF Rs. 10 EACH, TO ACQUIRE UP TO 19,14,13,630 EQUITY SHARES REPRESENTING 26.00% OF THE VOTING SHARE CAPITAL (AS DEFINED BELOW), IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED ("SEBI (SAST) REGULATIONS") FROM THE PUBLIC SHAREHOLDERS OF**

### PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

A public limited company incorporated under the Companies Act, 1956

CIN: L35110GJ1997PLC033193

Registered office: Pipavav Port, Post Uchaya, Via Rajula, Rajula, Gujarat 365 560, India  
(Tel: +91 2794 661000 Fax: +91 2794 661100)

- This Offer (as defined below) is made pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
  - This Offer is not a conditional offer and is not subject to any minimum level of acceptance.
  - This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
  - The Offer and consummation of the transaction under the Purchase Agreement (as defined below) including sale and purchase of the Sale Shares (as defined below) is subject to the following statutory approvals:
    - Approval from the Competition Commission of India ("CCI"); and
    - Approval from the Gujarat Maritime Board permitting the change of control of the Target Company without imposing any adverse obligations on the Target Company.
- Status of CCI Approval** - The Acquirer filed with the CCI, a notice dated April 1, 2015 under the Competition Act, 2002 ("Form I filing") seeking CCI's approval. The CCI, vide its order dated April 20, 2015, has approved the proposed combination.
- Status of approval from Gujarat Maritime Board** - the Target Company made an application dated April 7, 2015 to the GMB. In this regard, GMB has issued letters dated October 21, 2015 and November 7, 2015 (received by the Acquirer from the Target Company on November 13, 2015). Please refer to the section **Statutory and Other Approvals under Part VI (Terms and Conditions of The Offer) beginning on page 38 of this LoF** for further details with respect to the GMB approval.- As of the date of this LoF, to the best of the knowledge of the Acquirer and PAC, there are no other statutory approvals required to complete the Offer and/or consummate the sale and purchase of the Sale Shares other than as set out hereinabove. In case of any statutory or other approvals are required at a later date, prior to the completion of the Offer, this Offer shall be subject to such approvals and the Acquirer shall make the necessary applications for such statutory or other approvals. Also see the section "**Statutory and other Approvals**" under **Part VI (Terms and Conditions of The Offer) beginning on page 38 of this LoF**.
- Non-resident Indians ("NRIs") and Overseas Corporate Bodies ("OCBs"), if any, must obtain all requisite approvals required to tender the Offer Shares (as defined below) held by them, in this Offer (including without limitation the approval from the Reserve Bank of India ("RBI") and submit such approvals along with the documents required to accept this Offer. Further, if holders of the equity shares who are not persons resident in India (including NRIs, OCBs and foreign institutional investors ("FIIs") had required any approvals (including from the RBI or the Foreign Investment Promotion Board ("FIPB") or any other regulatory body) in respect of the Offer Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Offer Shares, 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 PAC reserve the right to reject such equity shares tendered in this Offer.
- Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer and PAC shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.
- The Offer Price is subject to revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PAC at any time prior to 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 corresponding increases to the escrow amounts, as more particularly set out under the section **Financial Arrangements in Part V (Offer Price and Financial Arrangements) beginning on page 34 of this LoF**; (ii) make a public announcement in the same newspapers in which the Detailed Public Statement dated March 11, 2015 (the "DPS") was published; and (iii) simultaneously with making such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. Such revised offer price would be payable for all the equity shares validly tendered during the Tendering Period of the Offer.
- There has been no competing offer as of the date of this LoF.
- A copy of the PA, the DPS, DLoF and the LoF (including the form of acceptance cum acknowledgement) is also available on the website of Securities and Exchange Board of India ("SEBI") ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### MANAGER TO THE OFFER



#### JM Financial Institutional Securities Limited

(Formerly known as JM Financial Institutional Securities Private Limited)

Corporate Identity Number: U65192MH1995PLC092522

Registered Office: 7th floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025, India; Tel: +91 22 6630 3030, Fax: +91 22 6630 3330

Contact Person: Ms. Lakshmi Lakshmanan

Email: [pipavav.openoffer@jmfsl.com](mailto:pipavav.openoffer@jmfsl.com)

#### REGISTRAR TO THE OFFER



#### Karvy Computershare Private Limited

Karvy Selenium, Tower B, Plot 31-32 Gachibowli, Financial District Nanakramguda, Hyderabad 500 032, India

Tel: +91 40 67162222, Fax: +91 40 23431551

Contact Person: M Murali Krishna/ Williams R

Email: [pipavav.openoffer@karvy.com](mailto:pipavav.openoffer@karvy.com)

The schedule of activities under the Offer is as follows:

Activity	Original Schedule	Revised Schedule
Date of Public Announcement	Wednesday, March 04, 2015	Wednesday, March 04, 2015
Date of publication of the DPS	Wednesday, March 11, 2015	Wednesday, March 11, 2015
Last date for filing of the DLoF with SEBI	Wednesday, March 18, 2015	Wednesday, March 18, 2015
Last date for competitive offer(s)	Wednesday, April 01, 2015	Wednesday, April 01, 2015
Last date for SEBI observations on the DLoF (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Friday, April 10, 2015	Wednesday, April 29, 2015
Receipt of letter from Gujarat Maritime Board	Not Applicable	Friday, November 13, 2015 <sup>##</sup>
Identified Date <sup>#</sup>	Monday, April 13, 2015	Tuesday, November 17, 2015 <sup>###</sup>
Date by which the Letter of Offer is to be dispatched to the Public Shareholders of the Target Company whose name appears on the register of members on the Identified Date	Wednesday, April 22, 2015	Tuesday, November 24, 2015 <sup>###</sup>
Last date for revising the Offer Price / Offer Size	Wednesday, April 22, 2015	Thursday, November 26, 2015
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	Thursday, April 23, 2015	Friday, November 27, 2015
Date of publication of Offer opening public announcement in the newspapers in which the DPS was been published	Monday, April 27, 2015	Tuesday, December 1, 2015
Date of commencement of the tendering period (Offer Opening Date)	Tuesday, April 28, 2015	Wednesday, December 2, 2015 <sup>###</sup>
Date of closure of the tendering period (Offer Closing Date)	Wednesday, May 13, 2015	Tuesday, December 15, 2015
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Offer Shares to the shareholders of the Target Company	Wednesday, May 27, 2015	Thursday, December 31, 2015
Last date for publication of post-Offer public announcement in the newspapers in which the DPS was published	Wednesday, June 03, 2015	Thursday, January 7, 2016

<sup>#</sup> 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 sent. It is clarified that all the Public Shareholders (registered or unregistered) of the Target Company are eligible to participate in this Offer at any time prior to the closure of this Offer.

<sup>##</sup> Refers to the date on which the letter dated November 7, 2015 from the Gujarat Maritime Board was received by the Acquirer from the Target Company. Please refer the section **Statutory and Other Approvals** under **Part VI (Terms and Conditions of The Offer)** beginning on page 38 of this LoF for further details.

<sup>###</sup> The date has been calculated from November 13, 2015, being the date of receipt of Gujarat Maritime Board's letter dated November 7, 2015 by the Acquirer from the Target Company, and based on the letter dated May 11, 2015 from SEBI where SEBI had granted extension for commencement of the tendering period within 12 working days of receipt of the final order from the Competition Commission of India and the final approval from the Gujarat Maritime Board, whichever is later. Please refer to the section **Statutory and Other Approvals** under **Part VI (Terms and Conditions of The Offer)** beginning on page 38 of this LoF for further details.

The CCI, vide its order dated April 20, 2015, has approved the proposed combination. Furthermore, the letter dated November 7, 2015 from the Gujarat Maritime Board was received by the Acquirer from the Target Company on November 13, 2015. Please refer to **paragraph 5** under the section **Justification of Offer Price** under **Part V (Offer Price and Financial Arrangements)** on page 34 of this LoF for an illustration pertaining to the computation of interest on the Offer Price.

## RISK FACTORS

### Risk factors relating to the transaction

- The obligation of the Acquirer to consummate the transaction under the Purchase Agreement including purchase of Sale Shares is subject to the receipt of statutory approvals as enumerated in the section *Purchase Agreement* under *Part II.A (Details of the Offer – Background to the Offer)* beginning on page 12 of this LoF.
- In addition to the statutory approvals referred above, the acquisition of the Identified Sale Shares (as defined below) and, if necessary, the Top-up Sale Shares (as defined below) is also subject to the satisfaction or waiver (conditions which are mandatorily required to be undertaken under applicable laws cannot be waived) of conditions as set out in the Purchase Agreement (“**Conditions Precedent**”) within a period of nine months from the date of the Purchase Agreement or, such later date mutually agreed in writing by the Acquirer and the Founder Promoters (“**Long Stop Date**”). These conditions have been outlined in *paragraph 5* under *Part II.A (Details of the Offer – Background to the Offer)* beginning on page 12 of this LoF. Please note that that the Long Stop Date has been mutually agreed in writing to be extended to January 31, 2016 through a letter dated November 16, 2015.
- If the sale and purchase of the Sale Shares (as defined below) does not take place by the Long Stop Date (as defined below) or any of the terms and conditions as specified in the Purchase Agreement are not complied with in accordance with the terms of the Purchase Agreement, the Acquirer shall be entitled to terminate the Purchase Agreement.

### Risk factors relating to the Offer

- The Offer is subject to receipt of the statutory approvals as enumerated in *paragraph 1* under the section *Statutory and Other Approvals* under *Part VI (Terms and Conditions of the Offer)* on page 38 of this LoF. Please note that the CCI, vide its order dated April 20, 2015, has approved the proposed combination.

Furthermore, the Target Company has made an application dated April 7, 2015 to the Gujarat Maritime Board. Subsequent to the afore mentioned application filed by the Target Company and letter dated August 12, 2015 received from the Gujarat Maritime Board, the Acquirer, vide letter dated August 20, 2015 to the Gujarat Maritime Board, had sought, inter alia, the following approvals from the Gujarat Maritime Board: (a) Acquisition of not less than 25.1% equity shares of the Target Company by Reliance Defence Systems Private Limited, being the Acquirer, from the Sellers; (b) Acquisition of control and management over the Target Company, along with the right to appoint a majority of the directors on the Board of the Target Company; (c) Acquisition of upto 26% equity shares of the Target Company from the public shareholders, pursuant to an Open Offer as required under the SEBI (SAST) Regulations. The Gujarat Maritime Board, vide letter dated October 21, 2015 to the Target Company, accorded approval inter alia, for disinvestment of equity holding of 25.1% in the Target Company for direct acquisition by the Acquirer and indirect acquisition by the PAC including appointment of majority directors representing them on the board of the Target Company. Furthermore, the Acquirer vide letter dated August 20, 2015 to the Gujarat Maritime Board had sought approval relating to the validity of lease period in the Sub Concession Agreement (“SCA”). The Gujarat Maritime Board, vide letter dated November 7, 2015 to the Target Company, has communicated the approval to the SCA to be executed between the parties. The Acquirer has accordingly decided to proceed with the Open Offer to the public shareholders of the Target Company.

As of the date of this LoF, to the best of the knowledge of the Acquirer and PAC, there are no other statutory approvals required to complete the Offer other than as set out in the abovementioned section. In case of any statutory or other approvals are required at a later date prior to the completion of the Offer, this

Offer shall be subject to such approvals and the Acquirer/PAC shall make the necessary applications for such statutory or other approvals.

- In addition to the statutory approvals enumerated above, the Offer is also subject to the conditions set out under *paragraph 2* in the section *Statutory and Other Approvals* under *Part VI (Terms and Conditions of the Offer)* beginning on page 39 of this LoF (all of which are considered to be outside the reasonable control of the Acquirer and the PAC).
- In the event that any of the statutory approvals or conditions referred to hereinabove (all of which are considered to be outside the reasonable control of the Acquirer and the PAC) are not met with during the Offer Period (unless any relevant condition is otherwise waived by the Acquirer and/ or the PAC), the Acquirer and/ or the PAC may decide to rescind the Purchase Agreement, and the sale and purchase of Sale Shares under the Purchase Agreement shall not be consummated. In such circumstances, the Acquirer/ PAC shall have the right to withdraw this Offer in terms of Regulation 23 of the SEBI (SAST) Regulations. In the event of such a withdrawal of the Offer during the Offer Period, the Acquirer and the PAC (through the Manager) shall, within 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 SEBI (SAST) Regulations.
- NRIs and OCBs, if any, must obtain all requisite approvals required to tender the Offer Shares held by them, in this Offer (including without limitation the approval from RBI and submit such approvals along with the documents required to accept this Offer. Further, if holders of the equity shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Offer Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Offer Shares, 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 PAC reserve the right to reject such equity shares tendered in this Offer.
- Public Shareholders should note that, under the SEBI (SAST) Regulations, once they have tendered their Equity Shares, they will not be able to withdraw their Equity Shares from the Offer even in the event of a delay in the acceptance of Equity Shares under the Offer and / or the dispatch of consideration. The Public Shareholders who have tendered their Equity Shares will not be able to trade such Equity Shares. There may be fluctuations in the market price of the Equity Shares that may adversely impact the Public Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding their participation in this Offer.
- The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities.
- Further, in the event that either: (a) there is any litigation that leads to an injunction or stay on this Offer or restricts or restrains the Acquirer and/ or the PAC from performing their obligations hereunder; or (b) SEBI instructs the Acquirer and/ or the PAC not to proceed with this Offer, then this Offer process may be delayed beyond the schedule of activities disclosed in this LoF. Consequently, the payment of consideration to the Public Shareholders whose Equity Shares are validly accepted in this Offer as well as the return of the Equity Shares not validly accepted in this Offer, may be delayed.
- The Acquirer, the PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in the LoF, DLoF, the DPS and / or the PA and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC or the Manager to the Offer) would be doing so at his, her or their own risk.

- The information contained in this LoF is as of date of this LoF. The Acquirer, PAC and the Manager are under no obligation to update the information contained herein at any time after the date of this LoF.
- This LoF has not been filed, registered or approved in any jurisdiction outside India. The recipients of this LoF resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. The Offer is not directed towards any person or entity in any jurisdiction or country where the Offer 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.

**Probable risks involved in associating with the Acquirer and the PAC**

- Neither the Acquirer nor the PAC have any experience in managing the business in which the Target Company is engaged. Further, neither the Acquirer, the PAC nor the Manager to the Offer makes any assurance with respect to the continuation of past trends in the financial and operating performance of the Target Company.
- None of the Acquirer, the PAC or the Manager to the Offer can provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind with respect to any decision by any Public Shareholder regarding whether or not to participate in the Offer.
- None of the Acquirer, the PAC or the Manager to the Offer makes any assurance with respect to the investment or disinvestment plans of the Acquirer or the PAC in relation to their proposed shareholding in the Target Company.

**The risk factors set forth above are indicative only and are not intended to provide a complete analysis of all risks as perceived in relation to the Offer or associating with the Acquirer and the PAC. They are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by any Public Shareholder in the Offer. Public Shareholders are advised to consult their stockbroker, investment consultant or tax advisor for an understanding of the further risks associated with their participation in the Offer.**

## **NO OFFER / SOLICITATION / REGISTRATION IN THE UNITED STATES OF AMERICA AND CERTAIN OTHER JURISDICTIONS**

### *United States of America*

This LoF together with the DPS that was published on March 11, 2015 and the Public Announcement dated March 4, 2015 (“PA”) in regards to this Offer, has not been and shall not be registered under the United States Securities Act of 1933, as amended under the exemptions available thereunder (the “**Securities Act**”) or any US state securities laws. The Offer is not, and under no circumstances is to be construed as, an offering of any securities in the United States or as a solicitation therein or an invitation to subscribe to any securities including the Equity Shares.

The disclosures in this LoF and the Offer particulars including but not limited to the Offer Price, Offer Size and procedure for acceptance and settlement of the Offer is governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended and other applicable laws, rules and regulations of India that may be different from those of any domestic tender offer under the US laws.

### *United Kingdom*

This LoF together with the DPS that was published on March 11, 2015 and the PA dated March 4, 2015 in regards to this Offer, has not been registered or approved under the UK Financial Services and Markets Act. The disclosures in this LoF and the Offer particulars including but not limited to the Offer Price, Offer Size and procedures for acceptance and settlement of the Offer is governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended and other applicable laws, rules and regulations of India that may be different from those of any domestic tender offer under the UK laws.

### *General*

This LoF together with the DPS that was published on March 11, 2015 and the PA dated March 4, 2015 in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. 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. The information contained in this LoF is as of date of this LoF. The Acquirer, PAC and the Manager to the Offer are under no obligation to update the information contained herein at any time after the date of this LoF.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. This LoF shall be dispatched to all Public Shareholders whose name appears on the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of the LoF by any Public 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 this LoF under any local securities laws), shall not be treated by such Public Shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only.

Persons in possession of this LoF are required to inform themselves of any relevant restrictions in their respective jurisdictions. Any Public 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.

### **CURRENCY OF PRESENTATION**

In this LoF, all references to “Rs.”/“INR”/ “₹” are to Indian Rupee(s), the official currency of India.

Minor differences, if any in totals in this LoF are due to rounding off.

**TABLE OF CONTENTS**

I. DISCLAIMER CLAUSE ..... 11

II. DETAILS OF THE OFFER ..... 12

III. BACKGROUND OF THE ACQUIRER AND THE PAC ..... 18

IV. BACKGROUND OF THE TARGET COMPANY ..... 28

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS ..... 33

VI. TERMS AND CONDITIONS OF THE OFFER ..... 36

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER ..... 40

VIII. DOCUMENTS FOR INSPECTION ..... 52

IX. DECLARATION BY THE ACQUIRER AND THE PAC ..... 53

## DEFINITIONS / ABBREVIATIONS

Particulars	Details / Definition
Acquirer/ Reliance Defence	Reliance Defence Systems Private Limited, a private limited company incorporated under the Companies Act, 2013 and having its registered office at 502, Plot no. 91/94, Prabhat Colony, Santa Cruz (East), Mumbai 400 055, Maharashtra, India.
Board/ Board of Directors / BOD	Board of directors of the Target Company
BSE	BSE Limited
CCI	The Competition Commission of India
CDSL	Central Depository Services (India) Limited
Completion Date	Has the meaning given in paragraph 5 under Part II.A (Details Of the Offer – Background to the Offer) beginning on page 12 of this LoF
CP Satisfaction Certificate	Has the meaning given in paragraph 5 under Part II.A (Details Of the Offer – Background to the Offer) beginning on page 12 of this LoF
Depositories	CDSL and NSDL
Depository Participant	Karvy Stock Broking Limited, with which the Registrar to the Offer has opened the Escrow Demat Account for receiving Equity Shares tendered during the Offer
DLoF	The draft letter of offer in connection with the Offer, filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
DP	Depository Participant
DPS	The detailed public statement in connection with the Offer, published on behalf of the Acquirer and the PAC on March 11, 2015
EPS	Earnings per share
Equity Shares	Fully paid up equity shares of the Target Company with face value of Rs. 10 each
Erstwhile Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
Escrow Agent	ICICI Bank Limited, a banking company, with its branch office located at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400020, India
Escrow Account	The account opened with Escrow Agent under the name and title of “ <b>Pipavav Defence Open Offer Escrow Account</b> ” in accordance with Regulation 17 of the SEBI (SAST) Regulations
Escrow Demat Account	The special depository account opened by the Registrar to the Offer with the Depository Participant for receiving Equity Shares tendered during the Offer
FII	Foreign Institutional Investors
Founder Promoters	Together SIL, SSHPL, Grevek, Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi
GMB	Gujarat Maritime Board
Grevek	Grevek Investment and Finance Private Limited, having its registered office at 512, Vyapar Bhavan, 5th Floor, 49, P.D'mello Road, Carnec Bunder, Masjid (E), Mumbai 400009, Maharashtra, India



<b>Particulars</b>	<b>Details / Definition</b>
Identified Date	The date falling on the 10 <sup>th</sup> Working Day prior to the commencement of the Tendering Period for the purposes of determining the Public Shareholders to whom the LoF shall be sent viz November 17, 2015
Identified Sale Shares	Has the meaning given in paragraph 2 under Part II.A (Details Of the Offer – Background to the Offer) beginning on page 12 of this LoF
Income Tax Act / Act	The Income Tax Act, 1961, as amended
Listing Agreement	The listing agreement entered into by the Target Company with BSE and with NSE
LoF	The letter of offer in connection with the Offer, dated November 16, 2015
Manager/ Manager to the Offer	JM Financial Institutional Securities Limited
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
Net Escrow Amount	Minimum escrow amount as prescribed under SEBI (SAST) Regulations minus the amount guaranteed under the bank guarantee
NRI	Non-resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
Offer / Open Offer	Open offer being made by the Acquirer and the PAC to the Public Shareholders of the Target Company to acquire up to 19,14,13,630 Equity Shares, representing 26.00% of the Voting Share Capital, at a price of Rs. 66.00 (Rupees Sixty Six only) per Offer Share plus interest @ 10% per annum per equity share for delay in payment beyond the scheduled payment date
Offer Period	Means the period commencing on the date of the PA and ending on the date of completion of payment of the consideration to the Public Shareholders whose Equity Shares are accepted in the Offer
Offer Price	Rs. 66.00 (Rupees Sixty Six only) per Offer Share
Offer Shares	19,14,13,630 Equity Shares, representing 26.00% of the Voting Share Capital
Offer Size	Rs.12,63,32,99,580 (Rupees One Thousand Two Hundred and Sixty Three Crores Thirty Two Lakhs Ninety Nine Thousand Five Hundred and Eighty only) (rounded off to the next higher rupee)), being the maximum consideration payable under this Offer assuming full acceptance
PA	The public announcement in connection with the Offer dated March 4, 2015 issued by the Manager on behalf of the Acquirer and the PAC
PAC / Reliance Infra	Reliance Infrastructure Limited, a company incorporated under the Indian Companies Act, 1913, having its registered office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai, Maharashtra- 400710, India.
PAN	Permanent Account Number
Public Shareholders	The shareholders of the Equity Shares, excluding the parties to the Purchase Agreement and persons acting in concert or deemed to be acting in concert with

<b>Particulars</b>	<b>Details / Definition</b>
	such parties including the PAC
Purchase Agreement	Purchase Agreement dated March 4, 2015 between Founder Promoters, the Target Company, the Acquirer and the PAC
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited
RTGS	Real Time Gross Settlement
Sale Shares	Has the meaning given in paragraph 2 under Part II.A (Details Of the Offer – Background to the Offer) beginning on page 12 of this LoF
Scheduled Payment Date	Monday, June 15, 2015, being the last date for payment of consideration under the Offer in accordance with timelines as stipulated in the SEBI (SAST) Regulations based on SEBI observation letter dated April 29, 2015, not taking into consideration the delay in commencement of the tendering period for the Offer on account of non-receipt of statutory approvals and the permission granted by SEBI vide its letter dated May 11, 2015 in this regard (Please refer to the section <i>Statutory and Other Approvals</i> under <i>Part VI (Terms and Conditions of The Offer)</i> beginning on page 38 of this LoF for further details with respect to the SEBI letter dated May 11, 2015).
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Sellers	Together SIL, SSHPL and Grevek
SIL	SKIL Infrastructure Limited, a public limited company, having its registered office at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400023, Maharashtra, India
SSHPL	SKIL Shipyard Holdings Private Limited, having its registered office at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai- 400 023, Maharashtra, India.
Stock Exchanges	Together BSE and NSE
Target Company/ Pipavav Defence	Pipavav Defence and Offshore Engineering Company Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Pipavav Port, Post Uchaya, Via Rajula, Rajula, Gujarat 365 560, India
Tendering Period	Wednesday, December 2, 2015 to Tuesday, December 15, 2015, both days inclusive based on tentative schedule of activities.
Top-up Sale Shares	Has the meaning given in paragraph 2 under Part II.A (Details Of the Offer – Background to the Offer) beginning on page 12 of this LoF
Working Day(s)	Has the meaning given in the SEBI (SAST) Regulations

## **I. DISCLAIMER CLAUSE**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE TARGET COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 18, 2015 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”**

## II. DETAILS OF THE OFFER

### A. Background to the Offer

1. This Offer is being made in accordance with Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations pursuant to the execution of the Purchase Agreement dated March 4, 2015 between Founder Promoters, the Target Company, the Acquirer and the PAC.

#### *Details of the Purchase Agreement*

2. Pursuant to the Purchase Agreement, the Acquirer has agreed to purchase 13,00,00,000 equity shares of the Target Company ("**Identified Sale Shares**") constituting 17.66% of the paid-up equity share capital of the Target Company from SIL and SSHPL at a price of Rs. 63.00 per equity share in cash. In terms of the Purchase Agreement and subject to the conditions therein, the Sellers shall sell such number of additional equity shares of the Target Company, not exceeding 5,47,87,774 equity shares, ("**Top-up Sale Shares**") to the Acquirer at a price of Rs. 63.00 per equity share that would result in the Acquirer acquiring not less than 25.10% of the paid-up equity share capital in the Target Company after taking into account the acquisitions made under the Offer (Identified Sale Shares and Top-up Sale Shares collectively referred to as "**Sale Shares**"). Since the Acquirer has entered into an agreement to acquire voting rights in excess of 25% of the total voting rights of the Target Company, this Offer is being made under Regulation 3(1) of the SEBI (SAST) Regulations. Further, upon consummation of the transactions contemplated in the Purchase Agreement, the Acquirer will also acquire control over the Target Company. As such, this Offer is also being made under Regulation 4 of the SEBI (SAST) Regulations. The Purchase Agreement also sets forth the terms and conditions agreed between the Founder Promoters, the Target Company, the Acquirer and the PAC, and their respective rights and obligations.
3. The Top-up Sale Shares are encumbered with the CDR Lenders. The Founder Promoters, the Target Company, the Acquirer and the PAC shall work together in good faith, discuss and mutually agree on a mechanism for release of encumbrance and effecting the transfer of Top-up Sale Shares from the Founder Promoters to the Acquirer in terms of the Purchase Agreement.
4. The obligation of the Acquirer to consummate the transaction under the Purchase Agreement including purchase of Sale Shares is subject to the receipt of the following statutory approvals:
  - a) Approval from the CCI, in a form and substance satisfactory to the Acquirer and/ or the PAC; and
  - b) Approval from the Gujarat Maritime Board permitting the change of control of the Target Company without imposing any adverse obligations on the Target Company in a form to the reasonable satisfaction of the Acquirer and/ or the PAC.
5. In addition to the conditions specified above, the acquisition of the Identified Sale Shares and, if necessary, the Top-up Sale Shares is also subject to the satisfaction or waiver (conditions which are mandatorily required to be undertaken under applicable laws cannot be waived) of Conditions Precedent as set out in the Purchase Agreement within a period of nine months from the date of the Purchase Agreement or, such later date mutually agreed in writing by the Acquirer and the Founder Promoters ("**Long Stop Date**"). Please note that that the Long Stop Date has been mutually agreed in writing to be extended to January 31, 2016 through a letter dated November 16, 2015. The Target Company and the Founder Promoters shall certify the fulfillment of their respective Conditions Precedent mentioned below to the Acquirer in writing ("**CP Satisfaction Certificate**") within 2 (two) days of its fulfillment and in any event on or before the Long Stop Date along with the documents evidencing such fulfillment, to the satisfaction of the Acquirer. The Conditions Precedent include but are not limited to

- i) The warranties provided by the Target Company, all its subsidiaries, and the Founder Promoters being true and correct on the date of the Purchase Agreement and to remain true and correct on or before the 10th day from the date of receipt of the CP Satisfaction Certificate on which the acquisition of Sale Shares will be completed (“**Completion Date**”) to the reasonable satisfaction of the Acquirer, in each case, in all respects;
- ii) The Target Company and the Founder Promoters (as the case may be) to have performed and complied with all agreements, obligations and conditions contained in the Purchase Agreement, in all respects, that are required to be performed or complied with by them on or before the Completion Date;
- iii) No Material Adverse Effect having occurred; Material Adverse Effect shall mean (i) any material Event, fact, effect, change, or occurrence (taken alone or together with any other such Event, fact, effect, change, or occurrence) between the date of the Purchase Agreement and Completion that is or is likely to: (A) be materially adverse to the business, operations, results, financial condition, properties (including intangible property), assets (including intangible assets), prospects or liabilities (including contingent liabilities) of the Target Company or its subsidiaries; (B) prevents or materially impedes the ability of the Founder Promoters and/or the Target Company from performing the transactions contemplated under the Purchase Agreement or the performance of their obligations hereunder in accordance with its terms (or the ability of the Acquirer to control the Target Company following Completion); or (ii) any matter involving fraud, willful default or bad faith which has an impact on the business, operations, results, financial condition, properties (including intangible property), assets (including intangible assets), prospects or liabilities (including contingent liabilities) of the Target Company or its subsidiaries. “**Event**” includes (without limitation) any event, transaction, act or omission, or any combination of two or more such occurrences;
- iv) There having been no change or announcement of a proposed material change in applicable laws after the date of the Purchase Agreement, including any relevant laws, regulations or policies (whether coming into effect prior to, on or after the Completion Date) or any actual or threatened litigation, writ, judgment, injunction, decree, or similar order of any court that, prevents or materially and adversely affects or may prevent or materially and adversely affect the transactions and commercial arrangements contemplated by the Purchase Agreement or the business or financial condition of the Target Company and its subsidiaries or adversely affects the rights of the Acquirer in relation to the Sale Shares;
- v) The resolution of the shareholders of the Target Company to approve the adoption of the restated articles of association of the Target Company, incorporating and reflecting the provisions of the Purchase Agreement in agreed form, having been passed by at least three fourths of the votes validly cast in favour of the resolution and a certified copy of such shareholders resolution having been provided to the Acquirer;
- vi) The Founder Promoters having obtained the consent of the pledgees of the Identified Sale Shares for the sale of the Identified Sale Shares to the Acquirer and the Founder Promoters and the Acquirer having agreed on a mechanism with the pledgees in relation to the release of the Identified Sale Shares from the pledge and from all encumbrances (including filing of all forms in relation to release of such pledge) at Completion including if required execution of a tri-partite agreement between the Founder Promoters, Acquirer and such pledgees, such mechanism and agreement being in a manner satisfactory to the Acquirer;
- vii) In the event a mechanism has been agreed pursuant to the Purchase Agreement, and such mechanism so requires the Founder Promoters to have obtained the consent of the pledgees for the sale of the Top Up Sale Shares to the Acquirer, the Founder Promoters shall have obtained the consent of the

- pledgees in relation to the release of the Top Up Sale Shares from the pledge and from all encumbrances (including filing of all forms in relation to release of such pledge) at Completion;
- viii) The agreement between the Target Company and the specified lenders (“**CDR Lenders**”) as stipulated under the Corporate Debt Restructuring Scheme of the RBI by the Target Company and the Founder Promoters with the CDR Lenders (“**Master Restructuring Agreement**”) having been executed and not having been terminated, nor there having arisen any event that would or could give rise to a termination event and no notice of termination having been given and such agreement remaining in full force and effect;
  - ix) There having been no breach of any covenant of any document, agreement or arrangement in relation to any loans, borrowing, security or encumbrance given by the Target Company and/or any of its subsidiary, including without limitation any document in relation to any restructuring of any debt of the Target Company or any of its subsidiary (“**Financing Document**”) entered into with the CDR Lenders by the Target Company or the Founder Promoters after the execution of the Master Restructuring Agreement and there having been no uncured breach of any covenant of any Financing Document with the lenders of the Target Company other than the CDR Lenders by the Target Company or the Founder Promoters after the date of the Purchase Agreement;
  - x) The parties to the Purchase Agreement having received all the requisite Governmental consent, approval, authorization, waiver permit, license, exemption, registration or filing (including the approval of the CCI) for the transactions contemplated in the Purchase Agreement;
  - xi) The Target Company and its subsidiaries not having done or resolved to be done, committed or agreed to do any of the specific actions set out in the Purchase Agreement, whether by way of a resolution passed by the board of directors, and/or the shareholders of the Target Company or the subsidiaries, or otherwise;
  - xii) The Target Company having duly obtained necessary consents from all lenders and third parties (including from the CDR Lenders) permitting the transfer of the Sale Shares to the Acquirer, and adoption of the amended and restated articles of association of the Target Company incorporating and reflecting the provisions of the Purchase Agreement in agreed form without any adverse change to the rights or obligations of the parties under the Purchase Agreement;
  - xiii) The Target Company and the Founder Promoters having obtained waivers/ approvals from the counter parties (including SAAB AB (Publ.)) to any existing shareholders agreements with the Target Company and/or the Founder Promoters in respect of any pre-emptive rights, tag along and other rights and restrictions in favour of such counterparties with respect to the sale of Sale Shares to the Acquirer(if required);
  - xiv) Approval by way of a special resolution of the shareholders of SIL approving the transfer of the Sale Shares (to the extent held by SIL) shall have been obtained;
  - xv) In terms of the existing Concession Agreement dated September 30, 1998 entered into between the Target Company, the Gujarat Maritime Board and Gujarat Pipavav Port Limited, the Gujarat Maritime Board shall have permitted the change of control of the Target Company in favour of the Acquirer without imposing any adverse obligations on the Target Company in a form to the reasonable satisfaction of the Acquirer.
  - xvi) None of the CDR Lenders having exercised, or indicated their intention to exercise, any of their rights under the scheme of restructuring of debt of the Target Company to be agreed with the CDR Lenders in relation to the enforcement of their security.

xvii)The Open Offer shall have been completed and the merchant banker having filed the report with SEBI confirming completion of the Open Offer;

6. There is an escrow mechanism for the Identified Sale Shares pursuant to which the Founder Promoters will deposit the Identified Sale Shares into an escrow account in accordance with the terms of such escrow agreement to be entered into, among others, between the Founder Promoters, the Acquirer and PAC.
7. The Founder Promoters have undertaken a non-competition and non-solicitation obligation for a period of five years from the date of Completion in accordance with the terms of the Purchase Agreement.
8. On completion of the purchase of Sales Shares by the Acquirer, the Founder Promoters shall cease to be categorized as “Promoters” of the Target Company and cease to have day to day control over the management of the Target Company. The Acquirer and/or the PAC shall be categorized as “Promoters” of the Target Company after the completion of the purchase of the Sale Shares by the Acquirer.
9. The Acquirer shall have the right to nominate all the directors on the Board of the Target Company (“**Acquirer Directors**”) (other than independent directors required to be appointed in accordance with applicable laws). Subject to the provisions of applicable laws, the Acquirer shall have the right to nominate at least 1 (one) nominee to the board of directors of the Target Company from among the Acquirer Directors, as a non-rotational director. The quorum for board meetings and general meetings of the Target Company shall require the presence of at least one Acquirer Director or authorised representative representing the Acquirer, respectively, at such meeting or adjourned meeting. Except as stated in point 11 below, the persons to be nominated as Acquirer Directors have not been finalised as of the date of this LoF.
10. Apart from the rights mentioned above, the Acquirer shall have several other affirmative rights under the Purchase Agreement. Besides this, the Acquirer has acquired certain rights including but not limited to lock in, right of first offer, tag right, drag right, etc as mutually agreed in the Purchase Agreement.
11. Post the consummation of the transactions specified under the Purchase Agreement, Shri. Anil D. Ambani will be the Chairman of the board of directors of the Target Company.

#### ***Other Matters***

12. As informed to the stock exchanges via an announcement dated June 4, 2015, Vice Admiral (Retd.) H.S. Malhi has been appointed as Group President and Chief Executive Officer by Reliance Defence Systems Private Limited. On completion of statutory formalities with respect to the acquisition of equity shares of Pipavav Defence by the Acquirer and/or PAC, Vice Admiral Malhi will assume charge as Group President and Chief Executive Officer of the Target Company. Further, Mr Rajiv Sarman Shukla has ceased to be Chief Executive Officer of the Target Company with effect from May 30, 2015 and Mr. Praveen Chand Mohnot has ceased to be Chief Financial Officer of the Target Company with effect from August 31, 2015. Mr. Madan Pendse, Financial Controller of the Target Company has been designated as the Acting Chief Financial Officer, one of the Key Managerial Personnel of the Target Company w.e.f. November 14, 2015 until a full time Chief Financial Officer is appointed by the Target Company.
13. As of the date of this LoF, none of the Acquirer, PAC, or any of the key employees or directors of the Acquirer or PAC hold, either directly or indirectly, any stake in the equity share capital of or any other interest in the Target Company. Further, there are no common directors on the board of the Acquirer/ PAC and the Target Company.
14. Reliance Defence and Reliance Infra have not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the Securities and Exchange Board of

India Act, 1992 (“SEBI Act”) as amended or under any other regulations made under the SEBI Act. However, in terms of the consent order dated January 15, 2011, Reliance Infra was prohibited from making investments in listed securities in the secondary market (other than mutual fund) during the period from January 14, 2011 up to December 31, 2012.

15. As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors of the Target Company has constituted a committee of independent directors, which has been asked to provide their written reasoned recommendation on the Offer to the Public Shareholders and such recommendations shall be published at least two (2) Working Days before the commencement of the Tendering Period in the same newspapers where the DPS related to the Offer was published, in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

## B. Details of the Proposed Offer

1. The DPS was published on March 11, 2015 in The Business Standard (all editions) - English national daily, Business Standard (all editions) - Hindi national daily, Aajkaal (all editions in Gujarat) - Gujarati regional daily and Saamana (Mumbai edition) - Marathi regional daily. A copy of the PA and DPS are available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).
2. The Acquirer and the PAC are making this Offer to the Public Shareholders of the Target Company to acquire up to 19,14,13,630 fully paid-up equity shares of face value of Rs. 10 each of the Target Company (“Offer Shares”), constituting 26.00% of the total fully diluted voting equity share capital (as of the 10th working day from the closure of the tendering period for the Offer) (the “Voting Share Capital”) of the Target Company at an offer price of Rs. 66.00 per offer share (Rupees Sixty Six only) (“Offer Price”) aggregating to total consideration of Rs. 1,263.33 crores (the “Offer Size”), in cash.
3. Furthermore, in accordance with the SEBI letter dated May 11, 2015, in addition to the Offer Price mentioned above, the Acquirer and/or the PAC shall pay interest @ 10% per annum per Offer Share for any delay in payment beyond the Scheduled Payment Date (period commencing from the Scheduled Payment Date till the actual date of payment of consideration under the Offer). For the purpose of clarification, it may be noted that the aforesaid interest will be payable to all the successful Public Shareholders, whose Shares are validly tendered and accepted in the Offer. Please refer to *paragraph 5* under the section *Justification of Offer Price* under *Part V (Offer Price and Financial Arrangements)* on page 34 of this LoF for an illustration pertaining to the computation of interest on the Offer Price.
4. The Voting Share Capital of the Target Company has been computed as follows:

Particulars	Issued and paid up capital and voting rights	% of Voting Share Capital
Fully paid up equity shares as of the PA date	73,62,06,269 fully paid up equity shares of Rs. 10 each	100.00
Partly paid up equity shares as of the PA date	Nil	Nil
Employee stock options outstanding	Nil	Nil
Voting Share Capital	73,62,06,269 fully paid up equity shares of Rs. 10 each	100.00

5. The Acquirer and/or the PAC will acquire only such equity shares that are fully paid up, free from all liens, charges and encumbrances and the equity shares shall be acquired together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereon.



6. The acquisition of the Offer Shares, together with the acquisition of the Identified Sale Shares (as defined below) and the Top-up Sale Shares (as defined below) if necessary, shall not result in the public shareholding in the Target Company falling below the minimum level required for continued listing under Clause 40A of the listing agreement and Rule 19A of the Securities Contract (Regulation) Rules, 1957, as amended.
7. The Offer is not conditional on any minimum level of acceptance by the Public Shareholders and is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
8. The Acquirer and the PAC have not acquired any Equity Share of the Target Company between the date of the PA (i.e. March 04, 2015) and the date of this LoF.
9. The Offer is subject to receipt of the statutory approvals as enumerated in *paragraph 1* under the section *Statutory and Other Approvals* under *Part VI (Terms and Conditions of the Offer)*. In addition to the statutory approvals enumerated above, the Offer is also subject to the conditions set out under *paragraph 2* in the section *Statutory and Other Approvals* under *Part VI (Terms and Conditions of the Offer)* (all of which are considered to be outside the reasonable control of the Acquirer and the PAC). Please refer the section *Statutory and Other Approvals* under *Part VI (Terms and Conditions of The Offer)* beginning on page 38 of this LoF for further details.
10. In the event that any of the statutory approvals or conditions referred in the above mentioned paragraphs (all of which are considered to be outside the reasonable control of the Acquirer and the PAC) are not met with during the Offer Period (unless any relevant condition is otherwise waived by the Acquirer and/ or the PAC), the Acquirer and/ or the PAC may decide to rescind the Purchase Agreement, and the sale and purchase of Sale Shares under the Purchase Agreement shall not be consummated. In such circumstances, the Acquirer/ PAC shall have the right to withdraw this Offer in terms of Regulation 23 of the SEBI (SAST) Regulations. In the event of such a withdrawal of the Offer during the Offer Period, the Acquirer and the PAC (through the Manager) shall, within 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 SEBI (SAST) Regulations.

### **C. Object of the Acquisition / Offer**

1. The acquisition of equity shares of Pipavav Defence is in accordance with the strategic intent of the Acquirer/ PAC to participate in the Government of India's "Make in India" programme for the defence sector and thereby create long term value for all stakeholders.
2. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer and PAC do not currently have any intention to alienate any material assets of the Target Company or any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise, outside the ordinary course of business, in the succeeding 2 (two) years from the completion of this Offer. The Acquirer and PAC undertake that they will not alienate any material assets of the Target Company or any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise, other than in the ordinary course of business, except in accordance with the applicable provisions of the Companies Act and/ or other laws and/ or with the prior approval of the board of directors and shareholders of the Target Company in terms of Regulation 25(2) of the SEBI (SAST) Regulations, as applicable, during the succeeding 2 (two) years from the completion of this Offer.

### III. BACKGROUND OF THE ACQUIRER AND THE PAC

#### ACQUIRER - RELIANCE DEFENCE SYSTEMS PRIVATE LIMITED

1. Reliance Defence Systems Private Limited, a private limited company, was incorporated on December 20, 2014 under the Companies Act, 2013 and has its registered office at 502, Plot no. 91/94, Prabhat Colony, Santa Cruz (East), Mumbai 400 055, Maharashtra, India.
2. Reliance Defence is a wholly owned subsidiary of Reliance Infra and is part of the Reliance Group (as defined below).
3. Reliance Defence is a special purpose vehicle incorporated with the object and purpose of pursuing opportunities in the defence sector.
4. The Acquirer does not directly or indirectly hold any shares in the Target Company and hence the provisions of Chapter II of Erstwhile Takeover Code and Chapter V of SEBI (SAST) Regulations with respect to the Target Company are not applicable.
5. The paid up equity share capital of Reliance Defence as on the date hereof is Rs. 1,00,000 comprising of 10,000 fully paid up equity shares of Rs. 10 each. The equity shares of Reliance Defence are not listed on any stock exchange in India. The shareholding pattern of Reliance Defence as on the date of this LoF is as follows:

No.	Shareholder's Category	Number of equity shares	% of issued equity share capital
1.	Promoter & Promoter Group	10,000	100.00%
2.	FII's/ Mutual Funds/ FIs/ Banks	-	-
3.	Other Public Shareholders	-	-
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

6. Brief details of the board of directors of the Acquirer are as follows:

Name	D.I.N	Date of Appointment	Qualification & Experience
Shri Sateesh Seth	00004631	December 20, 2014	Shri Sateesh Seth is a Fellow Chartered Accountant and a law graduate. He has vast experience in general management.
Shri Lalit Jalan	00270338	December 20, 2014	Shri Lalit Jalan is a MBA in Finance from the Wharton School and MS in Computer Science from Moore School, University of Pennsylvania. Prior to that, he did his B.Tech from the Indian Institute of Technology (IIT). He was the winner of the Directors' Honours and Dean's list at Wharton. He joined Reliance Industries in 1995 as CEO, Polypropylene Business. In 2009 he featured in the Economic Times elite list of India's 100 Most Powerful CEOs. From 2003 onwards, he has led the metamorphosis of the erstwhile electricity distribution utility BSES to Reliance Infrastructure Limited.
Shri Anthony Jesudasan	00325390	December 20, 2014	Shri Anthony Jesudasan is an MBA. He has been with the Reliance group of companies for more than 25 years.

7. None of the directors of the Acquirer are on the Board of Directors of the Target Company.

8. Brief audited standalone financials of Reliance Defence as at and for the financial year ended March 31, 2015, being its first financial year of operation, extracted from the respective audited standalone financial statements of the said period, are summarized below:

(Figures are in Rupees Crores except for basic and diluted EPS)

Particulars	Year ended March 31, 2015
<b>Standalone Statement of Profit &amp; Loss</b>	
Income from operations	NIL
Other income	NIL
Total income	NIL
Total expenditure (excluding depreciation and interest)	5.48
Profit before depreciation interest and tax	(5.48)
Depreciation and amortization expense	NIL
Interest (Finance Cost)	NIL
Profit before tax and exceptional items	(5.48)
Profit before tax (after exceptional items)	(5.48)
Provision for tax	NIL
Profit after tax (before share of associates and minority interest)	(5.48)
<b>Profit after tax (after share of associates and minority interest)</b>	<b>(5.48)</b>
<b>Standalone Balance Sheet</b>	
<i>Sources of funds</i>	
Paid-up share capital	0.01
Reserves and surplus (excluding revaluation reserves)	(5.48)
<b>Net worth (excluding revaluation reserve)</b>	<b>(5.47)</b>
Minority interest	NIL
Revaluation reserve	NIL
Secured loans	NIL
Unsecured loans	18.11
<b>Total Loans</b>	<b>18.11</b>
Deferred tax	NIL
Other non-current liabilities and provisions	NIL
<b>Grand Total</b>	<b>12.64</b>
<i>Uses of Funds</i>	
Net Fixed Assets	NIL
Investments	NIL
Long term loans and advances	NIL
Other non-current assets	NIL
Net current assets	12.64
Total miscellaneous expenditure not written off	NIL
<b>Grand Total</b>	<b>12.64</b>

9. Status of Corporate Governance: Acquirer is an unlisted entity and thus, is not governed by the requirements prescribed in Clause 49 of the Listing Agreement relating to corporate governance compliance.
10. Being an unlisted entity, the Acquirer is not required to appoint a Compliance Officer.

#### **PAC – Reliance Infrastructure Limited**

1. Reliance Infra is a public limited company incorporated under the Indian Companies Act, 1913. The registered office of the company is located at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra, India. Reliance Infra was incorporated on October 1, 1929 under the Indian Companies Act, 1913, as Bombay Suburban Electric Supply Limited. It changed its name on December 23, 1992 to BSES Limited. Its name was changed from BSES Limited to Reliance Energy Limited with effect from February 24, 2004, following the acquisition of the management and control of BSES Limited on February 15, 2003. As the company expanded its portfolio of urban infrastructure development projects, on April 28, 2008, the name of the company was changed from Reliance Energy Limited to Reliance Infrastructure Limited.
2. Reliance Infra is a part of the Reliance Group. The Reliance Group, presently led by Mr Anil D. Ambani, is one of India’s prominent business house with interests in diverse businesses such as telecommunication, financial services, mutual funds, insurance, power, infrastructure, etc.
3. Reliance Infra is a utility company having presence across the value chain of power businesses i.e. generation, transmission, distribution and trading of power and also in erection, procurement and construction (EPC) business. It also has a presence in the infrastructure space including operating and developing roads, metro rail, cement, airport and real estate.
4. The issued, subscribed and paid up capital of Reliance Infra as at March 31, 2015 was Rs. 263.03 crores. The break-up of the same as disclosed in the consolidated financial statements in the annual report of Reliance Infra for FY 2014-15 is as follows:

<b>Subscribed and Fully Paid-up</b>	<b>Amount (Rs. Crores)</b>
26,29,90,000 Equity Shares of Rs. 10 each fully paid-up	262.99
Add: 3,54,479 Forfeited shares- amounts originally paid-up	0.04
Less: 4,50,000 Shares held by R Infra ESOS Trust*	-
<b>Total</b>	<b>263.03</b>

\* During the previous year ended March 31, 2014, the Parent Company had consolidated the financial statements of R Infra ESOS Trust with its Standalone Financial Statements in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (“ICAI”). Consequently, the paid up share capital and securities premium account of the Parent Company as at March 31, 2014 were disclosed net of Rs. 0.45 Crore and Rs. 36.40 Crore respectively, being the value of 4,50,000 equity shares held by the trust. However, pursuant to revised guidelines issued by SEBI (Share based Employee Benefits) Regulations, 2014 dated October 28, 2014, the accounting for share based schemes shall be done in accordance with the requirements of Guidance Note on Accounting for Employee Share-based payments issued by The Institute of Chartered Accountants of India (ICAI). Accordingly, the advance given by the Parent Company to the trust amounting to Rs. 36.85 Crore towards purchase of 4,50,000 equity shares of the Parent Company from the secondary market, has been shown under short term loans and advances.

5. The equity shares of Reliance Infra are listed on the National Stock Exchange of India Limited (the “NSE”) and the BSE Limited (the “BSE”). Reliance Infra’s global depository receipts (“GDRs”) are listed on the London Stock Exchange. The shareholding pattern of Reliance Infra as on September 30, 2015 is as follows:

Sr. No.	Shareholder's Category	Number of equity shares	% of issued equity share capital <sup>#</sup>
1.	Promoter & Promoter Group	12,76,27,036	48.53
2.	FII's/ Mutual Funds/ FI's/ Banks/Insurance Companies/ Central Government / State Government(s)	9,36,17,659	35.60
3.	Other Public Shareholders <sup>#</sup>	4,17,45,305	15.87
	<b>Total</b>	<b>26,29,90,000</b>	<b>100.00</b>

Source: BSE website

# Includes shares held by Custodians and against which Depository Receipts have been issued.

The following are the details of the shareholding of the promoter and promoter group in Reliance Infra as at September 30, 2015:

Shareholder	Number of equity shares	% of issued equity share capital <sup>#</sup>
Reliance Project Ventures and Management Private Limited	10,61,48,937	40.36
Reliance Big Private Limited	1,95,00,000	7.41
Reliance Innoventures Private Limited	8,64,675	0.33
Reliance ADA Group Trustees Private Limited *	4,50,000	0.17
Kokila D Ambani	2,74,937	0.10
Anil D Ambani	1,39,437	0.05
Jaianmol A Ambani	1,25,231	0.05
Tina A Ambani	1,23,812	0.05
Jaianshul A Ambani	7	0.00
<b>Total</b>	<b>12,76,27,036</b>	<b>48.53</b>

Source: BSE website

\* Held by Reliance ADA Group Trustees Pvt Ltd in its capacity as the Trustees on behalf of Rinfra ESOS Trust.

# Includes shares held by Custodians and against which Global Depository Receipts have been issued.

Brief information of the market prices of Reliance Infra on the Stock Exchanges for the last six months is provided below:

Particulars	BSE		NSE	
	Highest Closing Price (in Rs.)	Lowest Closing Price (in Rs.)	Highest Closing Price (in Rs.)	Lowest Closing Price (in Rs.)
October 2015	396.15	348.45	396.45	348.30
September 2015	355.20	324.10	355.90	322.90
August 2015	427.40	303.50	428.05	299.35
July 2015	426.75	385.25	426.65	385.05
June 2015	409.00	358.05	408.80	357.95
May 2015	455.55	396.50	457.35	396.40

(Source: Stock Exchange data)

6. Reliance Infra does not directly or indirectly hold any shares in the Target Company and hence the provisions of Chapter II of Erstwhile Takeover Code and Chapter V of SEBI (SAST) Regulations with respect to the Target Company are not applicable.
7. Brief details of the board of directors of Reliance Infra are as follows:

Name	D.I.N	Date of Appointment	Qualification and Experience
Shri Anil D. Ambani	00004878	January 18, 2003	<p>Shri Anil Ambani has a master's degree from the Wharton School of the University of Pennsylvania.</p> <p>Shri Ambani is credited with having spearheaded the Reliance Group's first foray into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds.</p> <p>Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad.</p> <p>The Prime Minister of India nominated Shri Ambani as the Co-Chair to represent India in India-China CEO Forum in 2011.</p>
Shri Sateesh Seth	00004631	November 24, 2000	<p>Shri Seth is a Fellow Chartered Accountant and a law graduate.</p> <p>He has vast experience in general management.</p>
Dr Vijay Kumar Chaturvedi	01802454	April 21, 2012	<p>Dr V K Chaturvedi is a gold medalist in mechanical engineering from Vikram University and a post graduate in nuclear engineering from the Bhabha Atomic Research Centre training school.</p> <p>Dr V K Chaturvedi is the former Chairman and Managing Director of Nuclear Power Corporation of India Limited. He has also been a member of the Atomic Energy Commission, Government of India and Chairman, World Association of Nuclear Operators (WANO), Tokyo Centre and also was a Governor in the International WANO Board, London for two years.</p> <p>He has over 46 years of experience in design, construction, commissioning and operation of nuclear power plants. He was conferred the 'Padma Shri' in the year 2001.</p>
Shri Surinder Singh Kohli	00169907	February 14, 2012	<p>Shri Kohli is a B. Sc. In Mechanical Engineering and a Diploma in Industrial Finance.</p> <p>He was the Chairman and Managing Director of India Infrastructure Finance Company Limited.</p> <p>Shri Kohli has a long experience as a banker, spanning over 40 years having held positions of Chairman and Managing Director of Punjab and Sind Bank, Small Industries Development Bank of India and Punjab National Bank.</p>
Shri Krishnaswamy Ravikumar	00119753	August 14, 2012	<p>Shri Ravikumar possesses M.Tech Degree from the Indian Institute of Technology, Chennai and a Post-Graduate Diploma in Business Administration.</p> <p>He was conferred Alumini Awards from the Indian Institute of Technology, Chennai and the National Institute of Information Technology, Trichy and is at</p>

Name	D.I.N	Date of Appointment	Qualification and Experience
			<p>present the Chairman of BOG National Institute of Information Technology, Mizoram.</p> <p>Shri Ravikumar is the former Chairman and Managing Director of Bharat Heavy Electricals Limited, an organization that ranks among the leading companies of the world engaged in the field of power plant equipment</p> <p>His areas of expertise are design and engineering, construction and project management of thermal, hydro, nuclear, gas based power plants and marketing of power projects. He has published a number of research papers in the field of power and electronics.</p>
Ms Ryna Zaiwalla Karani	00116930	September 20, 2014	<p>Ms. Ryna Karani, B.A. and LL.B., is a partner and part of the corporate and commercial team of ALMT Legal, Advocates and Solicitors.</p> <p>She has been a practicing lawyer since 1994 and advising on mergers and acquisitions (M&amp;A), joint ventures, private equity and investment funds on corporate transactions including cross border transactions, banking and finance. She is a member of the Society of Women Lawyers.</p>
Shri Vasudeo Rajaram Galkar	00009177	September 20, 2014	<p>Shri V R Galkar, B.Com, L.LB, FCA, is a practicing Chartered Accountant.</p> <p>He was former Executive Director (Finance) of Life Insurance Corporation of India (LIC). He has vast experience in the field of finance, accounts and audit.</p>
Shri Shiv Prabhat	07319520	November 4, 2015	<p>Shri Shiv Prabhat, joined the Life Insurance Corporation of India (“LIC”) in 1985 and held various positions as Secretary (Marketing) at Central Office, Mumbai and was involved in various strategy formulations of the LIC for business growth and new initiatives. As Regional Manager (Marketing) North Zone, Delhi, he was heading the Marketing Department of North Zone consisting of states of Haryana, Punjab, Rajasthan, Himachal Pradesh and Jammu and Kashmir. He was elevated to the position of Executive Director (Micro Insurance) in April 2015. Micro Insurance is a separate business vertical and one of the Alternate Channels of LIC.</p>

Please note that Shri R R Rai, representative of the Life Insurance Corporation of India (LIC) on the Board of the PAC has tendered his resignation from the board of directors effective from September 12, 2015 consequent to his attaining the age of 65 years, as per the policy of LIC governing his tenure as LIC’s representative on the Board. Further, the PAC has appointed, at its meeting held on November 04, 2015, Shri Shiv Prabhat, Executive Director (Micro Insurance), Life Insurance Corporation of India, as non-executive director on the Board of directors of the PAC. He shall hold office as Director with effect from November 04, 2015 till the date of the next annual general meeting of the PAC.

8. None of the directors of the PAC are on the Board of Directors of the Target Company.
9. Reliance Infra has submitted a corporate governance compliance report for the quarter ended September 30, 2015 to the Stock Exchanges on October 14, 2015 confirming compliance with the provisions of

Clause 49 of the Listing Agreement. The Compliance officer of Reliance Infra is Mr. Ramesh Shenoy, Tel: +91 22 3009 8181, Fax: +91 22 3009 8128.

10. Brief unaudited consolidated financial results as at and for the six months ended September 30, 2015 extracted from the unaudited consolidated financial statements of the said period which have been subjected to limited review, are summarized below:

(Figures are in Rupees Crores except for basic and diluted EPS)

Particulars	Six Months ended September 30, 2015
<b>Consolidated Statement of Profit &amp; Loss</b>	
Income from operations	8,714.69
Other income	955.98
Total income	9,670.67
Total expenditure (excluding depreciation and interest)	7,134.44
Profit before depreciation interest and tax	2,536.23
Depreciation and amortization expense	475.82
Interest (Finance Cost)	1,282.50
Profit before tax and exceptional items	777.91
Profit before tax (after exceptional items)	777.91
Provision for tax	248.10
Profit after tax (before share of associates and minority interest)	529.81
<b>Profit after tax (after share of associates and minority interest)</b>	<b>852.04</b>
<b>Consolidated Balance Sheet</b>	
<b>Sources of funds</b>	
Paid-up share capital	263.03
Reserves and surplus <sup>(2)</sup>	27,577.04
<b>Net worth</b>	<b>27,840.07</b>
Minority interest	157.79
<b>Total Loans<sup>(3)</sup></b>	<b>24,645.41</b>
Deferred tax	335.34
Other non-current liabilities and provisions	3,216.73
<b>Grand Total</b>	<b>56,195.34</b>
Net Fixed Assets	23,580.55
Goodwill	58.85
Investments <sup>(4)</sup>	18,439.24
Long term loans and advances	870.65
Other non-current assets	7,864.70
Net current assets <sup>(5)</sup>	5,381.35
Total miscellaneous expenditure not written off	NIL
<b>Grand Total</b>	<b>56,195.34</b>
Basic and diluted EPS in Rs. <sup>(1)</sup>	32.29

<sup>(1)</sup> Not annualized

<sup>(2)</sup> Includes Revaluation Reserve. The amount of revaluation reserve as at September 30, 2015 is not available in the interim unaudited consolidated financial statements as at and for the six months ended September 30, 2015.



<sup>(3)</sup> Includes Long term borrowings and Short term borrowings. The breakup of borrowings into secured loans and unsecured loans as at September 30, 2015 is not available in the interim unaudited consolidated financial statements as at and for the six months ended September 30, 2015

<sup>(4)</sup> Investments = Non-current investments + Current investments

<sup>(5)</sup> Net Current assets = Current Assets (excluding current investments) minus Current Liabilities (excluding Short Term Borrowings)

Source: The interim consolidated financial information set forth above has been extracted from Reliance Infra's interim unaudited consolidated financial statements as at and for the six months ended September 30, 2015 which have been subjected to limited review by the statutory auditor of Reliance Infra.

11. Brief audited consolidated financials of Reliance Infra as at and for the financial years ended March 31, 2015, March 31, 2014 and March 31, 2013 extracted from the audited consolidated financial statements of the said period, are summarized below:

(Figures are in Rupees Crores except for basic and diluted EPS)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
<b>Consolidated Statement of Profit &amp; Loss</b>			
Income from operations	17,198.46	19,033.68	22,374.52
Other income	1,653.14	1,265.05	1,058.46
Total income	18,851.60	20,298.73	23,432.98
Total expenditure (excluding depreciation and interest)	14,287.82	16,227.81	19,415.91
Profit before depreciation interest and tax	4,563.78	4,070.92	4,017.07
Depreciation and amortization expense	832.83	534.08	551.10
Interest (Finance Cost)	2,347.32	1,696.07	1,687.43
Profit before tax and exceptional items	1,383.63	1,840.77	1,778.54
Profit before tax (after exceptional items)	1,383.63	1,840.77	2,161.34
Provision for tax	69.97	274.33	202.64
Profit after tax (before share of associates and minority interest)	1,313.66	1,566.44	1,958.7
<b>Profit after tax (after share of associates and minority interest)</b>	<b>1,800.18</b>	<b>1,913.67</b>	<b>2,246.83</b>
<b>Consolidated Balance Sheet</b>			
<b>Sources of funds</b>			
Paid-up share capital	263.03	262.58	263.03
Reserves and surplus (excluding revaluation reserves)	25,908.55	25,658.16	24,918.36
<b>Net worth (excluding revaluation reserve)</b>	<b>26,171.58</b>	<b>25,920.74</b>	<b>25,181.39</b>
Minority interest	192.37	252.43	231.22
Revaluation reserve	802.89	1,222.7	939.62
Secured loans	21,510.32	20,594.39	17,739.11
Unsecured loans	4,312.60	3,889.72	3,726.18
<b>Total Loans</b>	<b>25,822.92</b>	<b>24,484.11</b>	<b>21,465.29</b>

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Deferred tax	310.01	506.72	565.23
Other non-current liabilities and provisions	3,453.65	3,435.71	3,951.58
<b>Grand Total</b>	<b>56,753.42</b>	<b>55,822.41</b>	<b>52,334.33</b>
<b>Uses of Funds</b>			
Net Fixed Assets	22,927.06	21,606.99	21,257.09
Investments <sup>(1)</sup>	17,617.98	18,280.43	12,968.23
Long term loans and advances	905.23	2,497.05	2,347.78
Other non-current assets	8,074.30	7,637.33	9,521.68
Net current assets <sup>(2)</sup>	7,228.85	5,800.61	6,239.55
Total miscellaneous expenditure not written off	NIL	NIL	NIL
<b>Grand Total</b>	<b>56,753.42</b>	<b>55,822.41</b>	<b>52,334.33</b>
<b>Other financial data</b>			
Dividend (%)	80%	75%	74%
Basic and diluted EPS in Rs.	68.45	72.77	85.42

<sup>(1)</sup>Investments = Non-current investments + Current investments

<sup>(2)</sup>Net Current assets = Current Assets (excluding current investments) minus Trade Payables minus Short Term Provisions minus Short term borrowing relating to share in joint ventures minus Other Current Liabilities (excluding current maturities of long term debt)

Source: The consolidated financial information set forth above (i) for the financial year ended March 31, 2015 has been extracted from Reliance Infra's audited consolidated financial statements as at and for the year ended March 31, 2015 audited by the statutory auditor of the PAC (ii) for the financial years ended March 31, 2014 and March 31, 2013 has been extracted from Reliance Infra's audited consolidated financial statements as at and for the year ended March 31, 2014 audited by the statutory auditor of the PAC.

### Contingent liabilities as at March 31, 2015

S No	Contingent liabilities	Amount in Rs. crore
i)	Counter guarantees given to banks against guarantees issued by the banks on behalf of the Group	65.71
ii)	Corporate guarantees given to banks and other parties in respect of subsidiaries, associates and other body corporate	757.64
iii)	Claims against the Group not acknowledged as debts and under litigation	3,093.28
	These include -	
	a. Claims from suppliers	707.04
	b. Income tax/ Wealth Tax claims	417.16
	c. Indirect tax Claims	425.44
	d. Claims from consumers	16.01
	e. Claims by MMRDA for delay in achieving milestone	1,175.83
	f. Other claims (In case of GFTL, interest revision due to reset of interest by few lenders under consortium is pending and presently the amount is not ascertainable)	351.80
	Including Share in Joint Ventures	316.12

<b>S No</b>	<b>Contingent liabilities</b>	<b>Amount in Rs. crore</b>
iv)	The Parent Company's application for compounding in respect of its ECB of USD 360 million has been deemed by the Reserve Bank of India (RBI) as never to have been made subsequent to the withdrawal of the compounding application. Accordingly, there is no liability in respect of the compounding fee of Rs. 124.68 Crore earlier specified by RBI. Subsequent to the withdrawal of the compounding application, the matter has been referred to the Enforcement Directorate where the same is still pending.	
v)	In case of MMOPL; a) The Municipal Corporation of Greater Mumbai (MCGM) denied the exemption to MMOPL from payment of municipal taxes and octroi. MMOPL has, based on a writ petition filed with the High Court of Bombay, received an interim order restraining MCGM from recovering any municipal taxes and octroi. The amount, if any, payable in this regard is not presently ascertainable. b) Pursuant to the directions of the High Court of Bombay, the Central Government constituted the Fare Fixation Committee for recommending the fare to be charged to passengers on the Mumbai Metro. Further in relation to a special leave petition filed by the MMRDA, the Supreme Court of India has, in the interim, permitted MMOPL to charge fare at rates determined by MMOPL's management. The liability, if any, that may arise when the matter is settled cannot at present be ascertained.	
vi)	BRPL and BYPL had announced Special Voluntary Retirement Scheme (SVRS). The Companies had taken a stand that terminal benefit to SVRS retirees was the responsibility of Delhi Vidyut Board (DVB) Employees Terminal Benefits Fund -2002 Trust (DVB ETBF - 2002) and the amount was not payable by the companies, which however was contended by DVB ETBF 2002. The Companies filed a writ petition in High Court of Delhi which provided two options. Both Companies had taken the option that DVB ETF Trust to pay the terminal benefits of the SVRS optees on reimbursement by Discoms of 'Additional Contribution' required on account of premature payout by the Trust which shall be computed by an Arbitral Tribunal of Actuaries whereas the liability to pay residual pension i.e. monthly pension be borne by respective Companies Pending computation of the additional contribution, if any, by the Arbitral Tribunal of Actuaries and the final decision in the matter by the Hon'ble High Court of Delhi, both companies have paid leave encashment, gratuity and commuted pension amounting to Rs. 64.71 Crore and Rs. 45.24 Crore, respectively. The interest amounting to Rs. 20.24 Crore and Rs. 14.33 Crore on the delayed payment has also been paid during the year 2008-09. The net recoverable amount has been shown under Long Term/Short Term Loans and Advances. DERC has approved the aforesaid retiral pension in its Annual Revenue Requirement (ARR) and the same has been charged to Statement of Profit and Loss. The final impact on the financial statements in addition to the aforesaid amounts will be determined when the final order is received.	
<b>S No</b>	<b>Capital and other Commitments:</b>	<b>Amount in Rs. crore</b>
i)	Estimated amount of contracts remaining unexecuted on capital account and not provided for	3,156.36
	- including share in joint ventures	58.51
ii)	Uncalled liability on partly paid shares	10.70
The Parent Company has given equity / fund support for setting up of projects / cost overrun in respect of various infrastructure and power projects being set up by the Group, the amounts of which currently are not ascertainable.		
Acquisition of Pipavav Defence Offshore Engineering Company Limited through open offer		
Proportionate share of claims not acknowledged as debt and other contingent liabilities in respect of associate companies amounts to Rs. 1,148.98 Crore and share of capital and other commitments amounts to Rs. 20,318.18 Crore.		

Source: The information set forth above has been extracted from Reliance Infra's audited consolidated financial statements as at and for the year ended March 31, 2015 audited by the statutory auditor of the PAC

Note:

- 1) The Group for the above purposes means Reliance Infra and its subsidiaries, jointly controlled entities and associate companies
- 2) The Parent Company refers to Reliance Infra

#### IV. BACKGROUND OF THE TARGET COMPANY

1. Pipavav Defence, a public limited company, was incorporated as Pipavav Ship Dismantling and Engineering Limited on October 17, 1997 under the Companies Act, 1956. On April 29, 2005, the name of the company was changed to Pipavav Shipyard Limited. Subsequently, on June 27, 2011, its name was changed to Pipavav Defence and Offshore Engineering Company Limited. The registered office of Pipavav Defence is located at Pipavav Port, Post Uchaya, Via Rajula, Rajula, Gujarat 365 560, India, Tel: +91 2794 661000.
2. Pipavav Defence is one of India's major private sector defence companies. It was the first Indian shipbuilding company to receive a defence production license and orders from the Indian Navy and Indian Coast Guard for building warships. Pipavav Defence operates in the following business segments:
  - a. **Defence Shipbuilding:** Pipavav Defence is executing orders for constructing Naval Offshore Patrol Vessels, Cadet Training Ship and Fast Patrol Vessels from Indian Navy and Coast Guard.
  - b. **Commercial Shipbuilding:** Pipavav Defence is executing orders for constructing Panamax Vessels and Offshore Support Vessels.
  - c. **Offshore Construction & Refurbishment:** Pipavav Defence is executing orders for refurbishment of two large rigs.
  - d. **Heavy Engineering:** Pipavav Defence has the capability to fabricate, assemble and erect heavy engineering structures like cranes, boilers, casings, etc.
  - e. **Defence Systems:** Pipavav Defence is a qualified vendor to the Indian Navy for Combat Management Systems and to the Coast Guard for Integrated Platform Management Systems and Integrated Bridge System. Additionally, the company has received licenses for the production of Missiles, Torpedoes, Sensors and UAVs.
  - f. **Army:** Pipavav Defence has received a license for the manufacture of Tanks, Light Armored Vehicles and Medium/Light Artillery Guns/Howitzers. It has also applied for a license for the production of 20-203 MM caliber ammunition.
  - g. **Aerospace:** One of the wholly owned subsidiaries of Pipavav Defence has applied for licenses to manufacture and repair Aircraft for the Defence services.
3. The issued and paid up capital of Pipavav Defence is 73,62,06,269 equity shares of face value of Rs.10 each aggregating to Rs. 7,36,20,62,690. There are no outstanding convertible instruments of Pipavav Defence as of the date of this LoF. The share capital structure of Pipavav Defence as of the date of this LoF is provided below:

<b>Paid up equity shares</b>	<b>No. of equity shares/ Voting rights</b>	<b>% shares/ voting rights</b>
Fully paid up equity shares	73,62,06,269	100%
Partly paid up equity shares	-	-
Total paid up equity shares	73,62,06,269	100%
Total voting rights in Target Company	73,62,06,269	100%

4. The equity shares of Pipavav Defence are listed on each of the BSE (Scrip ID: PIPAVAVDOC; Scrip Code: 533107) and NSE (Symbol: PIPAVAVDOC) bearing ISIN: INE542F01012. There has been no suspension of trading of the Equity Shares on the Stock Exchanges. As of the date of this LoF, there are no equity shares of Pipavav Defence which are not listed either on the BSE or the NSE.
5. The details of the board of directors of Pipavav Defence are provided below:

Name of the director	Designation	Date of appointment
Mr. Nikhil Prataprai Gandhi	Non - Executive Director and Chairman	October 17, 1997
Mr. Bhavesh Prataprai Gandhi	Whole-time Director, designated as Executive Vice-Chairman	December 30, 2005
Mr. Samar Ballav Mohapatra	Independent Director	May 30, 2008
Mr. Ramunni Menon Premkumar	Independent Director	October 15, 2007
Mr. Alexander John Joseph	Independent Director	October 1, 2014
Mr. Ajai Vikram Singh	Independent Director	May 30, 2008
Ms. Comal Ramachandran Gayathri	Independent Director	October 1, 2014
Ms. Padmaja Bhaskaran	Nominee Director (LIC of India)	February 13, 2015
Mr. Ajay Sharma	Nominee Director (IDBI Bank)	October 31, 2014

6. None of the above mentioned directors of the Target Company represent the Acquirer/PAC.
7. There have been no merger/de-merger or spin off involving the Target Company during the last three years.
8. Brief unaudited standalone financials as at and for the six months ended September 30, 2015 extracted from the unaudited standalone financial statements of the said period which have been subjected to limited review, are summarized below:

*(Figures are in Rupees Crores except for basic and diluted EPS)*

Particulars	Six Months ended September 30, 2015
	Standalone
<b>Statement of Profit &amp; Loss</b>	
Income from operations	160.98
Other income	14.66
<b>Total income</b>	<b>175.64</b>
Total expenditure (excluding depreciation and interest)	178.68
Profit before depreciation interest and tax	(3.04)
Depreciation and amortization expense	107.06
Interest (Finance Cost)	230.18
Profit before tax	(340.28)
Provision for tax (Including deferred tax credit)	2.79
Profit after tax (before share of associates)	(337.49)
<b>Profit after tax (after share of associates)</b>	Not Available
<b>Balance Sheet</b>	
<i>Sources of funds</i>	

Particulars	Six Months ended September 30, 2015
	Standalone
Paid-up share capital	736.21
Reserves and surplus	1,470.49
<b>Net worth</b>	<b>2,206.70</b>
<b>Total Loans<sup>(2)</sup></b>	<b>6,883.84</b>
Deferred tax	NIL
Other non-current liabilities & provisions	60.71
<b>Grand Total</b>	<b>9,151.25</b>
<b>Uses of Funds</b>	
Net Fixed Assets	8,935.65
Investments	20.87
Long term loans & advances	355.15
Net current assets <sup>(4)</sup>	(160.42)
Total miscellaneous expenditure not written off	NIL
<b>Grand Total</b>	<b>9,151.25</b>
<b>Other financial data</b>	
Dividend (%)	Nil
Basic and diluted EPS (Rs.) <sup>(1)</sup>	(4.58)

Notes:

1. Not Annualised
2. Includes Long Term Borrowings and Short term Borrowings. The break-up of borrowings into secured and unsecured loans is not available in the interim unaudited standalone financial statements as at and for the six months ended September 30, 2015 of the Target Company
3. Please note that Unaudited Standalone Financials Statements for six months ended / as at September 30 2015 are prepared based on the Ind AS adopted and hence are not comparable with previous years' audited numbers.

Source: The interim standalone financial information set forth above has been extracted from Pipavav Defence's interim unaudited standalone financial statements as at and for the six months ended September 30, 2015 which have been subjected to limited review by the statutory auditor of the Target Company.

9. Brief audited consolidated financials of Pipavav Defence as at and for the financial years ended March 31, 2015, March 31, 2014 and March 31, 2013 extracted from the audited consolidated financial statements and, are summarized below:

(Figures are in Rupees Crores except for basic and diluted EPS)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
	Consolidated	Consolidated	Consolidated
<b>Statement of Profit &amp; Loss</b>			
Income from operations	911.51	2,533.68	2,586.47
Other income	31.51	39.03	26.58
Total income	943.02	2,572.71	2,613.05

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
	Consolidated	Consolidated	Consolidated
Total expenditure (excluding depreciation and interest)	808.50	1,908.14	2,042.22
Profit before depreciation interest and tax	134.52	664.57	570.83
Depreciation and amortization expense	137.81	166.46	127.21
Interest (Finance Cost)	486.89	477.47	398.78
Profit before tax	(490.18)	20.64	44.84
Provision for tax (Including deferred tax credit)	91.51	(18.00)	(13.77)
Profit after tax (before share of associates)	(398.67)	2.64	31.07
<b>Profit after tax (after share of associates)</b>	<b>(398.55)</b>	<b>2.72</b>	<b>31.09</b>
<b>Balance Sheet</b>			
<i>Sources of funds</i>			
Paid-up share capital	736.21	736.21	701.20
Reserves and surplus	1,206.95	1,606.83	1,356.25
Monies received against Convertible Share Warrants	NIL	NIL	20.47
<b>Net worth</b>	<b>1,943.16</b>	<b>2,343.04</b>	<b>2,077.92</b>
Secured loans <sup>(1)</sup>	5,820.10	4,107.27	3,530.96
Unsecured loans <sup>(2)</sup>	1,072.97	1,419.88	1,442.89
<b>Total Loans</b>	<b>6,893.07</b>	<b>5,527.15</b>	<b>4,973.85</b>
Deferred tax	6.55	98.96	80.95
Other non-current liabilities & provisions	60.35	150.54	148.52
<b>Grand Total</b>	<b>8,903.13</b>	<b>8,119.69</b>	<b>7,281.24</b>
<i>Uses of Funds</i>			
Net Fixed Assets	7,315.27	6,072.50	5,048.06
Goodwill on Consolidation	10.19	10.18	10.18
Investments <sup>(3)</sup>	301.69	1.88	6.30
Long term loans & advances	440.84	794.81	602.66
Net current assets <sup>(4)</sup>	835.14	1,240.32	1,614.04
Total miscellaneous expenditure not written off	NIL	NIL	NIL
<b>Grand Total</b>	<b>8,903.13</b>	<b>8,119.69</b>	<b>7,281.24</b>
<b>Other financial data</b>			

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
	Consolidated	Consolidated	Consolidated
Dividend (%)	Nil	Nil	Nil
Basic and diluted EPS (Rs.)	(5.41)	0.04	0.45
Return on net worth	N.A.	0.12%	1.50%
Book value per Equity Share	26.39	31.83	29.63

Notes:

1. Secured Loans includes Secured Long term borrowings (including Current Maturities) and short term borrowings
4. Unsecured Loans includes Unsecured Long term (including current maturities) and short term borrowings
5. Investments includes both Non-Current Investments and Current Investments
6. Net Current Assets = Current Assets minus Current Liabilities (excluding Short term Borrowings and current maturities of long term debt)

Source: The consolidated financial information set forth above (i) for the financial year ended March 31, 2015 has been extracted from Pipavav Defence's audited consolidated financial statements as at and for the year ended March 31, 2015 audited by the statutory auditor of the Target Company; and (ii) for the financial years ended March 31, 2014 and March 31, 2013 has been extracted from Pipavav Defence's audited consolidated financial statements as at and for the year ended March 31, 2014 audited by the statutory auditor of the Target Company.

10. Shareholding pattern of the Target Company pre and post Offer is provided below:

Shareholder Category	Shareholding and voting rights prior to the agreement / acquisition and open offer (A)		Shareholding & voting rights to be acquired / (sold) under the agreement (B)		Shares / voting rights to be acquired / (sold) in open offer (assuming full acceptance) (C)		Shareholding / voting rights after the acquisition and offer (D) = (A) + (B) + (C)	
	No.	%	No.	%	No.	%	No.	%
<b>(1) Promoter Group (to cease to be classified as promoters post the underlying transaction)</b>								
SIL <sup>(2)</sup>	25,01,86,648	33.98	<b>(13,00,00,000)</b>	<b>(17.66)</b>	Nil	Nil	<b>18,09,13,828<sup>(4)</sup></b>	<b>24.57<sup>(4)</sup></b>
SSHPL <sup>(2)</sup>	3,83,77,686	5.21			Nil	Nil		
Grevek <sup>(2)</sup>	2,23,49,494	3.04			Nil	Nil		
<b>Total (1)</b>	<b>31,09,13,828</b>	<b>42.23<sup>(5)</sup></b>			<b>Nil</b>	<b>Nil</b>		
<b>(2) Acquirer and PAC<sup>(3)</sup> (to be classified as promoters post the underlying transaction)</b>	<b>Nil</b>	<b>Nil</b>	<b>13,00,00,000</b>	<b>17.66</b>	<b>19,14,13,630</b>	<b>26.00</b>	<b>32,14,13,630<sup>(4)</sup></b>	<b>43.66<sup>(4)</sup></b>
Parties to the PA other than (1) and (2) above	Nil	Nil	-	-	Nil	Nil	Nil	Nil
<b>(3) Public (Other than parties to the agreement, Acquirer and PAC) <sup>(1)</sup></b>			<b>NIL</b>	<b>NIL</b>	<b>(19,14,13,630)</b>	<b>(26.00)</b>	<b>23,38,78,811</b>	<b>31.77</b>
a. FIs/ MFs/ FII/s/ Banks/ Insurance Companies	12,61,13,348	17.13	<b>NIL</b>	<b>NIL</b>	NA	NA	NA	NA
b. Others	29,91,79,093	40.64	<b>NIL</b>	<b>NIL</b>	NA	NA	NA	NA
<b>Total (3.a + 3.b)</b>	<b>42,52,92,441<sup>(1)</sup></b>	<b>57.77</b>	<b>NIL</b>	<b>NIL</b>	<b>(19,14,13,630)</b>	<b>(26.00)</b>	<b>23,38,78,811</b>	<b>31.77</b>
<b>Grand Total (1)+(2)+(3)</b>	<b>73,62,06,269</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,62,06,269</b>	<b>100.00</b>

Notes



- (1) The pre Offer shareholding of the Target Company is as on November 13, 2015. The total number of shareholders in the public category were 96,497 as on September 30, 2015.
- (2) On completion of the purchase of Sales Shares by the Acquirer and/or the PAC, the Founder Promoters shall cease to be categorized as "Promoters" of the Target Company and cease to have day to day control over the management of the Target Company.
- (3) On completion of the purchase of Sales Shares by the Acquirer and/or the PAC, the Acquirer and/or the PAC shall be categorized as "Promoters" of the Target Company after the completion of the purchase of the Sale Shares by the Acquirer.
- (4) In case no equity shares are tendered in the Offer, in terms of the Purchase Agreement and subject to the terms contained therein, 5,47,87,774 additional equity shares constituting 7.44% of the paid-up equity share capital of the Target Company will be acquired from the Sellers, and the shareholding of the Acquirer/ PAC will be 18,47,87,774 equity shares constituting 25.10% of the Voting Share Capital of the Target Company and the shareholding of the Sellers will be 12,61,26,054 equity shares constituting 17.13% of the Voting Share Capital of the Target Company.
- (5)

Particulars	As on the date of the DLoF i.e. March 18, 2015	As on December 31, 2014
<b>Total Encumbered Shares of Promoters (as a % of total equity capital)</b>	<b>42.11%</b>	<b>44.35%</b>
Of Which:		
Shares encumbered for Loans availed by the Target Company & its subsidiaries (as a % of total equity capital)	24.40%	24.40%
Shares encumbered for borrowing of Promoter Group Companies (as a % of total equity capital)	17.71%	19.95%
<b>Total Unencumbered Shares of Promoters (as a % of total equity capital)</b>	<b>0.15%</b>	<b>0.15%</b>
<b>Total Promoter Holding</b>	<b>42.26%</b>	<b>44.5%</b>

11. Based on the information provided by the Target Company and its Promoters, there have been certain delays in complying with the disclosure requirements pertaining to certain transactions under Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations, 2011. SEBI may initiate appropriate action against the promoters in terms of the Regulations and provisions of SEBI Act for non-compliance of Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations, 2011.

## V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### Justification of Offer Price

1. The equity shares of the Target Company are listed on the BSE and the NSE.
2. The trading turnover in the equity shares based on the trading volumes on the NSE and the BSE during the twelve calendar months preceding the calendar month in which the PA was made (during the period March 01, 2014 to February 28, 2015) ("**Twelve Months Period**") is as given below:

Stock exchange	Traded turnover of equity shares of the Target Company during the Twelve Months Period ("A")	Total number of equity shares of the Target Company during the Twelve Months Period ("B")	Traded turnover % (A/B)
BSE	22,58,62,543	73,62,06,269	30.68%
NSE	66,52,84,946	73,62,06,269	90.37%

(Source: CA certificate dated March 04, 2015 issued by M. S. Sethi & Associates, Chartered Accountants, registration number 109407W)

3. Based on the above, the Equity Shares are frequently traded in terms of the SEBI (SAST) Regulations.
4. The Offer Price of Rs. 66.00 per Offer Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations, being higher than the highest of the following parameters:

SL. No.	Details	Rs.
A	The highest negotiated price per equity share of the Target Company (as per the Purchase Agreement) attracting the obligation of the Open Offer	63.00

B	The volume weighted average price paid or payable per equity share of the Target Company for acquisitions, whether by the Acquirer or by any person acting in concert with the Acquirer, during the fifty two weeks immediately preceding the date of the PA	Not Applicable
C	The highest price paid or payable per equity share of the Target Company for any acquisition, whether by the Acquirer or any person acting in concert with the Acquirer, during the twenty six weeks immediately preceding the date of the PA	Not Applicable
E	The volume weighted average market price per equity share of the Target Company for a period of sixty trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in the equity shares of the Target Company are recorded during such period and such shares being frequently traded	65.71

(Source: CA certificate dated March 04, 2015 issued by M. S. Sethi & Associates, Chartered Accountants, registration number 109407W)

5. Further, in accordance with the SEBI letter dated May 11, 2015, in addition to the offer price mentioned above, the Acquirer and/or the PAC shall pay interest @ 10% per annum per Offer Share for any delay in payment beyond the Scheduled Payment Date (period commencing from the Scheduled Payment Date till the actual date of payment of consideration under the Offer). For the purpose of clarification, it may be noted that the aforesaid interest will be payable to all the successful Public Shareholders, whose Shares are validly tendered and accepted in the Offer. Please refer to the below illustration for computation of interest on the Offer Price. Please note that the interest per Offer Share in the below illustration has been computed assuming the date of payment to be December 31, 2015. In case the payment to successful Public Shareholders is issued prior to December 31, 2015, the interest amount will be re-computed based on actual date of payment and thus will be reduced accordingly.

Illustrative Date of Payment <sup>1</sup>	No. of days of delay beyond the Scheduled Payment Date (period for which interest would be paid) <sup>2</sup>	Interest per Offer Share (Amount in Rs.) <sup>3</sup>
December 31, 2015	199	3.60

<sup>1</sup> Assuming that the date of payment of consideration for Equity Shares validly tendered and accepted in the Offer is December 31, 2015, being the last day by which payment of consideration under the Offer is required to be made by the Acquirer and/or the PAC (Please refer to the Schedule of Activities disclosed on Page 2 of this LOF).

<sup>2</sup> Computation based on the period commencing on the Scheduled Payment Date (Monday, June 15, 2015) and ending on the Illustrative Date of Payment (Thursday, December 31, 2015)

<sup>3</sup> Rounded off upto 2 decimals and Computed as (Offer Price of Rs. 66 x 10% x No. of days of delay beyond the Scheduled Payment Date)/365

6. The Offer Price is subject to revision, if any, pursuant to the SEBI (SAST) Regulations or at the discretion of the Acquirer and the PAC at any time prior to 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 corresponding increases to the escrow amounts, as more particularly set out below in the section **Financial Arrangements**, of this LoF; (ii) make a public announcement in the same newspapers in which the DPS was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision.
7. In the event that the number of equity shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and/or the PAC shall accept the equity shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

### Financial Arrangements

1. The Offer Size is Rs. 12,63,32,99,580 (Rupees One Thousand Two Hundred and Sixty Three Crores Thirty Two Lakhs Ninety Nine Thousand Five Hundred and Eighty only).

2. In accordance with Regulation 17 of the SEBI (SAST) Regulations, an escrow arrangement was created in the form of deposit of frequently traded and freely transferable equity shares with appropriate margin through a pledge agreement dated March 05, 2015 (“**Pledge Agreement**”). Pursuant to the Pledge Agreement, the PAC pledged 4,50,00,000 fully paid up equity shares of face value of Rs.10 each of Reliance Power Limited (“**Initial Pledge Securities**”) in demat mode, having a closing price of Rs. 60.95 per equity share as on March 05, 2015 viz date of creation of pledge (Closing price on BSE, Source: [www.bseindia.com](http://www.bseindia.com)), being in excess of 25% of the value of the Offer Size up to Rs. 500 crores and 10% of the value of the Offer Size beyond Rs. 500 crores payable under the said Open Offer, in favor of JM Financial Institutional Securities Limited, Manager to the Offer. In terms of the Pledge Agreement, the Acquirer and PAC also provided an undertaking to the Manager to ensure that sufficient number of securities would be offered as pledge such that the market value (as defined in such agreement) of all the pledged securities shall be at least 20% in excess of the minimum escrow amount requirement as stipulated under Regulation 17 of the SEBI (SAST) Regulations. Consequently, on account of a decline in the market value of Initial Pledge Securities and to comply with the aforesaid undertaking, the PAC pledged additional 33,00,000 fully paid up equity shares of face value of Rs.10 each of Reliance Power Limited (“**Additional Pledge Securities**”) (Initial Pledge Securities and Additional Pledge Securities, collectively referred to as “**Pledged Securities**”) in demat mode, having a closing price of Rs. 53.65 per equity share as on May 13, 2015 viz date of creation of Additional Pledge (Closing price on BSE, Source: [www.bseindia.com](http://www.bseindia.com)). Subsequently, the Pledge Agreement has been amended vide amendment agreement dated June 23, 2015 (“**Amendment Agreement**”) pursuant to which the Acquirer and PAC have undertaken to fulfill their obligations under Regulation 17 of the SEBI (SAST) Regulations of maintaining the minimum escrow amount along with a margin of 20% in excess of Net Escrow Amount , through pledge of frequently traded and freely transferable equity shares of Reliance Power Limited or an unconditional and irrevocable bank guarantee issued in favour of JM Financial or through a combination thereof. In this regard, Yes Bank Limited (the “**Guarantor**”) having its registered office at Nehru Centre, 9th Floor, Discovery of India, Worli, Mumbai 400 018 and one of its branches at 11/48, Shopping Centre, Diplomatic Enclave, Malcha Market, Chanakyapuri, New Delhi – 110021 has issued an unconditional and irrevocable bank guarantee of Rs. 60 crores (Rupees Sixty Crores only) (“**Bank Guarantee**”) on June 23, 2015 on behalf of the Acquirer/PAC in favour of the Manager. The bank guarantee shall remain valid from the date of its issuance till completion of the Open Offer and an additional period of thirty days after completion of payment of consideration to the shareholders who have tendered their shares in acceptance of the Open Offer but in no event later than 6 months from the date of issuance of the Bank Guarantee. The Acquirer and/or the PAC have undertaken to extend the validity of the Bank Guarantee as may be required in accordance with SEBI (SAST) Regulations based on the request of the Manager to the Offer and accordingly provide instructions immediately to the Guarantor to extend the validity thereof.

The Manager to the Offer has been duly authorized and empowered by the Acquirer and PAC to realise the value of such securities by sale or otherwise and enforce the bank guarantee in terms of Regulation 17 of SEBI (SAST) Regulations. In case of deficit, if any, on realization of value of Pledged Securities or enforcement of Bank Guarantee, the Manager shall make good any such deficit.

3. The Pledged Securities are free of lien/encumbrances. Such Pledged Securities carry voting rights and there has been no agreement to suspend or freeze the voting rights relating to such securities offered as pledge.
4. Based on confirmation provided by Reliance Power Limited, the Pledged Securities are in compliance with the requirements of Regulation 9(2) of the SEBI (SAST) Regulations.
5. The Pledged Securities are held by the PAC and a NOC has been obtained from the PAC for depositing the Pledged Securities in the Escrow Account for the purpose of the Open Offer.

6. In addition to the above, in accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirer and the PAC have opened an escrow account under the name and title of “**Pipavav Defence Open Offer Escrow Account**” (“**Escrow Account**”) with ICICI Bank Limited, a banking company, with its branch office located at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400020, India (the “**Escrow Agent**”) pursuant to an escrow agreement dated March 05, 2015 (“**Escrow Agreement**”) and have made a cash deposit in such Escrow Account of Rs. 12,63,35,000 (Rupees Twelve Crores Sixty Three Lakhs Thirty Five Thousand only) (being in excess of 1% of the total consideration payable under the Offer assuming full acceptance) (“**Cash Escrow**”). In terms of the Escrow Agreement, the Manager has been authorized to operate the Escrow Account in accordance with the SEBI (SAST) Regulations. The Acquirer and the PAC have, after informing the Manager to the Offer in writing, created a fixed deposit linked to the Escrow Account on March 30, 2015. However, the Acquirer and the PAC have unconditionally and irrevocably authorized the Manager to the Offer to liquidate such fixed deposit at any time and realize cash from such fixed deposit in strict compliance with the SEBI (SAST) Regulations and the terms of the Escrow Agreement.
7. Further, the board of directors of Reliance Infra has, vide a resolution dated March 04, 2015, approved, inter alia, to provide financial support to Reliance Defence to enable the acquisition of equity shares of the Target Company under the Purchase Agreement and the Open Offer.
8. M.S. Sethi & Associates, Chartered Accountants, Registration No. 109407W, located at 191-R, Cavel Cross Lane No. 9, 2<sup>nd</sup> Floor, Dr. Viegas Street, Kalbadevi, Mumbai - 400 002, Tel. No. +91 93245 17501, have vide their certificate dated March 04, 2015 certified that, on the basis of (i) a resolution passed by the PAC to provide financial support to the Acquirer for the purpose of the Offer, (ii) Cash and bank balances as well as liquid investments of the PAC, that are committed to be made available for funding the acquisition of shares under the Open Offer; and (iii) available unused credit facilities in favour of the PAC, the Acquirer and PAC collectively have sufficient means and financial capability for the purpose of acquiring in cash up to 19,14,13,630 Offer Shares of the Target Company (being 26 % of the Voting Share Capital of the Target Company) at an Offer Price of Rs. 66.00 per Offer Share for a total consideration of approximately Rs. 12,63,32,99,580 (Rupees One Thousand Two Hundred and Sixty Three Crores Thirty Two Lakhs Ninety Nine Thousand Five Hundred and Eighty only).
9. Based on the above, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer and the PAC to fulfill their obligations in relation to this Offer through verifiable means in accordance with the SEBI (SAST) Regulations.

## **VI. TERMS AND CONDITIONS OF THE OFFER**

### **Operational Terms and Conditions**

1. In terms of the schedule of activities, the Tendering Period for the Offer is expected to commence on Wednesday, December 2, 2015 and is expected to close on Tuesday, December 15, 2015.
2. The Equity Shares offered under this Offer shall be free from all liens, charges, equitable interests and encumbrances and are to be offered together with all rights in respect of dividends or bonuses, if any, declared hereafter.
3. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.
4. This Offer is being made by the Acquirer and the PAC to all the Public Shareholders, whose names appear in the register of members of the Target Company as of the close of business on Tuesday, November 17, 2015 i.e. the Identified Date as per the schedule of activities; (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 Tuesday, November 17, 2015 , i.e. the Identified Date as per the schedule of

activities; 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 but who are not the registered shareholders.

5. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one only).
6. The instructions, authorizations and provisions contained in the form of acceptance cum acknowledgement constitute an integral part of the terms and conditions of this Offer.
7. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.
8. Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. In case the ownership of the Equity Shares is the subject matter of any dispute / litigation, the concerned Public Shareholder shall along with the form of acceptance cum acknowledgement, submit such documents / records including the final orders of the court of competent jurisdiction confirming the said Public Shareholder's legal and beneficial ownership over the Equity Shares so tendered. Where such documents / records are not submitted to the satisfaction of the Acquirer and/or the PAC, the Acquirer and/or PAC may reject the Equity Shares so tendered in this Offer.
9. As on the date of this LoF, following equity shares of the Target Company are locked-in:

Sl. No.	Name of the Shareholder	No. of Equity Shares	Locked-in shares as a % of the total paid up capital
1.	Saab Aktiebolag	2,45,07,881	3.33
<b>Total</b>		<b>2,45,07,881</b>	<b>3.33</b>

Source: Target Company

There shall be no discrimination in the acceptance of locked-in and non-locked-in Equity Shares in the Offer. The residual lock-in period will continue in the hands of the Acquirer/PAC.

#### **Eligibility for accepting the Offer**

1. The LoF shall be sent to all Public Shareholders holding Equity Shares whose names appear in the register of the Target Company as on Tuesday, November 17, 2015 (the "**Identified Date**"), as per the schedule of activities.
2. All Public Shareholders who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Tendering Period are eligible to participate in this Offer.
3. The PA, the DPS, the DLoF, the LoF and the form of acceptance cum acknowledgement will also be available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)). In case of non-receipt of the LoF, Public Shareholders, including those who have acquired Equity Shares after the Identified Date, if they so desire, may download the LoF or the form of acceptance cum acknowledgement from SEBI's website.
4. The acceptance of this Offer by Public Shareholders must be absolute and unqualified. Any acceptance to this Offer which is conditional whether implicit or explicit or incomplete in any respect will be rejected without assigning any reason whatsoever.
5. The acceptance of this Offer is entirely at the discretion of the Public Shareholder(s) of the Target Company.

6. None of the Acquirer, the PAC, the Manager to the Offer or the Registrar to the Offer accepts any responsibility for any loss of equity share certificates, offer acceptance forms, share transfer forms etc. during transit and Public Shareholders are advised to adequately safeguard their interest in this regard.
7. The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer and/or the PAC in consultation with the Manager to the Offer.
8. The instructions, authorizations and provisions contained in the form of acceptance cum acknowledgement constitute part of the terms of the Offer.

### **Statutory and Other approvals**

- 1) The acquisition of the Offer Shares in the Offer is subject to the following statutory approvals (the “**Statutory Approvals**”):
  - Final approval from the CCI; and
  - Final approval from the Gujarat Maritime Board.

The CCI, vide its order dated April 20, 2015, has approved the proposed combination.

Furthermore, the Target Company has made an application dated April 7, 2015 to the Gujarat Maritime Board. Subsequent to the afore mentioned application filed by the Target Company and letter dated August 12, 2015 received from the Gujarat Maritime Board, the Acquirer, vide letter dated August 20, 2015 to the Gujarat Maritime Board, had sought, inter alia, the following approvals from the Gujarat Maritime Board: (a) Acquisition of not less than 25.1% equity shares of the Target Company by Reliance Defence Systems Private Limited, being the Acquirer, from the Sellers; (b) Acquisition of control and management over the Target Company, along with the right to appoint a majority of the directors on the Board of the Target Company; (c) Acquisition of upto 26% equity shares of the Target Company from the public shareholders, pursuant to an Open Offer as required under the SEBI (SAST) Regulations. The Gujarat Maritime Board, vide letter dated October 21, 2015 to the Target Company, accorded approval inter alia, for disinvestment of equity holding of 25.1% in the Target Company for direct acquisition by the Acquirer and indirect acquisition by the PAC including appointment of majority directors representing them on the board of the Target Company. Furthermore, the Acquirer vide letter dated August 20, 2015 to the Gujarat Maritime Board had sought approval relating to the validity of lease period in the Sub Concession Agreement (“SCA”). The Gujarat Maritime Board, vide letter dated November 7, 2015 to the Target Company, has communicated the approval to the SCA to be executed between the parties. The Acquirer has accordingly decided to proceed with the Open Offer to the public shareholders of the Target Company.

As of the date of this LoF, to the best of the knowledge of the Acquirer and PAC, there are no other statutory approvals required to complete the Offer other than as set out hereinabove. In case of any statutory or other approvals are required at a later date prior to the completion of the Offer, this Offer shall be subject to such approvals and the Acquirer/ PAC shall make the necessary applications for such statutory or other approvals.

In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delay in receipt of the requisite statutory 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 approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer and/ or the PAC to delay the commencement of the tendering period for the Offer pending receipt of such statutory approvals or grant an extension of time to the Acquirer and the PAC to make the payment of the consideration to the Public Shareholders whose

Offer Shares have been accepted in the Offer. In this regard, SEBI vide its letter dated May 11, 2015, has advised that the tendering period for the Offer may commence not later than 12 Working Days from the date of the final order from the Competition Commission of India (CCI) and the final approval from the Gujarat Maritime Board, whichever is later, and the payment to all successful Public Shareholders who tender their Equity Shares in the Open Offer, thereafter, may be made within the specified timeframe of 10 Working Days from the last date of the tendering period subject to the Acquirer paying interest @10% p.a. for the said delay.

The Acquirer/ PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event the statutory approvals indicated in this paragraph are finally refused.

- 2) In addition to the statutory approvals mentioned in paragraph 1 hereinabove, the Offer is also subject to the following conditions:
  - i) No change having occurred in the Defense Procurement Procedures (“**DPP**”) leading to any increase in the requirement of the prescribed indigenous content, being 30% to be achieved on an overall cost basis, in the core components and basic equipment;
  - ii) The agreement between the Target Company and the specified lenders (“**CDR Lenders**”) as stipulated under the Corporate Debt Restructuring Scheme of the RBI by the Target Company and the Founder Promoters with the CDR Lenders (“**Master Restructuring Agreement**”) having been executed by all CDR lenders and not having been terminated. As on date, the Acquirer has been informed that the Master Restructuring Agreement has been executed by all the CDR Lenders;
  - iii) The Target Company/ the Founder Promoters having obtained waivers/ approvals from SAAB AB (Publ.) as required in accordance with the Articles of Association of the Target Company in respect of the proposed reduction in the combined shareholding of SIL, SSHPL and Grevek in the Target Company to below 26% pursuant to the transaction, tag along rights in its favour with respect to the sale of Sale Shares to the Acquirer, and for amendment of the Articles of Association of the Target Company to incorporate and reflect the provisions of the Purchase Agreement; and
  - iv) The resolution of the shareholders of the Target Company to approve the adoption of the restated articles of association of the Target Company, incorporating and reflecting the provisions of the Purchase Agreement in agreed form, having been passed by at least three fourths of the votes validly cast in favour of the resolution and a certified copy of such shareholders resolution having been provided to the Acquirer.

In the event that any of the conditions set out hereinabove (all of which are considered to be outside the reasonable control of the Acquirer and the PAC) are not met with during the Offer Period (unless any relevant condition is otherwise waived by the Acquirer and/ or the PAC), the Acquirer and/ or the PAC may decide to rescind the Purchase Agreement, and the sale and purchase of Sale Shares under the Purchase Agreement shall not be consummated. In such circumstances, the Acquirer/ PAC shall have the right to withdraw this Offer in terms of Regulation 23 of the SEBI (SAST) Regulations. In the event of such a withdrawal of the Offer during the Offer Period, the Acquirer and the PAC (through the Manager) shall, within 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 SEBI (SAST) Regulations.

- 3) The consummation of the transaction in the Purchase Agreement is subject to the conditions precedent set out in the Purchase Agreement including under *paragraph 5* under *Part II.A (Details of the Offer – Background to the Offer) beginning on page 12 of this LoF*. If the conditions precedent set out in the Purchase Agreement and outlined under *paragraph 5* under *Part II.A (Details of the Offer – Background to the Offer) beginning on page 12 of this LoF* herein above, are not met with (unless any

relevant condition is otherwise waived by the Acquirer and/ or the PAC), the Acquirer and/ or the PAC may decide to rescind the Purchase Agreement, and the sale and purchase of Sale Shares under the Purchase Agreement shall not be consummated.

- 4) NRIs and OCBs, if any, must obtain all requisite approvals required to tender the Offer Shares held by them, in this Offer (including without limitation the approval from the RBI) and submit such approvals along with the documents required to accept this Offer. Further, if holders of the equity shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Offer Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Offer Shares, 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 PAC reserve the right to reject such equity shares tendered in this Offer.
- 5) Where any statutory approval extends to some but not all of the Public Shareholders, the Acquirer and PAC shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

## VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

1. For the purpose of the Offer, the Registrar to the Offer has opened a special depository account (“**Escrow Demat Account**”) in the name and style of “**Pipavav Open Offer Escrow Demat Account**” with Karvy Stock Broking Limited as the depository participant in NSDL. The DP ID is IN300394 and the Client ID is 19052208.
2. The Offer is made to the Public Shareholders. While the LoF shall be dispatched to the Public Shareholders whose name appears in the register of members as of the Identified Date i.e. Tuesday, November 17, 2015, all Public Shareholders may tender their Equity Shares in the Offer. Accordingly, all Public Shareholders, whether holding Equity Shares in dematerialized form or physical form are eligible to participate in this Offer at any time during the Tendering Period. No indemnity is needed from unregistered Public Shareholders.
3. The Public Shareholders who qualify and who wish to participate in this Offer will have to deliver the relevant documents as mentioned below and such other documents as specified in the LoF at the Registrar to the Offer’s office or at the following collection centres, either by hand delivery or by registered post or by courier between 10.00 a.m. and 4.00 p.m. on any Working Day during the Tendering Period. The documents should not be sent to the Manager, the Acquirer, the PAC or the Target Company.

Sr. No.	Collection Centre	Address of collection centre	Contact person	Phone Number	Fax Number	Email ID	Mode of delivery
1.	Ahmedabad	Karvy Computershare . Pvt Ltd., 201-203, Shail, Opp: Madhusudhan House, Behind Girish Cold Drinks, Off C G Road Ahmedabad - 380 006, India	Mr. Aditya Gupta, Ms. Jagruthi	+91 79 2640 0527 / +91 79 6515 0009	NA	ahmedabad@karvy.com	Hand Delivery



Sr. No.	Collection Centre	Address of collection centre	Contact person	Phone Number	Fax Number	Email ID	Mode of delivery
2.	Bengaluru	Karvy Computershare Pvt Ltd., No.59, Skanda, Putana Road, Basavanagudi, Bengaluru - 560 004, India	Mr. S K Sharma, Mr. Mahadev	+91 80 2662 1192/ +91 80 2660 6125/ +91 80 6745 3244	+91 80 2662 1169	<a href="mailto:ircbangalore@karvy.com">ircbangalore@karvy.com</a>	Hand Delivery
3.	Chennai	Karvy Computershare Pvt Ltd., No.F11 First Floor, Akshya Plaza New no.108, Adhithanar Salai, Egmore, Chennai - 600 002, India (Land Mark: Opp to Metropolitan court)	Mr.Karhik eyan, Mr.Ramak rishna	+91 44 2858 7781 / +91 44 4202 8513	NA	<a href="mailto:chennaiirc@karvy.com">chennaiirc@karvy.com</a>	Hand Delivery
4.	Hyderabad	Karvy Computershare Pvt Ltd., Karvy Selenium, Tower B, Plot 31-32 Gachibowli, Financial District Nanakramgud, Hyderabad 500 032, India	Mr. Bhakta Singh	+91 40 6716 2222/ +91 40 6716 1500 / +91 40 3321 5124	+91 40 2343 1551	<a href="mailto:ircmadhapur@karvy.com">ircmadhapur@karvy.com</a>	Hand Delivery/ Registered Post/ Courier
5.	Kolkata	Karvy Computershare Pvt Ltd., 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029, India	Mr. Sujit Kundu, Mr. Debnath	+91 33 6619 2841/42	+91 33 2464 4866	<a href="mailto:sujit.kundu@karvy.com">sujit.kundu@karvy.com</a> , nilkanta.debnath@karvy.com	Hand Delivery
6.	Mumbai	Karvy Computershare Pvt Ltd. 24-B, Rajabahudur Mansion, Gr Floor 6 Ambalal	Ms.Nutan Shirke	Board N: +91 22 6623 5454 Irc No:+91 22 6623 5412/27	+91 22 6633 1135	ircfort@karvy.com, nutan.shirke@karvy.com	Hand Delivery/ Registered Post/ Courier

Sr. No.	Collection Centre	Address of collection centre	Contact person	Phone Number	Fax Number	Email ID	Mode of delivery
		Doshi Marg, Behind BSE Ltd, Fort Mumbai-400001, India					
7.	New Delhi	Karvy Computershare Pvt Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place New Delhi - 110 001, India	Mr. Rakesh Kr Jamwal, Mr. Vinod Singh Negi, Mr. J Mathew	+91 11 4368 1700 / 1798	+91 11 4103 6370	<a href="mailto:rakesh.jamwal@karvy.com">rakesh.jamwal@karvy.com</a> , <a href="mailto:john.mathew@karvy.com">john.mathew@karvy.com</a> , <a href="mailto:vinod.negi@karvy.com">vinod.negi@karvy.com</a>	Hand Delivery/ Registered Post Courier

4. Any person who has acquired Equity Shares (irrespective of the date of purchase) but whose name does not appear in the register of members of the Target Company on the Identified Date, or any Public Shareholder who has not received the LoF, may also participate in this Offer by submitting an application on plain paper to the Registrar to the Offer, giving the following details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer –

a. In case of Public Shareholders holding Equity Shares in physical form:

- i) Name(s), addresses and signature of the holder(s)
- ii) Number of Equity Shares being tendered, distinctive number and folio numbers of such Equity shares
- iii) Original share certificates
- iv) Duly stamped transfer forms signed by the transferors, being registered Public Shareholders, in same order and as per the specimen signatures registered with and duly witnessed at the appropriate place. The Public Shareholder can obtain the transfer deed from the Registrar to the Offer.
- v) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable

Please note that in case the aforesaid documents have not been tendered but the original share certificates and valid transfer forms, duly signed, have been tendered, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders

b. In case of Public Shareholders holding Equity Shares in dematerialized form:

- i) Name(s), addresses and signature of the holder(s)
- ii) Number of Equity Shares being tendered, distinctive number and folio numbers of such Equity shares
- iii) A photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant DP.

- iv) The Public Shareholders having their beneficiary account in CDSL must use an inter-depository delivery instruction for the purpose of crediting their Equity Shares in favour of the Escrow Demat Account with NSDL
- v) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable
- vi) The original contract note issued by a registered share broker of a recognized stock exchange through whom such Equity Shares were acquired and/or such other documents as specified in the LoF.

Please note that in case the aforesaid documents have not been tendered but the Equity Shares have been transferred to the Open Offer Escrow Demat Account, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

5. In the event that the number of equity shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and the PAC shall accept the equity shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.
6. Public Shareholders holding Equity Shares in dematerialized form shall deliver the following documents:
  - (i) Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the depository.
  - (ii) A photocopy of the delivery instruction slip in “off-market” mode or counterfoil of the delivery instruction slip in “off-market” mode, duly acknowledged by the relevant DP.
  - (iii) For each delivery instruction, the beneficial owner should submit a separate form of acceptance cum acknowledgement. The Public Shareholders having their beneficiary account in CDSL must use an inter-depository delivery instruction for the purpose of crediting their Equity Shares in favour of the escrow depository account with NSDL. The ISIN number allotted to Equity Shares is INE542F01012. The Public Shareholders who have sent their physical Equity Shares for dematerialization need to ensure that the dematerialization process is completed in sufficient time to ensure that the credit in the Escrow Demat Account is received on or before closure of the Offer.
  - (iv) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable.
  - (v) In case the aforesaid documents have not been tendered but the Equity Shares have been transferred to the Escrow Demat Account, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.
7. Public Shareholders holding the Equity Shares in physical form shall deliver the following documents:
  - (i) Form of acceptance cum acknowledgement, duly completed and signed in accordance with the instructions contained therein by all Public Shareholders whose name appears on the share certificates.
  - (ii) Original share certificates.
  - (iii) Duly stamped transfer forms duly signed by all registered Public Shareholders in same order, as per the specimen signatures registered with the registrar and transfer agent of the Target Company, duly attested by the concerned Public Shareholder’s banker and duly witnessed at the appropriate places.

The Public Shareholder holding Equity Shares in physical form can obtain the transfer deed from the Registrar to the Offer.

- (iv) A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable.
  - (v) In case the aforesaid documents have not been tendered but the original share certificates and valid transfer forms, duly signed, have been tendered, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.
8. It is hereby expressly clarified that the Equity Shares tendered in the Offer by an NRI or erstwhile OCB shareholder of the Target Company will be accepted by the Acquirer/PAC, and any payment of consideration to such shareholders shall be made by the Escrow Agent in consultation with the Acquirer/PAC, Manager and the Registrar to the Offer, only if such NRI or OCB shareholders are in compliance with the conditions laid out in the RBI approval granted to permit such NRI or OCB shareholders to tender shares in the Open Offer (approval to be sought by the NRI/OCB shareholders) and provide all necessary documents as stipulated in the LoF and as required by the Escrow Agent following the closure of the Tendering Period (including but not limited to: (a) RBI approval sought by the NRI or OCB shareholder in its individual capacity to permit the NRI or OCB shareholder to tender shares in the Open Offer; (b) the NRI or OCB shareholder's bank's confirmation that the selling NRI or OCB shareholder is holding the Equity Shares in compliance with extant FEMA regulations; and (c) documents that the Open Offer Escrow Agent may require in its sole opinion (while acting in its capacity of Authorized Dealer Bank) (hereinafter collectively referred as "**NRI/OCB Documentation**"). Notwithstanding anything contained in this LoF, the Acquirer, PAC, the Manager, the Escrow Agent and the Registrar to the Offer shall not have any liability, loss claim, etc. (by whatever name called) in tort, breach of contract, breach of statutory duty or otherwise in the event the Acquirer/PAC in consultation with the Manager, the Registrar to the Offer and the Escrow Agent does not accept the Equity Shares tendered and thereby does not make corresponding payment of such consideration for the want of requisite NRI/OCB Documentation being provided by the NRI or OCB shareholders. It is expressly clarified that the Acquirer, PAC, the Manager, the Open Offer Escrow Agent and the Registrar to the Offer are in no manner responsible to procure such NRI/OCB Documentation from the NRI or OCB shareholders of the Target Company who have tendered their Equity Shares in the Offer.
9. When tendering their Equity Shares in the Offer, Public Shareholders may select an option to receive the payment of Offer consideration through electronic means by indicating in the space provided in the form of acceptance cum acknowledgement. The payment consideration for Equity Shares accepted under the Offer, in such cases, may be made through NECS, Direct Credit, RTGS or NEFT, as applicable, at specified centers where clearing houses are managed by the RBI, wherever possible. In other cases, payment of consideration would be made through demand draft / pay order sent by registered post / speed post. Public Shareholders who opt to receive consideration through electronic means are requested to give the authorization for electronic mode of transfer of funds in the form of acceptance cum acknowledgement, provide the Magnetic Ink Character Recognition / Indian Financial System Code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the form of acceptance cum acknowledgement. In case of joint holders, payments will be made in the name of the first holder.
10. For the purposes of electronic transfer, in case of Public Shareholders opting for electronic payment of consideration and for the purposes of printing on the demand draft / pay-order for the other cases, the bank account details will be taken directly from the Depositories' database, wherever possible. A Public Shareholder tendering Equity Shares in the Offer is deemed to have given consent to obtain the bank account details from the Depositories for this purpose. Only if the required details cannot be obtained from the Depositories' database will the particulars provided by the Public Shareholders be used.

11. For Public Shareholders who do not opt for electronic mode of transfer and for those Public Shareholders whose payment consideration is rejected or not credited through NECS, Direct Credit, RTGS or NEFT (as applicable) due to any technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through speed post / registered post. Such payment consideration will be made by pay orders or demand drafts payable at par at places where the address of the Public Shareholder is registered. It is advised that Public Shareholders provide bank details in the form of acceptance cum acknowledgment, so that the same can be incorporated in the cheque/demand draft/pay order. It will be the responsibility of the tendering Public Shareholders to ensure that correct bank account details are mentioned with the Depositories and in the form of acceptance cum acknowledgment.
12. The Registrar to the Offer will hold in trust the Equity Shares/share certificates, Equity Shares held in credit of the Open Offer Escrow Demat Account, form of acceptance cum acknowledgment, if any, and the transfer form(s) on behalf of the Public Shareholders of the Target Company who have accepted the Open Offer, until the drafts / pay order for the consideration or the unaccepted Equity Shares / share certificates are dispatched / returned vide registered post or payment consideration has been made through electronic modes.
13. In case of rejection of Equity Shares tendered for any reason, the unaccepted original share certificates, transfer forms and other documents, if any, will be returned by registered post at the Public Shareholder's sole risk as per the details provided in the form of acceptance cum acknowledgment. Equity Shares held in dematerialized form, to the extent not accepted, will be returned to the beneficial owner to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner(s) in the form of acceptance cum acknowledgment.

## **Compliance with Tax Requirements**

### **1. General**

- (a) As per the provisions of Section 195(1) of the Income-tax Act, 1961 (“**the Act**”) any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable) at the applicable rate as per the Act. The consideration received by the non-resident Public Shareholders for the Equity Shares accepted in this Offer may be chargeable to tax in India either as capital gains under Section 45 of the Act or as business profits, depending on the facts and circumstances of the case. The Acquirer and / or the PAC is required to deduct tax at source (including surcharge and education cess as applicable) at the applicable rate as per the Act, on such capital gains / business profits.

Further, the Acquirer and / or the PAC is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Act on the payment of any interest (paid for delay in payment of the Offer Price) by the Acquirer and / or the PAC to a non-resident Public Shareholder.

As per Section 194A of the Act, payment of interest, if any, (for delay in payment of Offer consideration) by the Acquirer and / or the PAC to a resident Public Shareholder requires deduction of tax at source (including surcharge and education cess) at the applicable rate as per the Act on such interest (paid for delay in payment of Offer consideration or a part thereof) if amount of interest payable is in excess of Rs. 5,000 (Rupees Five Thousand only).

- (b) Each Public Shareholder shall certify its tax residency status (i.e. whether resident or non-resident) and its tax status (i.e. whether individual, firm, company, association of persons/body of individuals, trust, any other taxable entity). In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer and / or the PAC, it would be assumed that the Public Shareholder is a non-resident Public Shareholder and taxes shall be deducted treating the

Public Shareholder as a non-resident and at the rate as may be applicable, under the Act, to the relevant category to which the Public Shareholder belongs, on the entire consideration and interest if any, payable to such Public Shareholder.

- (c) Any non-resident Public Shareholder claiming benefit under any Double Taxation Avoidance Agreement (“DTAA”) between India and any other foreign country or specified Territory (as notified under Section 90 or Section 90A of the Act) should furnish the Tax Residency Certificate (“TRC”) provided to him/it by the Government of such other foreign country / specified territory of which he/it claims to be a tax resident, which has been inserted as a mandatory requirement by the Finance Act, 2012. In addition, the non-resident Public Shareholder is required in terms of Section 90(5) or Section 90A(5) of the Act to furnish prescribed additional information in the prescribed form (Form 10F). The information that is to be provided in the Form 10F are as follows:
1. Legal status (individual, company, firm, etc.);
  2. Permanent Account Number, if allotted
  3. Nationality of an individual or country/specified territory of incorporation or registration in case of other entities;
  4. The non-resident tax payer’s tax identification number in the country or specified territory of residence and if there is no such number, then, a unique number on the basis of which the non-resident tax payer is identified by the Government of the country or specified territory of which the non-resident taxpayer claims to be a resident;
  5. Period for which the residential status, as mentioned in the TRC, is applicable; and
  6. Address of the non-resident tax payer in the country or specified territory outside India, during the period for which the TRC is applicable.

Further, a non-resident tax payer is required to keep and maintain all documents substantiating the aforesaid information and furnish the same when required by the Indian tax authorities. The particulars already included in the TRC are not required to be furnished separately.

- (d) Any Public Shareholder claiming benefit under DTAA should submit along with the TRC, a certificate for deduction of tax at lower or nil rate from the income-tax authorities and taxes would be deducted by the Acquirer and / or the PAC in accordance with such certificate. In the absence of TRC and a certificate for deduction of tax at lower or nil rate obtained from income tax authorities, the taxes would be deducted at the rates (including surcharge and education cess as applicable) as dealt with in paragraphs 2 and 3, below, for each category of the Public Shareholder(s).
- (e) All Public Shareholders (including Foreign Institutional Investors (“FIIs”)) are required to submit their PAN along with self-attested copy of the PAN card for income-tax purposes. If not, the Acquirer and / or the PAC will arrange to deduct tax at the rate of 20% as per Section 206AA of the Act or at such tax rate (including surcharge and education cess as applicable), as dealt with in paragraphs 2, 3 and 4, below, for each category of the Public Shareholders, whichever is higher. The provisions of Section 206AA of the Act would apply only where there is an obligation to deduct tax at source.
- (f) The Acquirer and / or the PAC will not accept any request from any Public Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower or nil rate, on the basis of any self-computation/computation by any tax consultant, of capital gain or business income and/or interest, if any, and tax payable thereon.

- (g) Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.
- (h) The provisions contained in clause (b) to (g) above are subject to anything contrary contained in paragraphs (2) to (5) below.
- (i) All references to maximum marginal rate include applicable surcharge and education cess, as may be applicable.

**2. Tax Implications in case of non-resident Public Shareholders and foreign Company (other than FIIs)**

- (a) For the purpose of remittance of funds on tendering of Equity Shares under the Open Offer, Non-Resident Indians (“**NRIs**”), Overseas Corporate Bodies (“**OCBs**”), and other non-resident Public Shareholders (excluding FIIs) will be required to submit an **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under Section 195(3) or Section 197 of the Act, indicating the amount of tax to be deducted by the Acquirer and / or the PAC before remitting the consideration. The Acquirer and / or the PAC will arrange to deduct taxes at source in accordance with such **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate.
- (b) In an event of non-submission of **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate, tax will be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Public Shareholder belongs, on the entire consideration amount payable to the Public Shareholders, by the Acquirer and / or the PAC.
- (c) The Acquirer and / or the PAC will not take into consideration any other details and documents (including self-certified computation of tax liability or the computation of tax liability certified by any tax professionals including a chartered accountant, etc.) submitted by the Public Shareholder for deducting a lower amount of tax at source. NRIs, OCBs and other non-resident Public Shareholders (excluding FIIs) holding Equity Shares as capital asset will be required to certify the period of its holding (i.e., whether Equity Shares are held for more than 12 (twelve) months) of Equity Shares.
- (d) In case of interest payments, if any, by the Acquirer and / or the PAC for delay in payment of Offer consideration or a part thereof, if any, the NRIs, OCBs, and other non-resident Public Shareholders (excluding FIIs) will be required to submit a **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under the Act indicating the amount of tax to be deducted by the Acquirer and / or the PAC before remitting the consideration. The Acquirer and / or the PAC will arrange to deduct taxes at source in accordance with such **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate.
- (e) In an event of non-submission of **NOC** or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer and / or the PAC will deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Public Shareholder belongs under the Act on the entire amount payable as interest to such Public Shareholder.
- (f) All NRIs, OCBs and other non-resident Public Shareholders (excluding FIIs) are required to submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Public Shareholder, the Acquirer and / or the PAC will deduct tax at the rate of 20% (as provided under Section 206AA of the Act) or the rate, as may be applicable to the category of the Public Shareholder under the Act, whichever is higher.
- (g) Any NRIs, OCBs and other non-resident Public Shareholders (excluding FIIs) claiming benefit under any DTAA between India and any other foreign country / specified Territory should furnish

the 'Tax Residence Certificate' provided to him/it by the Government of such other foreign country / specified Territory of which it claims to be a tax resident and a self-attested declaration stating that it does not have a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the Act (along with the provisos thereto) or a permanent establishment in India, in terms of Section 92F of the Act as well as the DTAA entered between India and the foreign country/ specified Territory of its tax residence. Further, the Public Shareholder will be required to furnish such other documents and information as prescribed in terms of Section 90(5) or Section 90A(5) of the Act as detailed in paragraph 1(d) under Compliance with Tax Requirements of this LoF. In the absence of such Tax Residence Certificate/certificates/declarations/ information/documents, the Acquirer and/or the PAC will arrange to deduct tax in accordance with the provisions of the Act and without having regard to the provisions of any DTAA.

- (h) *Withholding tax if the shares are held as Investment / Capital Asset:* Every shareholder would be required to declare and certify whether the shares in the Target Company are held by him as Investment / Capital Asset or not. If the shares are held as Investment / Capital Asset and shareholder certifies to that effect in the form of acceptance cum acknowledgement, tax shall be deducted at source on the sale consideration as follows (or tax may be deducted at higher rate if relevant information / documents have not been provided as mentioned above):
- (a) Non-resident Indians (NRI) : The Acquirer/PAC will deduct tax at source at 30% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In addition to the above, education cess at 3% would be levied on the tax amount. If the shares, being long term capital asset, have been acquired with convertible foreign exchange, tax shall be deducted at 10% (*plus education cess of 3% of tax*) of the consideration. If NRI claims that the shares were acquired with convertible foreign exchange, it would be required to attach appropriate evidence and certification in that regard, otherwise it shall be presumed that the shares were not acquired with convertible foreign exchange.
- (b) Overseas Unincorporated Bodies: The Acquirer/PAC will deduct tax at source at 30% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In addition to the above, education cess at 3% would be levied on the tax amount.
- (c) Overseas Corporate Bodies / Non-domestic companies: The Acquirer/PAC will deduct tax at source at 40% of consideration where the gain is determined as short term capital gain or 20% of consideration where the gain is determined as long-term capital gains. In case the sale consideration exceeds Rs. 1,00,00,000 surcharge would be levied at 2% on the tax amount, surcharge would be levied at 5% on the tax in case the consideration exceeds Rs.10,00,00,000. Education Cess at 3% would be levied on aggregate of tax and surcharge, if any.

### **3. Tax Implications in case of FII Public Shareholder**

- (a) As per the provisions of Section 196D(2) of the Act, no deduction of tax at source is required to be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Act, to an FII, as defined in Section 115AD of the Act. Further, for the purposes of Section 115AD, FII will include FPIs as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014. The Acquirer and / or the PAC would not deduct tax at source on the payments to FIIs, subject to the following conditions:
- i. FIIs are required to furnish the copy of the registration certificate issued by SEBI (including for sub-account of FII, if any); and



- ii. FIIs are required to provide self-attested declaration that Equity Shares held by them are in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992;
- (b) If it is certified by the FII that Equity Shares are held on trade account, such FIIs shall furnish a TRC and a self-attested declaration stating that such FIIs do not have a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the Act (along with the provisos thereto) or a permanent establishment in India, in terms of Section 92F of the Act as well as the DTAA entered between India and the foreign country / specified Territory of tax residence of such FIIs. The FII will also be required to furnish such other documents and information as prescribed in terms of Section 90(5) or Section 90A(5) of the Act as detailed in paragraph 1(d) under Compliance with Tax Requirements of the LoF. Further, the FII should obtain a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the appropriate income tax authorities indicating the amount of income on which tax should be deducted and the applicable rate of tax. If such a certificate is provided, the Acquirer and / or the PAC will arrange to deduct taxes at source in accordance with such certificate. In the absence of such NOC/Tax Residence Certificate/certificates/declarations/information/documents, the Acquirer and / or the PAC will arrange to deduct tax at maximum marginal rate applicable under the Act and without having regard to the provisions of any DTAA.
- (c) Notwithstanding anything contained in clauses (a) and (b) above, in case FII furnishes a NOC or certificate for deduction of tax at lower or nil rate from the appropriate income tax authorities the Acquirer and / or the PAC will arrange to deduct taxes at source in accordance with such certificate.
- (d) Interest payments by the Acquirer and / or the PAC for delay in payment of the Offer Price, if any, would also be subjected to deduction of tax at source at the maximum marginal rate applicable under the Act on the gross interest payable to the Public Shareholder, depending on category of the Public Shareholder. However, if the Public Shareholder provides a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the appropriate income tax authorities under the Act indicating the amount of interest on which tax should be deducted and the applicable rate of tax, the Acquirer and / or the PAC will arrange to deduct taxes at source in accordance with such certificate.
- (e) All FIIs shall submit their PAN for income tax purposes. In case PAN is not submitted or is invalid or does not belong to the Public Shareholder and the nature of income in the hands of FIIs is other than Capital gains, the Acquirer and/or the PAC will arrange to deduct tax at the rate of 20% (including surcharge and cess) (as provided in Section 206-AA of the Act) or at the rate in force or at the rate, as may be applicable to the category of the FII Public Shareholder under the Act, whichever is higher, on the entire consideration amount payable to such Public Shareholder
- (f) Any FII claiming benefit under any DTAA between India and any other foreign country / specified Territory should furnish a TRC provided to it by the Government of such other foreign country / specified Territory of which it claims to be a tax resident and a self-attested declaration stating that the FII does not have a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the Act or a permanent establishment in India, in terms of Section 92F of the Act as well as the DTAA and the FII is eligible for claiming benefit under the DTAA entered between India and the foreign country / specified Territory of its tax residence. Further, the FII will also be required to furnish such other documents and information as prescribed in terms of Section 90(5) or Section 90A(5) of the Act as detailed in paragraph 1(d) under Compliance with Tax Requirements of the LoF. In the absence of such Tax Residence Certificate / certificates / declarations / information / documents, the Acquirer and/or the PAC will arrange to deduct tax in accordance with the provisions of the Act and without having regard to the provisions of any DTAA.

*Withholding tax on Interest Income:* Acquirer/PAC will deduct tax at source on the amount of interest at the rate of 40 % in case of corporate shareholder and 30% in case of any other shareholder. In addition to

the above, in case of corporate shareholder, surcharge would be levied at 2% on the tax in case aggregate sum payable to it exceeds Rs. 100,00,000 surcharge would be levied at 5% on the tax in case the consideration exceeds Rs. 10,00,00,000. Education Cess at 3% would be levied on the aggregate of tax and surcharge, if any, in all cases.

*Deduction of tax at lower rate:* In the event the aforementioned categories of shareholders require the Acquirer/PAC not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a Certificate under Section 195(3) or Section 197 from the income tax authorities to that effect, and submit the same to the Acquirer/PAC. Such certificate should be valid and effective as of the date on which tax is required to be deducted and it should be submitted along with the form of acceptance cum acknowledgement. On failure to produce such certificate from the income tax authorities, the Acquirer/PAC will deduct tax as aforesaid.

Under any circumstances, the Acquirer/PAC will not accept any request from any shareholder for no deduction of tax at source or deduction of tax at lower rate on the basis of any self-computation / computation by any tax consultant of capital gain and tax payable thereon.

#### **4. Tax Implications in case of resident Public Shareholders**

- (a) There would be no deduction of tax at source from the consideration payable in respect of the transfer of Equity Shares by a resident Public Shareholder. Such resident Public Shareholder will be liable to pay tax on their income as per the provisions of the Act as applicable to them.
- (b) All resident Public Shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under Section 197 of the Act, indicating the amount of tax to be deducted by the Acquirer and / or the PAC before remitting the consideration for interest payments, if any, by the Acquirer and / or the PAC for delay in payment of Offer consideration or a part thereof, if any. The Acquirer and / or the PAC will deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.
- (c) In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer and / or the PAC will deduct tax at the rates prescribed under Section 194A of the Act as may be applicable to the relevant category to which the Public Shareholder belongs under the Act on the consideration payable as interest to such Public Shareholder.
- (d) All resident Public Shareholders shall submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Public Shareholder, Acquirer and / or the PAC will deduct tax at the rate of 20% (including surcharge and cess) (as provided under Section 206AA of the Act) or the rate, as may be applicable to the category of the Public Shareholder under the Act, whichever is higher on the amount payable as interest to such resident Public Shareholder.
- (e) Notwithstanding anything contained in clauses (b) to (d) above, no deduction of tax shall be made at source by the Acquirer and / or the PAC where (i) the total amount of interest payable (for delay in payment of Offer consideration or otherwise), if any, to a resident Public Shareholder does not exceed INR 5,000 during the financial year or (ii) where a self-attested declaration as per Section 197A of the Act in Form 15G or Form 15H (as per Rule 29C of the Income Tax Rules, 1962), as may be applicable, and duly executed, has been furnished to the Acquirer and / or the PAC or (iii) interest being paid, if any, to an entity specified under Section 194A(3)(iii) of the Act if it submits a self-attested copy of the relevant registration or notification. The self-attested declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Public Shareholder has furnished its PAN in such declaration.

- (f) *No withholding tax on sale consideration:* In absence of any specific provision under the ITA, the Acquirer/PAC will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares under this Offer.
- (g) *Withholding tax on Interest, if any:* Acquirer/PAC will deduct the tax at 10% on the gross amount of interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of Rs. 5,000 (Rupees Five Thousand only) as per the provisions of section 194A the ITA.

## 5. Others

- (a) The tax implications are based on provisions of the Act as amended up to Finance Act, 2015.
- (b) Notwithstanding the details given above, all payments will be made to Public Shareholders subject to compliance with prevailing tax laws.
- (c) The tax deducted by the Acquirer and / or the PAC while making payment to a Public Shareholder may not be the final tax liability of such Public Shareholder and shall in no way discharge the obligation of the Public Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the income tax authorities.
- (d) Public 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.
- (e) The Acquirer and / or the PAC and the Managers do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.
- (f) The Acquirer and / or the PAC shall deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In an event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Public Shareholders, such Public Shareholders will be responsible to pay such income-tax demand under the Act and provide the Acquirer and / or the PAC with all information/documents that may be necessary and co-operate in any proceedings before income tax / appellate authority in India.
- (g) The Acquirer and / or the PAC shall issue a certificate in the prescribed form to the Public Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of Section 203 of the Act read with the Income-tax Rules, 1962.
- (h) Public Shareholders who wish to tender their Equity Shares must submit the information set out at clauses (i) or (j) below, as applicable, along with the Form.
- (i) Information requirement from non-resident Public Shareholder:
  - (i) Self-attested copy of PAN card;
  - (ii) NOC/ Certificate from the Income-tax Authorities for nil/lower deduction of tax;
  - (iii) Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify);

- (iv) In case of FII/FPI, copy of the registration certificate issued by SEBI (including for sub-account of FII, if any);
- (v) In case of FII/FPI, self-attested declaration that Equity Shares held by them are in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992
- (vi) RBI and other approval(s) obtained for acquiring the Equity Shares, if applicable.
- (vii) Form 10F as prescribed under section 90 or Section 90A of the Act
- (viii) Tax Residency Certificate (“TRC”) to be obtained from the Government of the foreign country / specified territory of the Public Shareholder claims to be a tax resident
- (ix) Self-attested declaration that does not have a Permanent Establishment in India either under the Act or applicable between India and any other foreign country or specified Territory (as notified under Section 90 or Section 90A of the Act) of which the Public Shareholder claims to be a tax resident
- (j) Information requirement in case of resident Public Shareholder:
  - i. Self-attested copy of PAN card;
  - ii. Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify);
  - iii. If applicable, self-attested declaration form in Form 15G or Form 15H (in duplicate), as applicable for interest payment, if any;
  - iv. NOC /Certificate from the income tax authorities (applicable only for the interest payment, if any) for nil/lower deduction of tax; and
  - v. For Mutual Funds/Banks/other specified entities under Section 194A(3)(iii) of the Act – Copy of relevant registration or notification (applicable only for the interest payment, if any).
- (k) Public Shareholders who wish to tender their Equity Shares must submit the information all at once and those that may be additionally requested for by the Acquirer and/or the PAC. The documents submitted by the Public Shareholders will be considered as final. Any further/delayed submission of additional documents, unless specifically requested by the Acquirer and/or the PAC may not be accepted. In case the documents/information as requested in the LoF are not submitted by an Public Shareholder, or the Acquirer and/or the PAC consider the documents/information submitted by an Public Shareholder to be ambiguous/incomplete/conflicting, the Acquirer and/or the PAC reserve the right to withhold tax on the gross consideration at the maximum marginal rate as applicable to the category of the Public Shareholder.
- (l) Based on the documents and information submitted by the Public Shareholders, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer and/or the PAC.
- (m) Taxes once deducted will not be refunded by the Acquirer and/or the PAC under any circumstances.

## **VIII. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection by Public Shareholders at the office of the PAC at Reliance Energy building, Devidas Lane, Off SVP Road, Borivali (West), Mumbai 400 103, India on any working day (except Saturdays and Sundays) between 10.00 A.M. to 3.00 P.M during the period from the date of commencement of the Tendering Period until the date of expiry of the Tendering Period.

1. Memorandum and Articles of Association and certificate of incorporation of the Acquirer and PAC.
2. Certificate dated March 4, 2015, from M.S. Sethi & Associates, Chartered Accountants certifying that the Acquirer and PAC collectively have adequate financial resources to fulfill their obligations under this Offer.
3. Audited annual reports and financial statements of Reliance Infra and Pipavav Defence for the three financial years ending on March 31, 2015, 2014 and 2013 and unaudited financial results for the six months ended September 30, 2015.
4. Audited financial statements of Reliance Defence for the financial year ending on March 31, 2015.
5. Letter dated March 7, 2015 from the Escrow Agent confirming the receipt of the cash deposit in the Escrow Account.
6. Purchase Agreement dated March 4, 2015 entered into between the Founder Promoters, the Target Company, Acquirer and PAC.
7. Letter dated November 16, 2015 for extension of Long Stop Date.
8. PA submitted to the Stock Exchanges on March 4, 2015.
9. Copy of the DPS published by the Manager to the Offer on behalf of the Acquirer and the PAC on March 11, 2015.
10. Copy of the Offer opening public announcement to be published by the Manager to the Offer on behalf of the Acquirer and the PAC.
11. Published copy of the recommendation made by the committee of the independent directors of the Target Company.
12. SEBI observation letter no. CFD/DCR-2/OW/12129/2015 dated April 29, 2015 on the DLoF and its subsequent letter dated May 11, 2015.
13. Escrow Agreement dated March 5, 2015 between the Acquirer, PAC, the Manager to the Offer and the Escrow Agent.
14. Escrow Demat Agreement dated March 7, 2015 between the Manager to the Offer, the Registrar to the Offer, the Acquirer and the PAC.
15. CCI Order dated April 20, 2015 approving acquisition of shares in Target Company.
16. Letters from the Gujarat Maritime Board dated October 21, 2015 and November 7, 2015 addressed to the Target Company including Draft Sub Concession Agreement.

#### **IX. DECLARATION BY THE ACQUIRER AND THE PAC**

1. Unless stated otherwise, the Acquirer and the PAC accept full responsibility for the information contained in the LoF, including the attached form of acceptance cum acknowledgement (other than such information

relating to the Target Company which has been obtained from public sources, or as has been provided or confirmed by any of the Founder Promoters or the Target Company or any subsidiaries or entities controlled by the Target Company).

2. The Acquirer and the PAC also accept full responsibility for their obligations under the Offer and shall be jointly and severally liable for ensuring compliance with the SEBI (SAST) Regulations.

**SIGNED FOR AND ON BEHALF OF RELIANCE DEFENCE SYSTEMS PRIVATE LIMITED**

Sd/-

**Authorized Signatory**

**SIGNED FOR AND ON BEHALF OF RELIANCE INFRASTRUCTURE LIMITED**

Sd/-

**Authorized Signatory**

**Place: Mumbai**

**Date: November 16, 2015**

## INSTRUCTIONS

1. PLEASE NOTE THAT NO EQUITY SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER, THE PAC, THE TARGET COMPANY OR TO THE MANAGER TO THE OFFER.
2. The Form of Acceptance-cum-Acknowledgement should be filled-up in English only.
3. In the case of dematerialized Equity Shares, the Public Shareholders are advised to ensure that their Equity Shares are credited in favour of the Escrow Demat Account, before the closure of the Tendering Period i.e. Tuesday, December 15, 2015. The Form of Acceptance-cum-Acknowledgement of such dematerialized Equity Shares not credited in favour of the Escrow Demat Account, before the closure of the Tendering Period will be rejected.
4. Public Shareholders should enclose the following:
  - a. **For Equity Shares held in demat form:**  
**Beneficial owners should enclose:**
    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the Depository Participant ('DP').
    - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
    - Photocopy of the inter-depository delivery instruction slip if the beneficiary holders have an account with CDSL.
    - A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable
    - For each delivery instruction, the beneficial owners should submit separate Form of Acceptance-cum-Acknowledgement.

In case of non-receipt of the aforesaid documents, but receipt of the Equity Shares in the Escrow Demat Account, the Acquirer/PAC may deem the Offer to have been accepted by the Public Shareholder in case of a resident Public Shareholder.

- b. **For Equity Shares held in physical form:**  
**Registered Public Shareholders should enclose:**
  - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Public Shareholders whose names appear on the share certificates.
  - Original share certificate(s)
  - A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificates from income tax authorities, as applicable
  - Duly stamped share transfer form(s) duly signed as transferors by all registered Public Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Pipavav Defence and Offshore Engineering Company Limited and duly witnessed at the appropriate place. The Public Shareholder can obtain the share transfer form from the Registrar to the Offer.
  - Verification and attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under its seal of office and Membership No. or a manager of the transferor's bank.
  - The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer/PAC as buyer will be filled by the Acquirer/PAC upon verification of the Form of Acceptance-cum-Acknowledgement and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

If the Registrar to the Offer does not receive the documents listed above but receives the original share certificate and valid share transfer form from a registered resident Public Shareholder, then the Offer will be deemed to have been accepted by such resident Public Shareholders.

### **Unregistered owners should enclose**

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
  - Original share certificate(s)
  - Original broker contract note
  - Duly stamped and signed share transfer form(s) leaving details of buyer blank. The Public Shareholder can obtain the share transfer form from the Registrar to the Offer. The details of the Acquirer/PAC as buyer will be filled by the Acquirer/PAC upon verification of the Form of Acceptance-cum-Acknowledgement and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance. If the same is filled in then the Equity Share(s) tendered are liable to be rejected
  - Owners of Equity Shares who have sent their Equity Shares for transfer should enclose along with this Form duly completed and signed, copy of the letter sent to Pipavav Defence and Offshore Engineering Company Limited for transfer of Equity Shares and valid share transfer form(s).
  - A copy of the PAN card, power of attorney, corporate authorization (including board resolution / specimen signature) and no objection certificate / tax clearance certificate from income tax authorities, as applicable
5. In case of Equity Shares held in joint names, names should be filled up in the same order in the Form of Acceptance-cum-Acknowledgement and in the share transfer form(s) as the order in which they hold Equity Shares in Pipavav Defence and Offshore Engineering Company Limited, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

6. All the Public Shareholders should provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
  - Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Public Shareholder) in case the original Public Shareholder is dead.
  - Duly attested power of attorney if any person apart from the Public Shareholder has signed the Form of Acceptance-cum-Acknowledgement and / or share transfer form(s).
7. All the Public Shareholders are advised to refer to the section '*Compliance with Tax Requirements*' under *Part VII - Procedure for Acceptance and Settlement of the Offer* beginning on page 45 in the Letter of Offer in relation to important disclosures regarding the taxes to be deducted on the consideration to be received by them.
8. The share certificate(s), share transfer form(s) and the Form of Acceptance-cum-Acknowledgement should be sent only to, the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, the PAC or the Target Company.
9. Public Shareholders having their beneficiary account in CDSL have to use "inter depository delivery instruction slip" for the purpose of crediting their Equity Shares in favour of the Escrow Demat Account with NSDL.
10. NRIs and OCBs, if any, must obtain all requisite approvals required to tender the Offer Shares held by them, in this Offer (including without limitation the approval from RBI and submit such approvals along with the documents required to accept this Offer. Further, if holders of the equity shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Offer Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Offer Shares, along with the other documents required to be tendered to accept this Offer. If the Offer Shares are held pursuant to a general permission of RBI, the Non-Resident Public Shareholder should submit a copy of the relevant notification / circular pursuant to which the Offer Shares are held and state whether the Offer Shares are held on repatriable or non-repatriable basis. In the event such approvals are not submitted, the Acquirer and/or PAC reserve the right to reject such equity shares tendered in this Offer.

NRI Public Shareholders tendering their Equity Shares in the Offer and holding such Equity Shares on a repatriable basis (in which case the consideration can be remitted abroad) should (i) provide relevant proof of such holding on a repatriable basis viz. RBI approval (if applicable) or proof that such Equity Shares were purchased from funds from a NRE bank account or by way of foreign inward remittance; and (ii) furnish details of the type of the relevant bank account, i.e. NRE bank account, to which the consideration should be credited.

NRI Public Shareholders tendering their Equity Shares in the Offer and holding such Equity Shares on a non-repatriable basis should provide details of their Non-Resident (Ordinary) ("NRO") bank account, based on which the cheque or demand draft constituting payment of purchase consideration will be drawn. In the event that details of a NRO bank account are not furnished, the Equity Shares tendered by such NRI Public Shareholders would be rejected. Alternatively, if such a NRI Public Shareholder wishes to receive the consideration in a NRE bank account, such NRI Public Shareholder should provide a specific RBI approval permitting consideration to be credited to such bank account, based on which the cheque or demand draft constituting payment of purchase consideration will be drawn. In the event that such a specific RBI approval and the details of such designated bank account are not furnished, the Equity Shares tendered by such NRI Public Shareholders would be liable for rejection.

11. Non-Resident Public Shareholders should enclose no objection certificate / certificate for deduction of tax at a lower rate from the income tax authorities under the Income Tax Act, 1961 indicating the tax to be deducted if any by the Acquirer/PAC before remittance of consideration. Otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category and status of the Public Shareholder (as registered with the depositories / Target Company) on full consideration payable by the Acquirer/PAC.
12. FIIs and FPIs are requested to enclose the SEBI Registration Certificate. In case of a company, a stamp of the company should be affixed on the Form of Acceptance-cum-Acknowledgement. A company / FII / FPI / OCB should furnish necessary authorization documents along with Specimen Signatures of Authorised Signatories.
13. All documents / remittances sent by or to Public Shareholders will be at their own risk. Public Shareholders are advised to adequately safeguard their interests in this regard. Equity Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.
14. Neither the Acquirer, the PAC, the Manager to the Offer, the Registrar to the Offer nor Pipavav Defence and Offshore Engineering Company Limited will be liable for any delay / loss in transit resulting in delayed receipt / non-receipt by the Registrar to the Offer of your Form of Acceptance-cum-Acknowledgement or for the failure to deposit your Equity Shares to the Escrow Demat Account or submission of original physical Share certificates with inaccurate / incomplete particulars / instructions on your part, or for any other reason.
15. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at the collection centres of **Karvy Computershare Private Limited** as mentioned below.
16. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at the collection centres mentioned below on all Working Days (excluding Saturdays, Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10:00 to 16:00 hours) during the Tendering Period.
17. All the Public Shareholders should provide all relevant documents which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent.



18. In case the Acquirer/PAC is of the view that the information / documents provided by the Public Shareholder is inaccurate or incomplete or insufficient, then tax may be deducted at source at the applicable maximum marginal rate on the entire consideration payable to the Public Shareholders.
19. **Payment of Consideration:** Public Shareholders must note that on the basis of name of the Public Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Offer will obtain from the Depositories, the Public Shareholder's details including address, bank account and branch details. These bank account details will be used to make payment to the Public Shareholders. Hence Public Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Public Shareholders sole risk and neither the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer nor the Escrow Agent shall be liable to compensate the Public Shareholders for any loss caused to the Public Shareholders due to any such delay or liable to pay any interest for such delay. Public Shareholders holding Equity Shares in physical form are requested to fill up their bank account details in the 'Form of Acceptance-cum-Acknowledgement'.

*The tax deducted under this Offer is not the final liability of the Public Shareholders or in no way discharges the obligation of Public Shareholders to disclose the consideration received pursuant to this Offer in their respective tax returns.*

*All Public Shareholders are advised to consult their tax advisors for 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 / PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The tax rates and other provisions may undergo changes.*

### Collection Centres

Sr. No.	Collection Centre	Address of collection centre	Contact person	Phone Number	Fax Number	Email ID	Mode of delivery
1.	Ahmedabad	Karvy Computershare Pvt Ltd., 201-203, Shail, Opp: Madhusudhan House, Behind Girish Cold Drinks, Off C G Road Ahmedabad - 380 006, India	Mr. Aditya Gupta, Ms. Jagruthi	+91 79 2640 0527 / +91 79 6515 0009	NA	ahmedabad@karvy.com	Hand Delivery
2.	Bengaluru	Karvy Computershare Pvt Ltd., No.59, Skanda, Putana Road, Basavanagudi, Bengaluru - 560 004, India	Mr. S K Sharma, Mr. Mahadev	+91 80 2662 1192/ +91 80 2660 6125/ +91 80 6745 3244	+91 80 2662 1169	<a href="mailto:ircbangalore@karvy.com">ircbangalore@karvy.com</a>	Hand Delivery
3.	Chennai	Karvy Computershare Pvt Ltd., No.F11 First Floor, Akshya Plaza New no.108, Adhithanar Salai, Egmore, Chennai - 600 002, India (Land Mark: Opp to Metropolitan court)	Mr.Karhikeyan Mr.Ramakrishna	+91 44 2858 7781 / +91 44 4202 8513	NA	<a href="mailto:chennaiirc@karvy.com">chennaiirc@karvy.com</a>	Hand Delivery
4.	Hyderabad	Karvy Computershare Pvt Ltd., "Karvy Selenium", Tower B, Plot Number 31-32, Gachibowli,	Mr. Bhakta Singh	+91 40 6716 2222/ +91 40 6716 1500 / +91 40 3321 5124	+91 40 2343 1551	<a href="mailto:ircmadhapur@karvy.com">ircmadhapur@karvy.com</a>	Hand Delivery/ Registered Post/ Courier

Sr. No.	Collection Centre	Address of collection centre	Contact person	Phone Number	Fax Number	Email ID	Mode of delivery
		Financial District , Nanakramguda, Hyderabad – 500 032, India					
5.	Kolkata	Karvy Computershare Pvt Ltd., 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029, India	Mr. Sujit Kundu, Mr. Debnath	+91 33 6619 2841/42	+91 33 2464 4866	<a href="mailto:sujit.kundu@karvy.com">sujit.kundu@karvy.com</a> ,  <a href="mailto:nilkanta.debnath@karvy.com">nilkanta.debnath@karvy.com</a>	Hand Delivery
6.	Mumbai	Karvy Computershare Pvt Ltd. 24-B, Rajabahudur Mansion, Gr Floor 6 Ambalal Doshi Marg, Behind BSE Ltd, Fort Mumbai- 400001, India	Ms.Nutan Shirke	Board N: +91 22 6623 5454 Irc No:+91 22 6623 5412/27	+91 22 6633 1135	<a href="mailto:ircfort@karvy.com">ircfort@karvy.com</a> , <a href="mailto:nutan.shirke@karvy.com">nutan.shirke@karvy.com</a>	Hand Delivery/ Registered Post/ Courier
7.	New Delhi	Karvy Computershare Pvt Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place New Delhi - 110 001, India	Mr. Rakesh Kr Jamwal, Mr. Vinod Singh Negi, Mr. J Mathew	+91 11 4368 1700 / 1798	+91 11 4103 6370	<a href="mailto:rakesh.jamwal@karvy.com">rakesh.jamwal@karvy.com</a> ,  <a href="mailto:john.mathew@karvy.com">john.mathew@karvy.com</a> ,  <a href="mailto:vinod.negi@karvy.com">vinod.negi@karvy.com</a>	Hand Delivery/ Registered Post/ Courier

**Collection Centre Timings - Between 10.00 a.m. and 4.00 p.m. on any Working Day during the Tendering Period**

Applicants who cannot hand deliver their documents at the Collection Centres, may send their documents only by Registered Post / Courier, at their own risk, to the Registrar to the Offer at the Collection Centres situated at Mumbai so as to reach the Registrar to the Offer, on or before the last date of acceptance i.e. Tuesday, December 15, 2015.

PUBLIC SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT / EQUITY SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER I.E. TUESDAY, DECEMBER 15, 2015 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

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

*(Please send this form with enclosures to Karvy Computershare Private Limited at any of the collection centres mentioned in the Letter of Offer)*

**Name:**  
**Address:**  
**Floor / Door:**  
**Block No:**  
**Area / Locality:**  
**Town / City / District:**  
**State:**  
**Country:**  
**Zip / Pin Code:**

**Principal Place of Business:**

**Tel No. (including ISD Code):**

**Fax No.:**

**Email:**

TENDERING PERIOD FOR THE OFFER	
<b>OPENS ON</b>	<b>WEDNESDAY, DECEMBER 2, 2015</b>
<b>CLOSES ON</b>	<b>TUESDAY, DECEMBER 15, 2015</b>

To, <b>Karvy Computershare Private Limited</b> Unit: Pipavav Defence and Offshore Engineering Company Limited - Open Offer "Karvy Selenium" Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Phone: +91 40 6716 2222 Fax: +91 40 2343 1551 Toll Free no.: 1800-345-4001 Contact Person: M Muralikrishna/ Williams R Email: murali.m@karvy.com / williams.r@karvy.com/ <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> / pipavav.openoffer@karvy.com	Status of the Public Shareholder (Please tick whichever is applicable)			
	<input type="checkbox"/> Individual	<input type="checkbox"/> Company	<input type="checkbox"/> FII / FPI - Corporate	<input type="checkbox"/> FII / FPI - Others
	<input type="checkbox"/> QFI	<input type="checkbox"/> FVCI	<input type="checkbox"/> Partnership / Proprietorship firm / LLP	<input type="checkbox"/> Private Equity Fund
	<input type="checkbox"/> Pension / Provident Fund	<input type="checkbox"/> Sovereign Wealth Fund	<input type="checkbox"/> Foreign Trust	<input type="checkbox"/> Financial Institution
	<input type="checkbox"/> NRIs / PIOs - repatriable	<input type="checkbox"/> NRIs / PIOs - non-repatriable	<input type="checkbox"/> Insurance Company	<input type="checkbox"/> OCB
	<input type="checkbox"/> Domestic Trust	<input type="checkbox"/> Banks	<input type="checkbox"/> Association of person / Body of individual	<input type="checkbox"/> Any others, please specify: _____

Dear Sir / Madam,

**Sub:**

**OPEN OFFER FOR ACQUISITION OF UP TO 19,14,13,630 EQUITY SHARES OF PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED TO THE PUBLIC SHAREHOLDERS OF THE TARGET COMPANY BY RELIANCE DEFENCE SYSTEMS PRIVATE LIMITED (“ACQUIRER”/ “RELIANCE DEFENCE”) TOGETHER WITH RELIANCE INFRASTRUCTURE LIMITED (“PAC”/ “RELIANCE INFRA”) AS THE PERSON ACTING IN CONCERT WITH THE ACQUIRER**

I / We refer to the Letter of Offer dated November 16, 2015 for acquiring the Equity Shares held by me / us in Pipavav Defence and Offshore Engineering Company Limited. Capitalised terms not defined here shall have the meanings ascribed to them under the Letter of Offer.

I / We, the undersigned, have read the Public Announcement, the Detailed Public Statement and the Letter of Offer and understood its contents and unconditionally accepted the terms and conditions as mentioned therein.

**FOR EQUITY SHARES HELD IN PHYSICAL FORM**

I / We, holding the Equity Shares in physical form, accept the Offer and enclose the original share certificate(s) and duly signed stamped and signed share transfer form(s) in respect of my / our Equity Shares as detailed below:

Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
			From	To	
<b>Total No. of Equity Shares</b>					

*Please attach additional sheets of paper and authenticate the same if the space is insufficient.*

**FOR EQUITY SHARES HELD IN DEMAT FORM**

I / We, holding the Equity Shares in dematerialized form, accept the Offer and enclose a photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by my / our DP in respect of my / our Equity Shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

I / We have executed an off-market transaction for crediting the Equity Shares to the Escrow Demat Account with Karvy Stock Broking Limited as the DP in NSDL styled ‘Pipavav Open Offer Escrow Demat Account’ whose particulars are:

<b>DP Name: Karvy Stock Broking Limited</b>	<b>DP ID: IN300394</b>	<b>Client ID: 19052208</b>
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*Public Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their Equity Shares in favour of the Escrow Demat Account with NSDL.*

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

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

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

I / We confirm that in case the Acquirer/PAC is of the view that the information / documents provided by the Public Shareholder is inaccurate or incomplete or insufficient, then tax may be deducted at source at the applicable maximum marginal rate on the entire consideration paid to the Public Shareholders.

I / We confirm that in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by me / us, I / we will indemnify the Acquirer and / or the PAC for such income tax demand (including interest, penalty, etc.) and provide the Acquirer and / or the PAC with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

I / We note and understand that the original share certificate(s) and duly stamped and signed share transfer form will be held in trust for me / us by the Registrar to the Offer until the time the Acquirer and / or the PAC pay the purchase consideration as mentioned in the Letter of Offer. I / We also note and understand that the Acquirer and / or the PAC will pay the purchase consideration only after verification of the documents and signatures.

I / We authorize the Acquirer or the PAC or the Registrar to the Offer to send by Speed Post / Registered Post / or through electronic mode, as may be applicable, at my / our risk, the crossed account payee cheque, demand draft / pay order, or electronic transfer of funds in full and final settlement due to me / us and / or other documents or papers or correspondence to the sole / first holder at the address mentioned above.

I / We note and understand that the Equity Shares would lie in the Escrow Demat Account until the time the Acquirer and / or the PAC make payment of purchase consideration as mentioned in the Letter of Offer. I / We authorise the Acquirer and / or the PAC to accept the Equity Shares so offered or such lesser number of Equity Shares which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I / we further authorize the Acquirer and / or the PAC to return to me / us, share certificate(s) in respect of which the offer is not found valid / not accepted without specifying the reasons thereof.

I / We authorize the Acquirer and PAC to accept the Equity Shares so offered which it may decide to accept in consultation with the Manager to the Offer and the Registrar to the Offer and in terms of the Letter of Offer and I / We further authorize the Acquirer and PAC to return to me / us, share certificate(s) / Equity Shares in respect of which the Offer is not found valid / not accepted without specifying the reasons thereof.

I / We authorize the Acquirer and / or the PAC to split / consolidate the share certificates comprising the Equity Shares that are not acquired to be returned to me / us and for the aforesaid purposes the Acquirer and / or the PAC are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

**PUBLIC SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT / EQUITY SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. TUESDAY, DECEMBER 15, 2015 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.**

So as to avoid fraudulent encashment in transit, Public Shareholder(s) holding Equity Shares in physical form and / or those who wish to receive payment of consideration through ECS should provide details of bank account along with a cancelled copy of the cheque of the first / sole Public Shareholder and the consideration amount will be remitted accordingly through electronic credit / cheque or demand draft.

Name of the Bank _____	Branch _____	City _____
MICR Code (9 Digits) _____	IFSC _____	
Account Number (CBS Account): _____ Account Type (CA / SB / NRE /NRO / others) (please specify): _____		
Non Resident Public Shareholders are requested to state their NRO / NRE Bank Account Number as applicable based on the status of their account in which they hold Equity Shares, failing which the Acquirer/PAC has a right to reject their application.		

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

**For all Public Shareholders**

I / We, confirm that our residential status for the purposes of tax is:

Resident  Non-resident, if yes please state country of tax residency: \_\_\_\_\_

I / We, confirm that our status is:

Individual  Company  FII / FPI Corporate  FII / FPI - Others  QFI  FVCI  
 Partnership / Proprietorship firm / LLP  Pension / Provident Fund  Foreign Trust  NRIs / PIOs - repatriable  NRIs / PIOs - non-repatriable  Insurance Company  
 OCB  Domestic Trust  Banks  Association of person / Body of individual  Any other - please specify \_\_\_\_\_

I / We, have enclosed the following documents:

- Cancelled cheque or a photocopy of a cheque associated with the particular bank account where payment is desired, with MICR / IFSC code of the bank branch clearly mentioned on the cheque, if payment of consideration through ECS is required
- Self-attested copy of PAN card
- No objection certificate / Tax clearance certificate from income tax authorities for deduction of tax at lower rate, wherever applicable
- Duly attested power of attorney if any person apart from the Public Shareholder has signed the application form and / or share transfer form(s)
- Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories
- Death Certificate / Succession Certificate if the original Public Shareholder is deceased

**Additional confirmations and enclosures for Resident Public Shareholders**

I / We, have enclosed the following documents:

- Self-declaration form in Form 15G / Form 15H, if applicable to be obtained in duplicate copy (applicable only for interest payment, if any)
- Self-attested copy of PAN card
- Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify)
- No objection certificate / Tax clearance certificate from income tax authorities for deduction of tax at lower rate (applicable only for interest payment, if any)
- For Mutual funds / Banks / Notified Institutions under Section 194A(3)(iii) of the Income Tax Act, 1961, copy of relevant registration or notification (applicable only for interest payment, if any)

*(Note: All Resident Public Shareholders are advised to refer to the section 'Compliance with Tax Requirements' under Part VII - Procedure for Acceptance and Settlement of the Offer beginning on page 45 of the Letter of Offer regarding important disclosures on taxation of the consideration to be received by them)*

**Additional confirmations and enclosures for FII / FPI Public Shareholders**

I / We, confirm that the Equity Shares of the Target Company are held by me / us on (select whichever is applicable):

- Investment / Capital Account and income arising from sale of shares is in the nature of capital gain
- Trade Account and the income arising from sale of shares is in the nature of business income
- Any other (please specify) \_\_\_\_\_

*(Note: In case the Equity Shares are held on trade account, kindly enclose a certificate obtained from Indian tax authorities under section 195(3) or 197 of the Income Tax Act, specifying the rate at which tax shall be deducted. In the absence of such a certificate tax will be deducted at the maximum marginal rate, applicable to the category to which such FII / FPI belongs, on the entire consideration payable)*

**Declaration for treaty benefits (please tick the box if applicable):**

- I / We confirm that I / we am / are tax resident/s of \_\_\_\_\_ and satisfy all conditions to claim benefits under DTAA entered into by India and the country of which I am / we are tax resident/s.

*(Note: If this box is not ticked, tax will be deducted without considering treaty benefits at the maximum marginal rate applicable to the category to which such FII / FPI belongs)*

In order to avail benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a tax residence certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the DTAA entered into between India and your country of residence, along with such other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act. In case there is a permanent establishment in India, kindly enclose a certificate from Indian tax authorities, specifying the rate of tax to be deducted failing which tax will be deducted at the maximum marginal rate.

I / We, have enclosed self-attested copies of the following documents (select whichever is applicable):

- SEBI Registration Certificate for FIIs / FPI
- Self-attested copy of PAN card
- RBI approval for acquiring Equity Shares of Pipavav Defence and Offshore Engineering Company Limited tendered herein, if applicable
- Self-declaration for no permanent establishment in India
- Tax residency certificate from Government of the Country or Specified Territory of which you are tax resident
- No objection certificate / Tax clearance certificate from income tax authorities, for deduction of tax at a lower rate, wherever applicable
- Other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act (also refer the section 'Compliance with Tax Requirements' under Part VII - Procedure for Acceptance and Settlement of the Offer beginning on page 45 of the Letter of Offer)
- Other documents and information as mentioned in the section 'Compliance with Tax Requirements' under Part VII - Procedure for Acceptance and Settlement of the Offer beginning on page 45 of the Letter of Offer.
- FII / FPI Certificate (self-attested declaration certifying the nature of income arising from the sale of Equity Shares, whether capital gains or otherwise)

**Additional confirmations and enclosures for other Non-resident Public Shareholders (except FIIs / FPI)**

I / We, confirm that the Equity Shares tendered by me / us are held on (select whichever is applicable):

- Repatriable basis
- Non-repatriable basis

I / We, confirm that the tax deduction on account of Equity Shares of Target Company held by me / us is to be deducted on (select whichever is applicable):

- Long-term capital gains (Equity Shares are held by me / us for more than 12 (twelve) months)
- Short-term capital gains (Equity Shares are held by me / us for 12 (twelve) months or less)
- Trade Account
- Any other (please specify) \_\_\_\_\_

*(Note: For determination of the nature and period of holding, kindly enclose a proof for date of purchase such as demat account statement or brokers note. In case the Equity Shares are held on trade account, kindly enclose a certificate obtained from Indian tax authorities under section 195(3) or 197 of the Income Tax Act, specifying the*

rate at which tax shall be deducted. In the absence of such a certificate tax will be deducted at the maximum marginal rate, applicable to the category to which such FII / FPI belongs, on the entire consideration payable)

Declaration for treaty benefits (please tick if applicable):

I / We confirm that I / we is / are tax resident/s of \_\_\_\_\_ and satisfy all conditions to claim benefits under DTAA entered into by India and the country of which I am / we are tax resident/s.

(Note: If this box is not ticked, tax will be deducted without considering treaty benefits at the maximum marginal rate applicable to the category to which such Public Shareholder belongs.)

In order to avail benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a tax residence certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the DTAA entered into between India and your country of residence, along with such other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act. In case there is a permanent establishment in India, kindly enclose a certificate from Indian tax authorities, specifying the rate of tax to be deducted failing which tax will be deducted at the maximum marginal rate.

I / We, have enclosed the following documents (select whichever is applicable):

- Self-declaration for no permanent establishment in India
- Self-attested copy of PAN card
- Tax Residency Certificate from Government of the Country or Specified Territory of which you are tax resident
- No objection certificate / Tax clearance certificate from income tax authorities, for deduction of tax at a lower rate, wherever applicable
- Copy of RBI / FIPB approval, if any, for acquiring Equity Shares of Target Company hereby tendered in the Offer and RBI approval evidencing the nature of shareholding, i.e. repatriable or non-repatriable basis, if applicable
- Proof for period of holding of Equity shares such as demat account statement or brokers note
- Other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act (also refer the section '*Compliance with Tax Requirements*' under *Part VII - Procedure for Acceptance and Settlement of the Offer* beginning on page 45 of the Letter of Offer)
- Other documents and information as mentioned in the section '*Compliance with Tax Requirements*' under *Part VII - Procedure for Acceptance and Settlement of the Offer* beginning on page 45 of the Letter of Offer.
- Copy of RBI approval for OCBs tendering their Equity Shares in the Offer. Also mention the source of funds for initial acquisition of Equity Shares and the nature of the holding of Equity Shares (repatriable / non-repatriable basis).
- Copy of RBI approval (For NRI Public Shareholders tendering their Equity Shares in the Offer held on a non-repatriable basis) if any, permitting consideration to be credited to a NRE bank account

**Overseas tax to be deducted**

I / We confirm that the details of overseas tax to be deducted on the consideration payable by the Acquirer and / or the PAC are as follows:

Amount of overseas tax	
Rate at overseas tax is to be deducted on the gross consideration	
Country in which the overseas tax has to be deposited	
Details of authority with whom such overseas tax has to be deposited	

Yours faithfully,

Signed and Delivered,

	Full name(s) of the holder	PAN	Signature(s)
First / Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. In case of body corporate, the company seal should be affixed and necessary Board resolutions should be attached.

Place: \_\_\_\_\_ Date: \_\_\_\_\_

-----Tear along this line -----

**Acknowledgement Slip** (To be filled in by the Public Shareholder)

**Pipavav Defence and Offshore Engineering Company Limited - Open Offer**

Sr. No. \_\_\_\_\_

Received from Mr. / Ms. / M/s. \_\_\_\_\_

Address  
\_\_\_\_\_

Physical shares: Folio No. \_\_\_\_\_ / Demat shares: DP ID \_\_\_\_\_;

Client ID \_\_\_\_\_

Form of Acceptance-cum-Acknowledgement along with (Please put tick mark in the box whichever is applicable):

Physical shares: No. of shares \_\_\_\_\_; No. of certificates enclosed \_\_\_\_\_; Share Transfer Form

Demat shares: Copy of delivery instruction for \_\_\_\_\_ shares enclosed; and copy of inter-depository delivery slip (for beneficiary holders maintaining an account with CDSL).

<b>Collection Centre Stamp</b>

Date of Receipt \_\_\_\_\_ Signature of Official \_\_\_\_\_

**All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address:**

**Karvy Computershare Private Limited**

Unit: Open Offer of Pipavav Defence and Offshore Engineering Company Limited

"Karvy Selenium" Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032.

Tel: +91 40 6716 2222; Fax: +91 40 2343 1551

Toll Free no.: 1800-345-4001

Contact Person: M Muralikrishna/ Williams R

Email: [murali.m@karvy.com](mailto:murali.m@karvy.com) / [williams.r@karvy.com](mailto:williams.r@karvy.com) / [einward.ris@karvy.com](mailto:einward.ris@karvy.com) / [pipavav.openoffer@karvy.com](mailto:pipavav.openoffer@karvy.com)