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

This Letter of Offer (“**LOF**”) is sent to you as a shareholder(s) of **Champion Finsec Limited (“the Company” / “Target Company”).** If you require any clarification(s) about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this LOF and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the Member of Stock Exchange through whom the sale was effected.

**OPEN OFFER by**

**Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara,** both residing at Gauri Villa, 5 Ananta Park Society, Kalawad Road, Rajkot – 360 007; Tel : +91 92280 13848, e-mail : magnetic_ltd@yahoo.co.in

(hereinafter collectively referred to as “**the Acquirers**”)

to the existing shareholders of **CHAMPION FINSEC LIMITED**

Registered Office: 302 Camy House, 3 Dhuswadi, Dr. Cawusji Hormusji Street, Mumbai – 400 002

Tel: +91-9925247265; e-mail : monotona2007@gmail.com

**TO ACQUIRE**

33,83,432 fully paid-up Equity Shares of Rs. 10/- each, representing 26% of the fully diluted voting Equity Share Capital of the Target Company, for cash at a price of Rs. 20/- per Equity Share.

Notes:

1. The Offer is being made by the Acquirer pursuant to the Regulations 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (“**SEBI SAST Regulations**”)
2. This Offer is not conditional to any minimum level of acceptance.
3. This is not a competing offer.
4. There are no statutory approvals required to acquire equity shares that are tendered pursuant to this Open Offer. The Open Offer would be subject to all the statutory approvals that may become applicable at a later date before the completion of the Open Offer.
5. If there is any upward revision in the Offer Price or withdrawal by the Acquirers at any time prior to commencement of the last three working days before the commencement of the Tendering Period, you will be informed by way of another Announcement in the same newspapers and editions in which the original Detailed Public Statement had appeared. The Acquirers shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer.
6. **There was no competing offer (WILL BE UPDATED)**
7. A copy of the public announcement, detailed public statement and the LOF (including Form of Acceptance-cum-Acknowledgement) are also available on Securities and Exchange Board of India’s (SEBI) website: www.sebi.gov.in.

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|---|---|
| ARIHANT capital markets ltd.<br>**Merchant Banking Division**<br>SEBI REGN NO.: INM 000011070<br>3rd Floor, Krishna Bhavan, 67, Nehru Road,<br>Vile Parle (E),Mumbai- 400 057<br>Tel : 022-42254800/862; Fax : 022-42254880<br>Email: mbd@arihantcapital.com<br>Website: www.arihantcapital.com<br>**Contact Persons: Mr. Satish Kumar P**<br>**Mr. Maqbool Kauchali** | **Sharepro Services (India) Pvt. Ltd**<br>13AB,Samhita Warehousing Complex,<br>2nd Floor, Sakinaka Tele. Exchange Lane,<br>Off.Andheri Kurla Road, Sakinaka,<br>Andheri (East), Mumbai – 400 072<br>Tel: 022- 61915402/5404, Fax:022- 61915444<br>Email: offer@shareproservices.com<br>Website: www.shareproservices.com<br>**Contact Persons: Mr.Anand Moolay/Ms.Janvi**<br>SEBI Regn. No.: INR000001476 |

**The Schedule of activities is as follows:**

| Activity | To be completed by | |
|---|---|---|
| | Date | Day |
| Public Announcement Date | 27/04/2013 | Saturday |
| Detailed Public Statement Date | 06/05/2013 | Monday |
| Filing of draft Letter of Offer with SEBI | 13/05/2013 | Monday |
| Last date for competing offer | 27/05/2013 | Monday |
| SEBI observations on draft LOF | 03/06/2013 | Monday |
| Identified Date (Identified date is only for the purpose of determining the shareholders to whom the LOF shall be sent) | 05/06/2013 | Wednesday |
| Date by which LOF will be despatched to the shareholders | 12/06/2013 | Wednesday |
| Last date by which the Board of Target Company shall give its recommendation | 17/06/2013 | Monday |
| Issue Opening Advertisement Date | 18/06/2013 | Tuesday |
| Date of commencement of tendering period (open date) | 19/06/2013 | Wednesday |
| Date of expiry of tendering period (closure date) | 02/07/2013 | Tuesday |
| Date by which all requirements including payment of consideration would be completed | 16/07/2013 | Tuesday |

**RISK FACTORS**

**Risk Factors relating to the proposed Offer**

1. In the event that either (a) the regulatory approvals are not received in a timely manner; (b) there is any litigation leading to a stay on this offer, or (c) SEBI instructs the Acquirer to comply with certain conditions before proceeding with the offer, then the offer procedure may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of the Target Company, whose shares have been accepted in the offer as well as the return of shares not accepted by the Acquirer, may be delayed. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI SAST Regulations.
2. **As per Regulation 18(9) of SEBI SAST Regulations, Shareholders who have tendered shares in acceptance of the open offer shall not be entitled to withdraw such acceptance during the tendering period, even if the acceptance of shares under the Offer and dispatch of consideration gets delayed.**
3. In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis.
4. The tendered shares and the documents would be held in trust by the Registrar to the Offer until the completion of Offer formalities and during this period, shareholders who have tendered their shares in the Offer will not be able to trade in the shares on the Stock Exchanges or take advantage of upward movement in the share price, if any. Accordingly, the Acquirer makes no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.
5. The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer (LOF)/ Detailed Public Statement (DPS)/Public Announcement (PA) and anyone placing reliance on any other sources of information (not released by the Acquirer) would be doing so at his / her / its own risk.

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

1. The Acquirer makes no assurance with respect to the financial performance of the Target Company after change of control of management and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
2. The Acquirer makes no assurance with respect to its investment/divestment decisions relating to its proposed shareholding in the Target Company.
3. The Acquirer does not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer.

The risk factors set forth above, pertain to the Offer and associating with the Acquirer, and are not in relation to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbrokers or investment consultants, if any, for analysing all the risks with respect to their participation in the Offer

**TABLE OF CONTENTS**



## 1. DEFINITIONS/ABBREVIATIONS

The following definitions apply through this document, unless the context requires otherwise:

| | | |
|---|---|---|
| 1. | Acquirers | Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara |
| 2. | Book Value | Book Value of each Equity Share as on the date referred to |
| 3. | BSE | Stock Exchange at Mumbai i.e. BSE Limited |
| 4. | DPS/ Detailed Public Statement | Announcement of this Offer published on behalf of the Acquirer to the Shareholders of the Target Company on May 6, 2013 in Financial Express (all editions), Jansatta (all editions) and Navshakti (Mumbai) |
| 5. | Eligible Person(s) for the Offer | All owners (registered or unregistered) of Shares of Target Company (other than the Acquirers, deemed PACs and Promoters) anytime before the closure of the Offer |
| 6. | EPS | Earnings per Equity Share |
| 7. | FOA/Form of Acceptance | Form Of Acceptance Cum Acknowledgement |
| 8. | Identified Date | Being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent |
| 9. | Letter of Offer / LOF | This Letter of Offer |
| 10. | Maximum Consideration | Total consideration payable by the Acquirer under this Offer assuming full acceptance by Eligible Person(s) for the Offer, amounting to Rs. 6,76,68,640/- (Rupees Six Crore Seventy Six Lakhs Sixty Eight Thousand Six Hundred Forty only) |
| 11. | Merchant Banker/ Manager to the Offer | Arihant Capital Markets Limited |
| 12. | NAV | Net Asset Value per Equity Share |
| 13. | NRI(s) | Non Resident Indians and persons of Indian origin residing abroad |
| 14. | Offer | This Open Offer being made by the Acquirers for acquisition of 33,83,432 Equity Shares to the public shareholders, representing 26% of the fully diluted (post warrant conversion) voting equity share capital of the Target Company at the Offer Price payable in cash. |

| | | |
|---|---|---|
| 15. | Public Announcement or PA | Public Announcement dated April 27, 2013 issued in relation to this Offer and submitted to stock exchanges where the Target Company was listed as well as to SEBI |
| 16. | PAT | Profit after Tax |
| 17. | PBDIT | Profit Before Depreciation, Interest and Tax |
| 18. | PBT | Profit Before Tax |
| 19. | RBI | Reserve Bank of India |
| 20. | Registrar to the Offer | Sharepro Services India Private Limited |
| 21. | SEBI SAST Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 as amended till date |
| 22. | SEBI/Board | Securities and Exchange Board of India |
| 23. | Share(s) | Fully paid-up Equity Shares of face value of Rs. 10 each of the Target Company |
| 24. | Shareholders | Shareholders of the Target Company |
| 25. | Target Company/ the Company | Company whose Equity Shares are proposed to be acquired viz. Champion Finsec Limited |
| 26. | Tendering Period | Period within which shareholders may tender their shares in acceptance of this open offer i.e. from June 19, 2013 to July 2, 2013. |

## 2. DISCLAIMER CLAUSE

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA (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 CHAMPION FINSEC LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs OR THE 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 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(S) DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER M/S. ARIHANT CAPITAL MARKETS LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 13, 2013 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 MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.**

## 3. DETAILS OF THE OFFER

### 3.1 Background of the Offer

3.1.1 This offer to acquire 33,83,432 Equity Shares of Rs.10 each representing 26% of the fully diluted (post conversion) voting Equity Share capital of the Target Company is being made in terms of Regulation 3(1) and 4 of SEBI SAST Regulations for the purpose of substantial acquisition of Equity Shares and voting rights of the Target Company accompanied with the change in control and management as the aggregate equity stake of the Acquirers in the paid up equity share capital of the Target Company.

3.1.2 This Open Offer is being made Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara to the Equity Shareholders of Champion Finsec Limited pursuant to the Regulation 3(1) and Regulation 4 and in compliance with the SEBI SAST Regulations, 2011.

3.1.3 The Acquirers collectively hold 18,00,000 Equity Shares in the Target Company (19.32% of the present paid up and voting equity capital of the Target Company). The individual holding of the Acquirers and the details of the acquisition of these shares are as given below:

| Acquirer | No. of Shares | % of present paid-up capital | Date of Purchase | Compliance of Chapter V of SEBI SAST Regulations |
|---|---|---|---|---|
| Dhirajlal G Hirpara | 7,50,000 | 8.05% | 22/06/2012 | Complied on due date |
| Jitnedra G. Hirpara | 10,50,000 | 11.27% | 22/06/2012 | |
| | **18,00,000** | **19.32%** | | |

3.1.4 The Board of Directors of the Target Company at their meeting held on August 22, 2012 approved issue of 37,00,000 convertible warrants on preferential basis to the Acquirers. As per the terms, each of these warrants was convertible into 1 Equity Share of Rs. 10/- each at a price of Rs. 20/- per Equity Share, subject to the approval of shareholders. The shareholders of the Target Company, in the Extra Ordinary General Meeting held on September 25, 2012, approved the issue of 37,00,000 Convertible warrants on preferential basis to the Acquirers with an option to convert it into 1 Equity Share per warrant at a price of Rs. 20/- per share, at any time within eighteen months from the date of allotment, at the option of allottee.

3.1.5 On December 12, 2012, BSE granted its 'in-principle' approval for the issue of aforesaid convertible warrants and the Target Company allotted the convertible warrants to the Acquirers on December 24, 2012.

3.1.6 The Acquirers had been allotted 37,00,000 warrants on December 24, 2012 in the Target Company on preferential basis each of which is convertible into 1 Equity Share of Rs. 10/- each at a premium of Rs. 10/- per Equity Share at the option of the Acquirers. In terms of the allotment of the warrants, the Acquirers have made full payment of amounts due on the warrants and exercised their option for conversion of the said warrants into Equity Shares, which has been taken on record by the Board of Directors of the Target Company on April 27, 2013. The proposed allotment of Equity Shares consequent to exercise of option as stated above, would result in increase of the Acquirers' collective holding from 19.32% of the existing capital to 42.26% of fully diluted capital (post warrant conversion and allotment). The proposed allotment would be done in compliance with SEBI SAST Regulations and SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**").

3.1.7 There are no persons acting in concert (PAC) with the Acquirers for this Open Offer.

3.1.8 The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of directions issued pursuant to Section 11B of the SEBI Act, 1992 or under any of the Regulations made under the SEBI Act.

3.1.9 The Acquirers may, subsequent to the completion of this Open Offer or in accordance with Regulation 22(2) of the SEBI SAST Regulations, reconstitute the Board of Directors of the Company by appointing their representatives, as they may deem fit. As on date, the Acquirers have not decided on the names of persons who may be appointed on the Board of Directors of the Target Company.

3.1.10 The Board of Directors of the Target Company in accordance with Regulation 26(6) of the SEBI SAST Regulations, will constitute a committee of independent directors who would provide its written reasoned recommendation on the Offer to the Shareholders of the Target Company. In accordance with Regulation 26(7), the committee of independent directors of the Target Company shall provide their reasoned recommendations on this open offer to its shareholders and the Target Company shall in accordance with Regulation 26(6), cause to publish such recommendation atleast two working days before the commencement of the tendering period, in the same newspapers where the DPS of the Offer was published.

**3.2 Details of the proposed Offer**

3.2.1 A detailed public statement, as per Regulation 14 (3) of the SEBI SAST Regulations, was made in the following Newspapers, on May 6, 2013 :

| Newspaper | Language of the Newspapers | Editions |
|---|---|---|
| Financial Express | English | All |
| Jansatta | Hindi | All |
| Navshakti | Marathi | Mumbai |

Copy of the detailed public statement is also available at SEBI's website : www.sebi.gov.in

3.2.2 The Acquirers are making an open offer in terms of Regulation 3(1) and 4 of the SEBI SAST Regulations as aforesaid, to the public equity shareholders of the Target Company to acquire up to 33,83,432 Equity Shares of Rs. 10/- each representing 26% of the fully diluted (post conversion) equity and voting share capital of the Target Company, at a price of Rs. 20/- per Share ("Offer Price") payable in cash subject to the terms and conditions set out in the Public Announcement, DPS and this Letter of Offer.

3.2.3 The Offer price is Rs. 20/- per Equity Share. There are no partly paid up shares.

3.2.4 There is no differential pricing for the shares proposed to be acquired under the open offer

3.2.5 This is not a competing offer

3.2.6 All the shares tendered shall be free from lien, charges and encumbrances of any kind, whatsoever

3.2.7 The Offer is not subject to any minimum level of acceptance from the shareholders i.e. it is not a conditional offer and the Acquirers will be obliged to acquire all the equity shares tendered in response to the Offer, subject to a maximum of 33,83,432 Equity Shares that are tendered in the valid form in terms of the Offer subject to the terms and conditions mentioned in the DPS and the Letter of Offer ("LOF") to be mailed to the shareholders of the Target Company

3.2.8 There was no competing offer (WILL BE UPDATED)

3.2.9 The Acquirers have not purchased any Shares of the Target Company after the date of Public Announcement (PA)

**3.3 Object and Purpose of Acquisition/offer and Future Plans**

3.3.1 The Acquirers intend to gain control over the Target Company and make changes in the Board of Directors of the Target Company subsequent to the completion of this Open Offer or in accordance with Regulation 24(1) and other applicable provisions of SEBI SAST Regulations as they may deem fit.

3.3.2 The Acquirers propose to continue the existing line of business in the Target Company and may undertake other business activities in future, subject to the approval of members of the Company and other necessary approvals.

3.3.3 The Acquirers do not currently have any plans to dispose off or otherwise encumber any assets of the Target Company in the succeeding two years from the date of closure of the Offer, except in ordinary course of business. The Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the Shareholders

**4 BACKGROUND OF THE ACQUIRER**

4.1 **Information about the Acquirer**

4.1.1 Mr. Dhirajlal G. Hirpara, aged 49 years, is residing at Gauri Villa, 5 Ananta Park Society, Kalawad Road, Rajkot – 360 007. Mr. D G Hirpara is commerce graduate from the Mumbai University and has done his Masters in Business Administration (MBA). He has varied experience in marketing and manufacture of pumps and since last 8 years, he is in the business of trading of agricultural products, pulses, spices, crops etc.

Mr. Dhirajlal G. Hirpara has promoted following companies :

| Name | Nature & Business of the entity |
|---|---|
| Champion Agro Limited (earlier known as Magnetic Industries Ltd) | Agriculture – Retail Chains of Agro Inputs |
| Champion Agro Fresh Pvt. Ltd. | Agriculture – Trading of Fruits and Vegetables |
| Champion Agro World Pvt. Ltd. | Agriculture – General Trading of Agro Inputs |
| Champion Agro Engineering Pvt. Ltd. | Agriculture - Manufacturing of Mono Block and turbine Pumps |
| Champion Agro Produce Pvt. Ltd. | Agriculture - Contract Farming of Fruits and Vegetables |

The Net Worth of Mr. Dhirajlal G. Hirpara as on April 27, 2013 is Rs. 11,19,12,000/- (Rupees Eleven Crore Nineteen Lakhs Twelve Thousand only) as per certificate dated April 27, 2013 issued by M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W; Membership No: 31813), having their office at F-14 Neptune Towers, Opp Jalaram Petrol Pump, Kalawad Road, Rajkot – 360007; Tel no. 0281-2475670; email: bvganatra@gmail.com.

4.1.2 Mr. Jitendra G. Hirpara, aged 40 years, is residing at Gauri Villa, 5 Ananta Park Society, Kalawad Road, Rajkot – 360 007. Mr. J G Hirpara, an under-graduate, is involved in the business as dealers, traders, buyers, sellers etc. in all kinds of agricultural materials, fertilisers, equipments etc.

Mr. Jitendra G. Hirpara has promoted following companies :

| Name | Nature & Business of the entity |
|---|---|
| Champion Agro Limited (earlier known as Magnetic Industries Ltd) | Agriculture – Retail Chains of Agro Inputs |
| Champion Agro World Pvt. Ltd. | Agriculture – General Trading of Agro Inputs |
| Champion Agro Engineering Pvt. Ltd. | Agriculture - Manufacturing of Mono Block and turbine Pumps |
| Champion Agro Produce Pvt. Ltd. | Agriculture - Contract Farming of Fruits and Vegetables |

The Net Worth of Mr. Jitendra G. Hirpara as on April 27, 2013 is Rs. 7,13,26,000/- (Rupees Seven Crore Thirteen Lakhs Twenty Six Thousand only) as per certificate dated April 27, 2013 issued by M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W; Membership No: 31813), having their office at F-14 Neptune Towers, Opp Jalaram Petrol Pump, Kalawad Road, Rajkot – 360007; Tel no. 0281-2475670; email: bvganatra@gmail.com.

4.1.3 Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara are brothers and are whole-time Directors of Champion Agro Limited. The Acquirers do not belong to any group

4.1.4 None of the Acquirers are on the Board of Directors of any listed company(ies)

4.1.5 There is no Person Acting in Concert (hereinafter referred to as "**PAC**") with the Acquirers for this Open Offer.

4.1.6 The Acquirers collectively hold 18,00,000 Equity Shares representing 19.32% of the present paid-up capital in the Target Company. The applicable provisions of Chapter V of SEBI SAST Regulations have been complied by the Acquirers.

4.1.7 There are no pending litigations against the Acquirers in any court of law.

## 5. BACKGROUND OF THE TARGET COMPANY

5.1 Share Capital Structure of the Target Company

| Paid-up Equity Shares | No. of Shares/voting rights | % of shares/voting rights |
|---|---|---|
| Fully paid-up Equity Shares | 93,13,200 | 100.00 |
| Partly paid-up Equity Shares | Nil | - |
| Total paid-up Equity Shares | 93,13,200 | 100.00 |
| Total voting rights | 93,13,200 | 100.00 |

The Target Company had issued 37,00,000 Convertible Warrants on December 24, 2012 to the Acquirers. The said warrants are convertible into 1 Equity Share of Rs. 10/- each at a premium of Rs. 10/- per share at the option of the Acquirers, within 18 months of allotment.

In terms of the issue of warrants, the Acquirers have made full payment of the amounts due on the said warrants and exercised their option for conversion of these warrants into 37,00,000 Equity Shares in aggregate at a price of Rs. 20/- per Equity Share which would amount to 28.43% of the fully diluted post-warrant conversion and voting equity capital of the target Company. The exercise of option, which has been taken on record by the Board of Directors of the Target Company on April 27, 2013, has triggered this Open Offer in terms of Regulation 13(2)(b) of SEBI SAST Regulations. The allotment of Equity Shares pursuant to the aforesaid exercise of option would be done by the Target Company in compliance of SEBI SAST Regulations and SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations).

5.2 The shares of the Target Company are not suspended for trading.

5.3 All the shares of the Target Company are listed and permitted for trading on BSE. The Scrip code is 504367 (Scrip ID : CHAMPFIN) and is presently appearing under Periodic Call Auction in the BSE.

5.4 There are no outstanding convertible instruments / partly-paid up Equity Shares in the Target Company.

5.5 Composition of the Board of Directors :

| Name & DIN | Date of original appointment | Residential Address | Designation |
|---|---|---|---|
| Mr. Vipul Shantilal Trivedi<br>DIN : 01531954 | 26/12/2009 | Kolivado,<br>Una Junagadh – 362 560<br>Gujarat | Non-Executive Director |
| Mr. Sachin Champaklal Valani<br>DIN : 02844696 | 09/07/2012 | 2, Jasaji Park,<br>Nr. Income Tax Society<br>Airport Road, Rajkot – 360 007 | Non-Executive Independent Director |
| Mr. Hasmukhbhai Parshottambhai Thumar<br>DIN : 05318170 | 09/07/2012 | 128 Ramji Manthira Vistar<br>Gundasra, Tal : Gondal<br>Dist : Rajkot – 360 311 | Non-Executive Independent Director |

None of the Directors of the Target Company represent the Acquirers

5.6 There have been no merger/de-merger / spin off during the last 3 years involving the Target Company.

The Target Company was incorporated under the provisions of Companies Act, 1956 as Palladium Trading And Agencies Limited on August 28, 1982 with the Registrar of Companies, Maharashtra, Mumbai and obtained Certificate for Commence of Business on September 14, 1981. On May 6, 1994 the Target Company changed its name from Palladium Trading and Agencies Limited to Monotona Securities Limited and obtained a fresh certificate of incorporation consequent to change of name. The name of the Target Company was again changed to Champion Finsec Limited and a fresh Certificate of Incorporation consequent to change of name was obtained on January 4, 2013

The Registered Office of the target company is 302, Camy House, 3 Dhuswadi, Dr. Cawusji Hormusji Street, Mumbai – 400 002. Tel: +91-9925247265; e-mail : monotona2007@gmail.com

The Target Company was originally promoted by M/s Suvijay Exports Limited, Santosh Trading & Investment Private Limited and their associates. Later during the year 2009, there was change in the management of the Target Company. M/s Pan Infosystems Private Limited acquired controlling interest in the Target Company. In compliance with the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, they made Open Offer to the then shareholders of the Target Company during November/December 2008 to acquire 20% of the then Share Capital of the Target Company.

Presently, the Target Company deals in shares and securities and its major source of revenue is through dividend / investments. The Target Company is registered as a Non Banking Financial Company (“NBFC”) with Reserve Bank of India (“RBI”) under section 45IA of the Reserve Bank Act, 1934 vide RBI Certificate number (No. B-13.00958) dated August 5, 1998.

5.7 **Financial Highlights of the Target Company**

The brief audited financial details of the Target Company for the preceding three financial years are as under:

**Profit & Loss Account**

(Rs. in lakhs)

| Particulars | 31/03/2012 | 31/03/2011 | 31/03/2010 |
|---|---|---|---|
| Income from operations | - | - | |
| Other Income | 1.74 | 1.08 | 0.11 |
| Total Income | 1.74 | 1.08 | 0.11 |
| Total Expenditure | 1.83 | 2.56 | 2.72 |
| PBDIT | (0.09) | (1.48) | (2.61) |
| Depreciation | 0.91 | 0.91 | - |
| Interest | - | - | - |
| PBT | (1.00) | (2.39) | (2.61) |
| Provision for Tax | - | - | - |
| Deferred tax liability | - | - | - |
| PAT | (1.00) | (2.39) | (2.61) |

**Balance Sheet** *(data prior to revision of Schedule VI of the Companies Act, 1956)*

(Rs. in lakhs)

| Particulars | 31/03/2011 | 31/03/2010 |
|---|---|---|
| **Sources of Funds** | | |
| Share Capital | 517.40 | 517.40 |
| Reserves & Surplus | 623.40 | 625.79 |
| Networth | 1,140.80 | 1,143.19 |
| Secured Loans | - | - |
| Unsecured Loans | 2,195.44 | 1,050.51 |
| Deferred Tax Liability | - | - |
| **Total** | **3,336.24** | **2,193.70** |
| **Uses of Funds** | | |
| Net Fixed Assets | - | - |
| Investments | 2,042.77 | 1,233.30 |
| Net Current Assets | 1,290.75 | 956.77 |
| Miscellaneous Exp. not written off | 2.72 | 3.63 |
| **Total** | **3,336.24** | **2,193.70** |

Balance sheet data for the FY 2011-12 *(as per revised Schedule VI of the Companies Act, 1956)*

(Rs. in lakhs)

| Particulars | 31/03/2012 |
|---|---|
| **EQUITY AND LIABILITIES** | |
| **1. Shareholders' funds** | |
| a) Share Capital | 931.32 |
| b) Reserves & Surplus | 208.49 |
| Sub-total - Shareholders' funds | **1,139.81** |
| **2. Non current Liabilities** | |
| a) Long term borrowings | 1,521.84 |
| b) Deferred tax liabilities (net) | - |
| c) Other long term liabilities | - |
| d) Long term provisions | - |
| Sub-total – Non-current liabilities | **1,521.84** |
| **3. Current Liabilities** | |
| a) Short-term borrowings | 877.71 |
| b) Trade payables | 102.67 |
| c) Other current liabilities | - |
| d) Short-term provisions | 3.21 |
| Sub-total – Current liabilities | **983.59** |
| **TOTAL – EQUITY AND LIABILITIES** | **3,645.24** |
| | |
| **ASSETS** | |
| **1. Non-current Assets** | |
| a) Fixed Assets | - |
| b) Non-current investments | 136.80 |
| c) Long-term loans and advances | 540.00 |
| d) Other non-current assets | 4.30 |
| Sub-total – Non-current assets | **681.10** |
| **2. Current Assets** | |
| a) Current investments | 2,768.83 |
| b) Trade receivables | - |
| c) Cash and cash equivalents | 1.90 |
| d) Short term loans and advances | 193.41 |
| Sub-total – Current assets | **2,964.14** |
| **TOTAL – ASSETS** | **3,645.24** |

Unaudited financial results of the Target Company, for the quarter ended December 31, 2012 are as under (*based on financials as filed with BSE and not been reviewed by the Statutory Auditors*):

| Particulars | (Rs. in lakhs) |
|---|---|
| Income from operations | - |
| Other Income | 45.50 |
| Total Income | 45.50 |
| Total Expenditure | 2.10 |
| PBDIT | 43.40 |
| Depreciation | - |
| Interest/finance cost | - |
| PBT | 43.40 |
| Provision for Tax | - |
| PAT | 43.40 |
| Share Capital | 931.32 |

Other Financial Data

| Particulars | 31/12/2012 | 31/03/2012 | 31/03/2011 | 31/03/2010 |
|---|---|---|---|---|
| Dividend (%) | - | - | - | - |
| EPS (Rs.) | - | - | - | - |
| Return on Networth (%) | - | - | - | - |
| Book Value per Share (Rs.) | - | 12.24 | 22.00 | 22.02 |

**5.8 Pre and Post - Offer Share holding pattern of the Target Company shall be as follows:**

| **Share holders category** | **Shareholding prior to the acquisition and offer (A)** | | **Shares agreed to be acquired which triggered off the Regulation (B)** | | **Shares to be acquired in open offer (Assuming full Acceptance) (C)** | | **Shareholding after the acquisition and offer pursuant to the Regulations i.e. (A)+(B)+(C)=(D)** | |
|---|---|---|---|---|---|---|---|---|
| | **No.** | % | **No.** | % | **No.** | % | **No.** | % |
| **(1) <u>Promoter Group</u>** | | | | | | | | |
| Pan Infosystems P Ltd | 96,250 | 1.03 | - | - | - | - | 96,250 | 0.74 |
| **Total 1** | **96,250** | **1.03** | - | - | - | **-** | **96,250** | **0.74** |
| **(2) <u>Acquirers</u>** | | | | | | | | |
| Mr. Dhirajlal G. Hirpara | 7,50,000 | 8.05 | 18,50,000 | 14.21 | - | - | - | - |
| Mr. Jitendra G. Hirpara | 10,50,000 | 11.27 | 18,50,000 | 14.22 | - | - | - | - |
| **b. PACs** | - | - | | | | - | - | - |
| **Total 2** | **18,00,000** | **19.32** | **37,00,000** | **28.43** | **33,83,432** | **26.00** | **88,83,432** | **68.26** |
| **(3) Parties to agree-ment other than 1 & 2** | - | - | - | - | - | - | - | - |
| **Total 3** | **-** | **-** | - | - | - | - | - | - |
| **(4) Public (other than parties to agreement / Acquirer)** | | | | | | | | |
| a)FIs/MFs/FII/Banks | - | - | **-** | **-** | **-** | **-** | **-** | **-** |
| b) Others | 74,16,950 | 79.65 | | | | | | |
| **Total 4** | **74,16,950** | **79.65** | | | **(33,83,432)** | **(26.00)** | **40,33,518** | **31.00** |
| | | | | | | | | |
| **Total (1+2+3+4)** | **93,13,200** | **100.00** | | | | | **1,30,13,200** | **100.00** |

**Notes:**

1. Percentages given under the column (A) is with respect to the present paid-up capital of
2. The actual Post-Offer Shareholding of Public would depend on the response and acceptance of the shareholders in this Open Offer.
3. As on the date of PA, there are 199 shareholders.

## 6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 6.1 Justification of Offer price

6.1.1 This Open Offer is pursuant to Direct Acquisition.

6.1.2 The shares of the Target Company are listed on BSE.

6.1.3 The annualised trading turnover of Shares of Champion Finsec Limited during the preceding 12 calendar months prior to the month in which PA was made, i.e. during the months from April 2012 to March 2013 is given below :

| Name of stock Exchange | Total no. of share traded during the 12 calendar months prior to the month in which PA was made. | Total No. of listed Shares | Annual Trading turnover (in terms of % to total listed shares) |
|---|---|---|---|
| BSE | 860 | 93,13,200 | 0.01 |

Based on the parameters set out in the Regulation 2(1)(j) of SEBI SAST Regulations, the Equity Shares of the Target Company are deemed to be infrequently traded. As the equity Shares were infrequently traded, the Offer price has been determined taking into account the parameters as set out under Regulations 8(2)(e) viz. Book Value, EPS, Return on Net Worth, price paid by the Acquirer for acquisition through SPA etc.

6.1.4 The offer price of Rs. 20/- per equity Share of the Target Company is justified taking into account the following parameters as set out under Regulations 8(1) & 8(2) of the SEBI SAST Regulations :

| **PARTICULARS** | **Price (₹)** |
|---|---|
| 1. Negotiated price | 20.00 |
| 2. Volume weighted average price paid/payable for acquisitions during the 52 weeks preceding the date of public announcement | 10.00 |
| 3. Highest price paid/payable for acquisition during the 26 weeks preceding the date of public announcement | N.A. |
| 4. Volume weighted average market price of shares for a period of 60 trading days immediately preceding the date of public announcement | N.A. |
| 5. Fair Value determined in accordance with parameters of Regulation 8(2) (e)* | 13.27 |
| 6. Highest of the above | 20.00 |
| 7. Offer price | **20.00** |

* As certified by M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W; Membership No: 31813), vide Certificate dated May 2, 2013, having their office at F-14, Neptune Towers, Opp Jalaram Petrol Pump, Kalawad Road, Rajkot – 360 007; Tel : 0281-2475670; e-mail : bvganatra@gmail.com

6.1.5 The Manager to the Offer, Arihant Capital Markets Limited does not hold any Equity Shares in the Target Company on their own account as at the date of LOF. The Manager to the Offer further declare and undertake that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period

**6.2 Financial arrangements:**

6.2.1 Assuming full acceptance, the total fund requirements to meet this Offer is ₹ 6,76,68,640 (Rupees Six Crore Seventy Six Lakhs Sixty Eight Thousand and Six Hundred Forty only).

6.2.2 In accordance with Regulation 17 of the SEBI SAST Regulations, the Acquirers have deposited ₹ 1,69,19,000 (Rupees One Crore Sixty-nine Lakhs Nineteen Thousand only) by way of cash, being more than 25% of the entire amount of the consideration (assuming full acceptance by the shareholders) in an Escrow Account with ICICI Bank, Nariman Point Branch, Mumbai, with exclusive authority to operate the account in favour of Arihant Capital Markets Ltd., the Manager to the Offer. The Acquirers have duly empowered the Managers to the Offer to realise the value of the Escrow Account in terms of Regulation 21(1) of the SEBI SAST Regulations.

6.2.3 The Acquirers have adequate resources to meet the financial requirements of the Offer. The fund requirements will be met from own sources/Net Worth. No separate borrowings from Indian Banks / Financial Institutions or sources such as NRIs are envisaged by the Acquirers. The Acquirers hereby declare and confirm that they have adequate and firm financial resources to fulfill the total financial obligation under the Offer.

6.2.4 Mr. Bakul V. Ganatra (Membership No: 31813), Proprietor of M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W), having their office at F-14 Neptune Towers, Opp Jalaram Petrol Pump, Kalawad Road, Rajkot – 360 007, Tel No. 0281-2475670; email: bvganatra@gmail.com has certified vide certificates dated April 27, 2013 that the net worth of Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara as on April 27, 2013 is Rs. 1,119.12 lakhs and Rs. 713.26 lakhs, respectively, and that they have sufficient liquid resources to fulfil the obligations under this Open Offer.

6.2.5 Based on the above and in the light of the escrow arrangement and commitment of funds by the PAC, the Manager to the Offer is satisfied that firm arrangements for funds for payment through verifiable means have been put in place by the Acquirers to fulfill their obligations in relation to the Offer in accordance with the SEBI SAST Regulations.

## 7. TERMS AND CONDITIONS OF THE OFFER

### 7.1 Operational terms and conditions

7.1.1 The Offer is not subject to any minimum level of acceptances from shareholders.

7.1.2 The Letter of Offer along with Form of Acceptance cum Acknowledgement will be mailed to all those shareholder(s) of the Target Company (except the Acquirers, deemed PACs and the Promoters) whose name appear on the Register of Members and to the beneficial owners of the shares of the Target Company whose names appear on the beneficial records of the Depository Participant, at the close of business hours on June 5, 2013 ("Identified Date").

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

7.1.4 The LOF alongwith the Form of Acceptance cum acknowledgement would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the website

7.1.5 Accidental omission to dispatch this Letter of Offer to any member entitled to this Open Offer or non-receipt of this Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

7.1.6 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance cum Acknowledgement sent along with the other documents duly filled in and signed by the applicant shareholder(s)

7.1.7 Any equity shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the shareholder may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected if directions/orders regarding these equity shares are not received together with the equity shares tendered under the Offer.

7.2 **Locked in shares**: There are no locked in shares in the Target Company.

7.3 **Persons eligible to participate in the Offer**

Except the Acquirers, deemed PACs and the Promoters of the Target Company, all the registered shareholders of the Target Company and unregistered shareholders who own the Equity Shares of the Target Company any time prior to the Closure of Offer, including the beneficial owners of the shares held in dematerialised form, are eligible to participate in the Offer.

7.4 **Statutory and Other Approvals**

7.4.1 Non-resident equity shareholder(s) who wish to tender their equity shares of the Target Company in this Offer will be required to submit all the previous RBI approvals (specific or general) that they would have obtained for acquiring, the equity shares of the Target Company. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject the equity shares tendered in the Offer.

7.4.2 As on the date of Public Announcement, to the best of knowledge and belief of the Acquirer, no approvals from Bank/ Financial Institutions are required for the purpose of the Offer.

7.4.3 As on the date of this Letter of Offer, no other statutory approval is required to be obtained for the purpose of the Open Offer. If any other statutory approvals are required or become applicable, the offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are finally refused in terms of Regulation 23(1) of the SEBI SAST Regulations. The Open Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Open Offer.

7.4.4 In case of delay in receipt of any statutory approval, Regulation 18(11) of SEBI SAST Regulations will be adhered to, i.e. SEBI has power to grant extension of the time to the Acquirer or payment of consideration to the shareholder(s) subject to Acquirer agreeing to pay interest as directed by SEBI.

## 8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1 Shareholders who are holding fully paid equity shares in physical form and wish to tender their equity shares will be required to send their Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and blank transfer deed(s) duly signed to **Sharepro Services India Pvt Ltd** the Registrar to the Offer by Registered Post at the applicants sole risk so that the same are received on or before the Offer closing date, at the address given below, in accordance with the procedures as specified in this Letter of Offer and the Form of Acceptance cum Acknowledgement. **The relevant documents should NOT be sent to the Seller, Acquirer, the Target Company or the Managers to the Offer.**

All eligible owners of fully paid equity shares of the Target Company registered or unregistered including those holding shares in street names who wish to avail and accept the Offer can deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents to the Registrar as per the following details

| Name & Address | Contact Person & Contact Numbers | Workings Days and timings | Mode of delivery |
|---|---|---|---|
| **Sharepro Services (India) P. Ltd**<br>13AB, Samhita Warehousing Complex<br>2nd fl., Sakinaka Tele. Exch. Lane,<br>Off. Andheri Kurla Road, Sakinaka,<br>Andheri (East), Mumbai – 400 072<br>www.shareproservices.com | Tel: 022- 61915402/5404,<br>Fax:022- 61915444<br>Email:<br>offer@shareproservices.com<br>**Contact Persons:**<br>**Mr.Anand Moolay / Ms.Janvi** | Weekdays between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm. The centre will be closed on Saturday, Sunday and on public holidays | Registered Post/ Hand Delivery/ Speed Post |

8.2 The Registrar to the Offer, **Sharepro Services India Pvt Ltd** is in the process of opening a special depository account with National Securities Depository Limited ("NSDL") (WILL BE UPDATED AFTER OPENING OF THE ACCOUNT) for receiving equity shares under the Open Offer. Eligible shareholders who hold equity shares in demat form.

8.3 Shareholders holding equity shares in dematerialized form, will be required to send their Form of Acceptance cum Acknowledgement and other documents as may be specified in the Letter of Offer to the Registrar to the Offer either by Registered Post/Courier or by hand delivery so as to reach on or before the date of closing of the business hours on the date of closure of the Offer along with a photocopy of the delivery instructions in "Off market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of **"SHAREPRO SERVICES ESCROW ACCOUNT CHAMPION FINSEC OPEN OFFER"** (WILL BE UPDATED AFTER OPENING OF THE ACCOUNT) filled in as per the instructions given below:

| | |
|---|---|
| DP Name: | ********** (WILL BE UPDATED AFTER OPENING OF THE ACCOUNT) |
| DP ID: | ********** (WILL BE UPDATED AFTER OPENING OF THE ACCOUNT) |
| Client ID: | ********** (WILL BE UPDATED AFTER OPENING OF THE ACCOUNT) |
| Depository: | National Securities Depository Limited |

Note: Shareholders who wish to transfer their shares to the above mentioned escrow account from a demat account maintained with CDSL, should use "inter depository" delivery instruction slip.

8.4 **The shares and other relevant documents should not be sent to the Acquirers / Target Company / Manager to the Offer. The Acquirers and Manager to the Offer are not responsible for such shares sent to them and the same are liable to be returned to the sender at their own risk.**

**Procedure for acceptance of the Offer by unregistered Shareholders, owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer**

8.5 In case of (a) shareholders who have not received the LOF, (b) unregistered shareholders, (c) owners of the shares holding in street names, (d) owner of the shares who have sent the shares to the Target Company for transfer, may send their consent to the Registrar to the Offer on plain paper, stating the name, address, number of shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such shares such as broker note, succession certificate, original share certificate / original letter of allotment and valid share transfer deeds (one per folio), duly signed by such shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with the Target Company), and witnessed (if possible) by the notary public or a bank manager or the member of the stock exchange with membership number, as the case may be, shall need to be provided so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the Offer. Such shareholders can also obtain the LOF from the Registrar to the Open Offer by giving an application in writing to that effect.

8.6 In case of shareholders who have not received the LOF and holding equity shares in the dematerialized form may send their consent to the Registrar to the Offer on plain paper, stating the name, address, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of equity shares offered along with a photocopy of the original delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant as specified in Para 8.3 above, so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the Offer. Such equity shareholders can also obtain the LOF from the Registrar to the Offer by giving an application in writing.

8.7 Alternatively, such shareholders, if they so desire, may apply on the Form of Acceptance cum Acknowledgement obtained from SEBI's website (www.sebi.gov.in).

8.8 Shareholders who have sent their equity shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Depository Escrow Account should be received on or before the date of closing of the business hours on the date of closure of the Offer, else the application would be rejected.

8.9 No indemnity is needed from unregistered shareholders.

8.10 Where the number of equity shares offered for sale by the shareholders are more than the equity shares agreed to be acquired by the Acquirer, the Acquirer will accept the offers received from the share holders on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot.

8.11 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI SAST Regulations

8.12 The consideration to the shareholders whose shares have been accepted will be paid by crossed account payee cheques/ demand drafts/ Electronic Clearance Service (ECS)/RTGS/NEFT where applicable within ten working days from the offer closing date. Such payments through account payee cheques/demand drafts will be returned by registered post, at the shareholders' registered / unregistered owners' sole risk to the sole/ first shareholder/ unregistered owner.

8.13 Unaccepted share certificate(s) , transfer deed(s) and other documents, if any, will be returned by registered post, at the shareholders' registered / unregistered owners' sole risk to the sole/ first shareholder/ unregistered owner. Equity shares held in dematerialized form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective DPs when transferred by the Registrar to the Offer.

8.14 The Registrars to the Offer will hold in trust the equity shares and share certificate(s), equity shares lying in credit of the Special Depository Account, Form of Acceptance, on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques/ drafts for the consideration and/ or the unaccepted equity shares/ share certificates are dispatched/ returned.

## 9. MATERIAL DOCUMENTS FOR INSPECTION

Copies of the following documents are regarded as material documents and are available for inspection at 3rd Floor, Krishna Bhavan, 67, Nehru Road, Vile Parle (East), Mumbai – 400 057, the Corporate Office of Arihant Capital Markets Limited, the Manager to the Offer. The documents can be inspected during normal business hours (11.00 A.M. to 3.00 P.M.) on all working days (except Saturdays and Sundays and Public/Bank Holidays) from the date of opening of the Offer up till the date of closure of the Offer.

a) Copy Board Resolution dated December 24, 2012 for allotment of convertible warrants to the Acquirers

b) Copy of letter dated December 12, 2012 issued by BSE Limited according their in-principle approval for the issue of convertible warrants on preferential basis.

c) Copy of letter dated April 27, 2013 issued by the Acquirers conveying their intention to exercise their option for conversion of the warrants into Equity Shares

d) Copy of letter dated April 27, 2013 issued by the Target Company to BSE Limited informing the outcome of the Board Meeting wherein inter-alia the Board had taken on record the intention of the Acquirers to exercise their option for conversion of the warrants allotted to them into Equity Shares

e) Copy of certificate dated April 27, 2013 issued by Mr. Bakul V. Ganatra, Proprietor of M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W) certifying the net worth and the adequacy of financial resources to fulfil the open offer obligations by Mr. Dhirajlal G. Hirpara.

f) Copy of certificate dated April 27, 2013 issued by Mr. Bakul V. Ganatra, Proprietor of M/s Bakul V. Ganatra & Co., Chartered Accountants (Firm Registration No. – 100915W) certifying the net worth and the adequacy of financial resources to fulfil the open offer obligations by Mr. Jitendra G. Hirpara, the Acquirer

g) Copy of Certificate of Incorporation, Memorandum and Articles of Association of the Target Company.

h) Annual Reports of the Target Company for the financial years 2009–10, 2010-11 and 2011-12 and copy of financial statements for the period ended December 31, 2012 submitted to stock exchange by the Target Company.

i) Copy of Escrow Agreement jointly executed by ICICI Bank Limited, Acquirers and Arihant Capital Markets Limited in respect of the Escrow Account maintained with them in compliance of the SEBI SAST Regulations.

j) Copy of Public Announcement made on April 27, 2013.

k) Copy of the DPS published on May 6, 2013.

l) Due Diligence Certificate dated May 13, 2013 submitted to SEBI by Arihant Capital Markets Limited, Manager to the Offer.

m) Copy of Memorandum of Understanding (MOU) dated April 27, 2013 between the Acquirers and the Manager to the Offer.

n) SEBI Observation Letter bearing reference number ************* dated ************.

## 10. DECLARATION

1. In terms of Regulation 25(3) of the SEBI SAST Regulations, the Acquirers accept full responsibility for the information contained in the Letter of Offer, Form of Acceptance, Public Announcement and Detailed Public Statement and are severally and jointly responsible for ensuring compliance with the SEBI SAST Regulations.

2. The Manager to the Offer hereby states that the persons signing this Letter of Offer are the Acquirers

Signed by the Acquirers

**Mr. Dhirajlal G. Hirpara**

**Mr. Jitendra G. Hirpara**

Place: Mumbai
Date: May 13, 2013

**Encl.:**

1. Form of Acceptance cum Acknowledgement
2. Share Transfer Form

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**FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT**

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

(Please send this Form with enclosures to the Registrars to the Offer)

| | |
|---|---|
| Offer opens on | June 19, 2013 |
| Offer closes on | July 2, 2013 |

**From:**

Name:

Address:

Tel No.:_________________________________ ; Fax No.:___________________ e-mail: _____________________________

**To**

**Sharepro Services (India) Pvt. Ltd** – 13AB,Samhita Warehousing Complex, 2nd Floor, Sakinaka Tele. Exchange Lane, Off.Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400072 Tel:022-61915402/5404, Email:offer@shareproservices.com, Website: www.shareproservices.com Contact Persons: Mr.Anand Moolay/Ms.Janvi SEBI Regn. No.: INR000001476

Dear Sir,

**Sub: Open Offer to the shareholders of Champion Finsec Limited (the Target Company) for acquisition of 33,83,432 Equity Shares of ` 10 each representing 26% of equity share capital of the Target Company, for cash at a price of Rs. 20 per share by Mr. Dhirajlal G. Hirpara and Mr. Jitendra G. Hirpara (Acquirers)**

I/We refer to the Letter of Offer dated May 13, 2013 for acquiring the Equity Shares held by me/us in Champion Finsec Limited

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We, hold Shares in the physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

(In the case of Shares in Physical Form)

| Sl. No. | Ledger Folio No. | No. of Shares | No. of Share Certificates (Quantity) | Share Certificate Nos. | Distinctive Numbers | |
|---|---|---|---|---|---|---|
| | | | | | From | To |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| TOTAL | | | | | | |

*(In case of insufficient space, please attach a separate sheet and authenticate the sheet(s) by putting signature(s) on each sheet(s).)*

I/We confirm that the Equity Shares of Champion Finsec Limited which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original Share certificate(s) and valid Share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers make payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the consideration only after verification of the documents and signatures.

**---------------------------------------------Tear Here-------------------------------------------------**

**ACKNOWLEDGEMENT RECEIPT**

Received from Mr./Ms./M/s_________________________________Form of Acceptance-cum-Acknowledgement in connection with Open Offer to Shareholders of Champion Finsec Limited

Ledger Folio No.___________& _______No. of Share Certificates /Copy of Delivery instructions to DP for _________Shares of Champion Finsec Limited

| | | |
|---|---|---|
| Stamp of Registrar | In case of physical Shares, verify the number of Share certificates / number of Shares | In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form. |

I/We hold the following Equity Shares of Champion Finsec Limited in Dematerialized Form and accept the Offer and enclose a photocopy of the Depository Delivery instruction(s) duly acknowledged by the DP in respect of my/our Equity Shares, details of which are given below:

| Sl.No. | DP Name. | DP ID | Client ID | Name of beneficiary | No. of Shares |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | TOTAL | |

I/We have done an Off-Market transfer for crediting the Shares to the Special Depository Account noted below:

| | | | |
|---|---|---|---|
| **DP Name** | *********** | **DP ID** | *********** |
| **Client ID** | *********** | **Account Name** | **SHAREPRO SERVICES ESCROW ACCOUNT CHAMPION FINSEC OPEN OFFER** |

I/We note and understand that the Shares transferred to the above Special Depository Account, will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers make payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the consideration only after due verification of the documents.

I/We confirm that the Equity Shares of Champion Finsec Limited which are transferred by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirers to accept the Shares so offered 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 Acquirers to return to me/us, Equity Share certificate(s) or equity shares in demat form in respect of which the offer is not found valid /not accepted, specifying the reasons thereof. I/We authorize the Acquirers or the Manager to the Offer or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

The Permanent Account No. (PAN/GIR No.) Allotted under the Income Tax Act 1961 is as under

| | PAN / GIR No. |
|---|---|
| Sole / First Holder | |
| Joint Holder 1 | |
| Joint Holder 2 | |

Yours faithfully

**I understand that I / we will not be allowed to withdraw the shares tendered under this Open Offer as per the extant SEBI SAST Regulations**

Signed and delivered

| | Full Name | Holder's Signature |
|---|---|---|
| Sole / First Holder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |

Date: _____________

Place: _____________

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

To avoid fraudulent encashment in transit, the shareholder(s) may provide details of Bank Account of the First/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

| **Name of the Bank, Branch /Address** | **Account No.** | **Savings /Current/ NRE/NRO /Other** |
|---|---|---|
| | | |

I/We want to receive the payment through ECS ☐ RTGS ☐ NEFT ☐

In case of ECS, 9-digit code number of the Bank & Branch (Appearing on the MICR Cheque issued by the Bank

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

In the case of RTGS/NEFT, 8 digit code number issued by the Bank

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

| **Address** | **Phone / Fax Nos.** | **Contact Person /E-mail ID** |
|---|---|---|
| **All future correspondence, if any, should be addressed to Registrar to the Offer** | | |
| **Sharepro Services (India) Pvt. Ltd**<br>13AB,Samhita Warehousing Complex, 2nd Floor, Sakinaka Tele. Exchange Lane, Off.Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072,<br>Website: www.shareproservices.com | Tel: 022- 61915402/5404,<br>Fax:022- 61915444 | **Mr.Anand Moolay/Ms.Janvi**<br>offer@shareproservices.com |