

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

This Letter of Offer is sent to you as a Shareholder of Dalmia Bharat Sugar and Industries Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager / Registrar to the Offer. In case you have recently sold your Equity Shares in the Target, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER BY

Dalmia Bharat Enterprises Limited ("Acquirer")

Registered Office: Dalmiapuram - 621 651, District - Tiruchirapalli, Tamil Nadu

Tel. No.: +91 4329 235123, **Fax No.:** +91 4329 235111

Head Office: 11th & 12th Floors, Hansalaya Building, 15 Barakhamba Road, New Delhi - 110 001

Tel. No.: +91 11 2346 5100, **Fax No.:** +91 11 2331 3303

E-mail id: dbsil.openoffer@dalmiabharat.com

To

Acquire 21,044,220 Equity Shares of face value of ₹ 2/- each representing 26% of the Paid up Equity Share Capital Of

Dalmia Bharat Sugar and Industries Limited ("Target")

Registered Office: Dalmiapuram - 621 651, District - Tiruchirapalli, Tamil Nadu

Tel. No.: +91 4329 235123, **Fax No.:** +91 4329 235111

At a price of ₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per fully paid up Equity Share payable in cash Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "SEBI Takeover Regulations") and subsequent amendments thereof.

1. This Offer is being made by the Acquirer pursuant to Regulation 3(2) of SEBI Takeover Regulations and subsequent amendments thereto for substantial acquisition of Shares and voting rights of the Target.
2. As of the date of this Letter of Offer, to the best of the knowledge of Acquirer, there are no regulatory or statutory approvals required by the Acquirer for this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals.
3. The Offer is not subject to any minimum level of acceptance.
4. If there is any upward revision in the Offer Price by the Acquirer upto three Working Days prior to the commencement of the tendering period i.e. Thursday, October 25, 2012, the same would be informed by way of a Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirer for all the Shares validly tendered anytime during the Offer.
5. **If there is competing Offer, the public Offers under all the subsisting bids shall open and close on the same date.**
6. A copy of Public Announcement, Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgment) is also available on the website of Securities and Exchange Board of India (the "SEBI"), i.e. www.sebi.gov.in.

All future correspondence should be addressed to the Manager / Registrar to the Offer at the following addresses:

MANAGER TO THE OFFER



SPA Capital Advisors Limited
(formerly SPA Merchant Bankers Limited)
SEBI Regn. No.: INM000010825
25, C - Block, Community Centre
Janak Puri, New Delhi - 110 058, India
Tel. No. +91 11 2551 7371, 4567 5500
Fax No. +91 11 2553 2644
E-mail ID: dbsil.openoffer@spagroupindia.com
Investor grievance E-mail id: grievances.mb@spagroupindia.com
Website: www.spacapital.com
Contact Person: NitiN Somani / Abhishek Jain



REGISTRAR TO THE OFFER

Karvy Computershare Private Limited
SEBI Regn. No.: INR000000221
Plot No. 17-24
Vittal Rao Nagar, Madhapur
Hyderabad - 500 081, India
Tel. No. +91 40 4465 5000
Fax. No. +91 40 2343 1551
Email ID: murali@karvy.com
Contact Person: Mr. M. Murli Krishna

* SPA Capital Advisors Limited, having a valid SEBI Registration Certificate till November 30, 2012, has applied for permanent registration with SEBI vide application dated August 29, 2012.

SCHEDULE OF ACTIVITIES OF THE OFFER

ACTIVITY	Date	Day
Public Announcement	September 5, 2012	Wednesday
Detailed Public Statement	September 12, 2012	Wednesday
Last date for a competing Offer	October 05, 2012	Friday
Identified Date*	October 16, 2012	Tuesday
Date by which Letter of Offer will be dispatched to the Shareholders	October 23, 2012	Tuesday
Last date of upward revision in Offer Price	October 25, 2012	Thursday
Last date by which Committee of Independent Directors of the Board of Target shall give its recommendations / comments	October 29, 2012	Monday
Issue of advertisement announcing the Schedule of Open Offer and status of requisite statutory approvals	October 31, 2012	Wednesday
Offer Opening Date	November 01, 2012	Thursday
Offer Closing Date	November 16, 2012	Friday
Last date of communication of acceptance / rejection and payment of consideration for accepted tenders / return unaccepted Shares	December 03, 2012	Monday

* Identified Date is only for the purpose of determining the names of the Shareholders of the Target to whom the Letter of Offer would be sent.

RISK FACTORS

Given below are the risks related to the transaction, proposed Offer and those associated with the Acquirer:

- (1) In the event that either (a) the statutory or regulatory approvals, if any required, are not received in a timely manner (b) there is any litigation to stay the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public Shareholders of Target, whose Shares have been accepted in the Offer as well as the return of Equity Shares not accepted by the Acquirer, may be delayed. In case of delay in receipt of any statutory or regulatory approval, SEBI has the power to grant extension of time to Acquirer for payment of consideration to the public Shareholders of the Target 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 Takeover Regulations.
- (2) In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis and there is no certainty that all the Equity Shares tendered by the Public Shareholders in the Offer will be accepted.
- (3) Shareholders should note that the Shareholders who have tendered their acceptance to the Open Offer are not entitled to withdraw such acceptance during Tendering Period, even if the acceptance of Equity Shares under the Open Offer and dispatch of consideration are delayed. The tendered Shares and documents would be held by the Registrar to the Offer till such time the process of acceptance of Equity Shares tendered and the payment of consideration is completed.
- (4) The Acquirer makes no assurance with respect to the financial performance of the Target and disclaims any responsibility with respect to any decision taken by the Shareholders on whether or not to participate in the Offer.
- (5) The Acquirer makes no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in the Target.
- (6) The Acquirer does not provide any assurance with respect to the market price of the Equity Shares of the Target before, during or after the Offer and expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- (7) The Equity Shares tendered in response to the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer (in accordance with the SEBI Takeover Regulations and other applicable laws, rules and regulations), and the Shareholders will not be able to trade, sell, transfer, exchange or otherwise dispose of such Equity Shares until the completion of the Offer or withdrawal of the Offer in accordance with Regulation 23(1) of the SEBI Takeover Regulations.
- (8) The Manager to the Offer and / or Acquirer accepts no responsibility for statements made otherwise than in the Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer) would be doing so at his / her / its own risk.

The risk factors set forth above, pertain to the Offer and are not in relation to the present or future business or operations of the Target 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 Target are advised to consult their stockbrokers or investment consultants, if any, for analysing all the risks with respect to their participation in the Offer.

Legal Advisor to the Acquirer

Vaish Associates

1st Floor, Mohan Dev Building,
13 Tolstoy Marg,
New Delhi - 110 001, India
Tel. No. +91 11 4929 2525
Fax No. +91 11 2332 0484
E-mail ID: satwinder@vaishlaw.com
Contact Person: Mr. Satwinder Singh

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1. DEFINITIONS

Acquirer or DBEL	Dalmia Bharat Enterprises Limited
Board	The Board of Directors
Book Value per Share	Net Asset Value per Equity Share (i.e. Net worth / Number of Equity Shares issued)
BSE	BSE Limited
CIN	Corporate Identification Number
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
CSE	The Calcutta Stock Exchange Association Limited
Depository Participant or DP	Karvy Stock Broking Limited
Detailed Public Statement	Detailed Public Statement which appeared in the newspapers on September 12, 2012
DIN	Director Identification Number
Draft Letter of Offer	Draft Letter of Offer dated September 18, 2012 filed with SEBI
DSE	The Delhi Stock Exchange Association Limited
EPS	Profit after tax / Number of Equity Shares issued
Equity Share / Share	Fully paid up Equity Share(s) of the Target, having a face value of ₹ 2 each
Erstwhile SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Escrow Agreement	Escrow Agreement dated September 5, 2012 between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank / Escrow Agent	Axis Bank Limited, Statesman House, 148, Barakhamba Road, New Delhi-110 001
FEMA	The Foreign Exchange Management Act, 1999, as amended or modified from time to time
FII	Foreign Institutional Investor
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India
Identified date	October 16, 2012 i.e. the date falling on the 10th Working Day prior to the commencement of the Tendering period, for the purpose of determining the Shareholders of the Target to whom the Letter of Offer shall be sent
Letter of Offer	Letter of Offer dated [•]
Manager to the Offer / Merchant Banker	SPA Capital Advisors Limited
MSE	Madras Stock Exchange Limited
N.A.	Not Applicable
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies as defined under FEMA
Offer / Open Offer	Offer to acquire 21,044,220 Equity Shares of face value of ₹ 2/- each representing 26% of the total paid up Equity Share Capital of the Target at the Offer Price as of the tenth (10th) Working Day from the closure of the Tendering Period, payable in cash and subject to the terms and conditions mentioned in the Letter of Offer, the Public Announcement and Detailed Public Statement in terms of Regulation 3(2) of the SEBI Takeover Regulations.
Offer Closing Date	November 16, 2012
Offer Opening Date	November 01, 2012
Offer Period	The period between the date of Public Announcement, i.e. September 05, 2012, and the date of payment of consideration to the Shareholders of the Target who have accepted this Offer.
Offer Price	₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per fully paid up Equity Share payable in cash
PAN	Permanent Account Number

PAT	Profit After Tax
Persons eligible to participate in the Offer	Registered Shareholders of the Target and unregistered Shareholders who own the Equity Shares of the Target at any time prior to the closure of Offer, including the beneficial owners of the Shares held in dematerialised form, except the persons forming part of the Promoter and Promoter Group of the Target as per clause 35 of the Listing Agreement with the Stock Exchange(s) including the Acquirer.
PO / Purchase Order	Purchase Order dated September 05,2012 placed by Acquirer to purchase Equity Shares of the Target from NSE and / or BSE
Public Announcement	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on September 05, 2012 in accordance with SEBI Takeover Regulations
RBI	Reserve Bank of India
Registrar or Registrar to the Offer	Karvy Computershare Private Limited, an entity registered with SEBI under the SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended or modified from time to time.
Return on Net Worth	(Profit After Tax / Net Worth) *100
INR / Rs. / ₹	Indian Rupees
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI	Securities and Exchange Board of India
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Stock Exchange(s)	BSE, NSE and MSE
Target or DBSIL	Dalmia Bharat Sugar and Industries Limited
Tendering Period	Period commencing from November 01, 2012 and ending on November 16, 2012
Working Day	Working day of SEBI

2. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT 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 THE DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, “SPA CAPITAL ADVISORS LIMITED” HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 18, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

3. DETAILS OF THE OFFER

3.1. Background of the Offer

3.1.1. The offer is a mandatory offer made by the Acquirer under Regulation 3(2) read with Regulation 13(2)(a) of the SEBI Takeover Regulations for substantial acquisition of Shares and Voting Rights to consolidate their holding in the Target. There is no Person acting in Concert with the Acquirer in relation to this Offer within the meaning of Regulation 2(1)(q) of the SEBI Takeover Regulations.

3.1.2. Acquirer is a part of the Promoter Group of the Target. The list of individuals / bodies corporate, forming part of the Promoter Group, as per clause 35 of the listing agreement with the Stock Exchange(s), along with their shareholding in the Target as on the date of the Letter of Offer is as stated below:

Name of Individual / Entity	No. of Shares	Percentage
Individuals / Hindu Undivided Family		
Mrs. Abha Dalmia	1,000	0.00
Mr. Jai Hari Dalmia	1,635,010	2.02
Mrs. Kavita Dalmia	376,670	0.47
Mr. Gautam Dalmia	751,990	0.93
Mrs. Anupama Dalmia	11,250	0.01
Ku. Vaidehi Dalmia	37,180	0.05
Ku. Sukeshi Dalmia	37,180	0.05
Mr. Jai Hari Dalmia, Karta J. H. Dalmia HUF	315,175	0.39
Mr. Yadu Hari Dalmia	4,541,880	5.61
Mrs. Bela Dalmia	553,495	0.68
Mr. Puneet Yadu Dalmia	3,928,055	4.85
Mrs. Avantika Dalmia	660,265	0.82
Mr. Yadu Hari Dalmia, Karta Y. H. Dalmia HUF	241,005	0.30
Bodies Corporate		
Mayuka Investment Limited	17,736,537	21.91
Shree Nirman Limited	130	0.00
Sita Investment Company Limited	5,876,800	7.26
Keshav Power Limited	2,268,241	2.80
Ankita Pratisthan Limited	5,829,070	7.20
Rama Investment Company Private Limited	2,644,985	3.27
Himgiri Commercial Limited	738,265	0.91
Kavita Trading and Investment Company Private Limited	300,570	0.37
Puneet Trading and Investment Company Private Limited	109,080	0.13
Alirox Abrasives Limited	120,360	0.15
Valley Agro Industries Limited	3,500	0.00
Shri Nataraj Ceramic and Chemical Industries Limited	1,000	0.00
Dalmia Bharat Enterprises Limited (the "Acquirer")	3,959,753	4.89
Others		
Ms. Shrutipriya Dalmia C/o Shrutipriya Dalmia Trust	86,665	0.11
Total	52,765,111	65.19

3.1.3. In the financial year 2012-13, the Acquirer has acquired 3,959,753 Equity Shares resulting in increase of Promoters' shareholding from 60.30% as on April 01, 2012 to 65.19% as on September 04, 2012, being the date immediately preceding the Public Announcement. Further, the gross acquisition made by the Promoter Group during the period from April 01, 2012 to September 05, 2012 is 4,019,753 Equity Shares (inclusive of the Shares acquired by the Acquirer as stated above) aggregating to 4.97% of the total paid up Equity Share Capital in terms of the Explanation (i) of the Regulation 3(2) of the SEBI Takeover Regulations.

- 3.1.4. On September 05, 2012, the Acquirer has placed a PO of the same date with SPA Securities Limited (the "Broker") to acquire upto 5,500,000 Equity Shares representing 6.80% of the paid up Equity Share Capital of the Target at a price not exceeding ₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per Equity Share, payable in cash. The said maximum 5,500,000 Equity Shares are proposed to be purchased on NSE and / or BSE on or before October 19, 2012.

Pursuant to the aforesaid PO, no Equity Shares of the Target have been purchased by the Acquirer upto the date of this Letter of Offer.

- 3.1.5. Pursuant to the abovementioned intent of the Acquirer to purchase Equity Shares of the Target entitling the Acquirer to gain control over more than 5% of the paid up Equity Share Capital in one financial year, this mandatory offer is being made by the Acquirer in compliance with Regulation 3(2) read with Regulation 13(2)(a) of the SEBI Takeover Regulations.
- 3.1.6. The Offer is not a result of global acquisition resulting in indirect acquisition of Target and will not result in the change in control and management of the Target. As on the date of this Letter of Offer, the Acquirer holds 3,959,753 Equity Shares in the Target.
- 3.1.7. The Acquirer has not been prohibited by SEBI from dealing in securities in terms of any direction issued under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.
- 3.1.8. No change is proposed by the Acquirer on the Board of the Target after the Offer.
- 3.1.9. Mr. Jai Hari Dalmia and Mr. Yadu Hari Dalmia, Managing Directors on the Board of the Acquirer are also Vice Chairman cum Managing Director on the Board of the Target. Mr. Gautam Dalmia and Mr. Puneet Yadu Dalmia, Directors on the Board of the Acquirer, are also Managing Directors on the Board of the Target. Further, Mr. Thyagarajan Venkatesan and Mr. Bharat Bhushan Mehta, employees of the Acquirer are also Directors on the Board of the Target. The aforesaid Directors / employees have consented not to participate in any deliberations of the Board of Directors of the Target or vote on any matter in relation to the Open Offer being put to vote in the Board Meeting of the Target in compliance with Regulation 24(4) of the SEBI Takeover Regulations.
- 3.1.10. The recommendations of the Committee of Independent Directors, as constituted by the Board of Directors of the Target on the Offer, will be published at least two Working Days before the commencement of the tendering period, i.e. October 29, 2012, in the same newspapers where the Detailed Public Statement was published and a copy whereof shall be sent to SEBI, NSE, BSE, MSE and the Manager to the Offer.

3.2. Details of the Proposed Offer

- 3.2.1. In accordance with Regulations 14(1) and 14(3) of the SEBI Takeover Regulations, the Manager to the Offer, on behalf of the Acquirer, has given a copy of Public Announcement made on September 05, 2012 to BSE, NSE, MSE and SEBI and Detailed Public Statement on September 12, 2012 which was published in the following newspapers:

Publication	Editions
Business Standard - Hindi	All editions
Business Standard - English	All editions
Malai Malar - Tamil	Tiruchirapalli edition, being the place where Registered Office of the Target is situated
Nav Shakti - Marathi	Mumbai edition, being the place of the Stock Exchange, i.e. NSE, where Equity Shares of the Target are most frequently traded.

The Detailed Public Statement is also available on the SEBI website at www.sebi.gov.in.

- 3.2.2. This Open Offer is made by Acquirer in terms of the SEBI Takeover Regulations to the Shareholders of Target (other than Promoter Group) to acquire 21,044,220 (Two Crore Ten Lakh Forty Four Thousand Two Hundred Twenty Only) Equity Shares of face value of ₹ 2/- each representing 26% of the Paid up

Equity Share Capital of the Target at a price of ₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per fully paid up Equity Share ("Offer Price"), payable in cash subject to the terms and conditions set out in the Public Announcement, Detailed Public Statement and this Letter of Offer.

- 3.2.3. There are no partly paid up Equity Shares / outstanding convertible instrument in the Target.
- 3.2.4. No differential price is being offered by the Acquirer.
- 3.2.5. This Offer is not a competing offer in terms of Regulation 20 of the SEBI Takeover Regulation.
- 3.2.6. This is not a conditional offer and is not subject to any minimum level of acceptance from the Shareholders. The Acquirer will accept the Equity Shares of the Target which are tendered in valid form in terms of this Offer upto a maximum of 21,044,220 (Two Crore Ten Lakh Forty Four Thousand Two Hundred Twenty Only) Equity Shares.
- 3.2.7. The Acquirer has not acquired any Equity Shares of the Target from the date of Public Announcement i.e. September 5, 2012 and upto the date of this Letter of Offer.
- 3.2.8. The Equity Shares of the Target will be acquired by the Acquirer as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights declared thereafter.
- 3.2.9. Upon the completion of the Offer, assuming full acceptances in the Offer and pursuant to the Purchase Order, the Acquirer will hold 30,503,973 (Three Crore Five Lakhs Three Thousand Nine Hundred Seventy Three Only) Equity Shares constituting 37.69% of the paid up Equity Share Capital of the Target.
- 3.2.10. Upon completion of the Offer, assuming full acceptances in the Offer, the consolidated holding of the Promoter and Promoter Group (including Acquirer) will be 79,309,331 (Seven Crore Ninety Three Lakhs Nine Thousand Three Hundred Thirty One Only) Equity Shares constituting 97.99% of the Paid up Equity Share Capital of the Target. Further, the Acquirer has given an undertaking that if pursuant to this Open Offer, the public shareholding in the Target falls below 25% of the Voting Rights / paid up Equity Share capital, it will facilitate the Target to raise the level of public shareholding to the level as specified for continuous listing under the Securities Contracts (Regulation) Rules, 1957 and in accordance with such directions as may be issued by the Stock Exchanges on which the Equity Shares of the Target are listed within a period of twelve (12) months from the date of completion of Open Offer.
- 3.2.11. The Manager to the Offer does not hold any Equity Shares in the Target as at the date of Public Announcement and / or Detailed Public Statement and / or Letter of Offer. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target during the Offer Period.

3.3. Object of the Acquisition / Offer

- 3.3.1. The Acquirer is part of the Promoter Group of the Target. The Promoters propose to extend support to continue and expand the existing business of the Target. The main purpose of the above mentioned acquisition and the Offer is to consolidate the shareholding of the Acquirer in the Target. The Acquirer plans to continue the business of the Target as it has done in the past and therefore will not have any adverse repercussions on the employment and / or the location of the Target's place of business.
- 3.3.2. The Acquirer does not intend to alienate any material assets of the Target or of any of its subsidiaries whether by sale, lease, encumbrance or otherwise outside the ordinary course of business of the Target. Except as mentioned, in the event any substantial assets of the Target or of any of its subsidiaries are proposed to be sold, disposed off or otherwise encumbered in the succeeding two

years from the date of closure of the Open Offer, the Acquirer undertakes that it shall do so only upon receipt of prior approval of the Shareholders of the Target through Special Resolution in terms of Regulation 25(2) of the SEBI Takeover Regulations and subject to applicable laws as may be required.

4. BACKGROUND OF THE ACQUIRER - DALMIA BHARAT ENTERPRISES LIMITED

- 4.1. Acquirer was incorporated as a public limited company on February 10, 2006 as Sri Kesava Mines & Minerals Limited. The Acquirer received the Certificate of Commencement of Business on February 28, 2006. The name of Acquirer was subsequently changed to 'DCB Renewable Energy and Industries Limited' and the Company received a Fresh Certificate of Incorporation Consequent upon Change of Name dated February 19, 2010. The name was again changed to 'Dalmia Bharat Enterprises Limited', its present name, and Acquirer received the Fresh Certificate of Incorporation Consequent upon Change of Name dated March 25, 2010 from the Registrar of Companies, Tamil Nadu, Chennai and Andaman and Nicobar Islands. The Registered Office of DBEL is situated at Dalmiapuram - 621 651, Tiruchirapalli District, Tamil Nadu and Head Office at 11th & 12th Floors, Hansalaya Building, 15 Barakhamba Road, New Delhi - 110 001. The Corporate Identification Number of Acquirer is L40109TN2006PLC058818.
- 4.2. Acquirer is engaged in the business of purchase and sale of refractories and provision of management services. The Acquirer through its two subsidiaries, namely, Dalmia Cement (Bharat) Limited and DCB Power Ventures Limited, is also engaged in the business of manufacture and sale of cement and generation of captive power respectively.
- 4.3. There is no Person acting in Concert with the Acquirer in relation to this Offer within the meaning of Regulation 2(1)(q) of the SEBI Takeover Regulations.
- 4.4. The Acquirer forms part of the 'Dalmia Bharat Group'. The Promoters of the Acquirer are namely:

Name	Address	Director Identification Number / Corporate Identification Number
Mr. Jai Hari Dalmia	No. 1, Tees January Marg, New Delhi - 110 011	00009717
Mr. Yadu Hari Dalmia	18, Golf Links, New Delhi - 110 003	00009800
Dalmia Bharat Sugar and Industries Limited	Dalmiapuram -621651, District Tiruchirapalli, Tamil Nadu	L26942TN1951PLC000640
Mayuka Investment Limited	4, Scindia House, Connaught Place, New Delhi - 110 001	U65993DL1982PLC182919
Shree Nirman Limited	4, Scindia House, Connaught Place, New Delhi - 110 001	U45201DL1984PLC181590
Ankita Pratisthan Limited	8-B, Camac Court, 8th Floor, 25-B, Camac Street, Kolkata - 700 016	U65993WB1983PLC035766
Keshav Power Limited	4, Scindia House, Connaught Place, New Delhi - 110 001	U40105DL2004PLC181613

- 4.5. As on the date of this Letter of Offer, the Acquirer holds 3,959,753 Equity Shares representing 4.89% of the total paid up Equity Share Capital / Voting Rights of the Target. The Acquirer has complied with the provisions of Chapter V of the SEBI Takeover Regulations and / or Chapter II of the erstwhile SEBI Takeover Regulations, wherever applicable, within the time specified therein.
- 4.6. Shareholding pattern of Acquirer as on June 30, 2012 is as under:

Shareholders' Category	No. of Shares	Percentage
Promoter and Promoter Group	50,983,341	62.80
Non Promoter Shareholding		
- Central / State Governments	128,155	0.16
- Financial Institutions / Banks	1,669,736	2.06

Shareholders' Category	No. of Shares	Percentage
- Mutual Funds	2,500	0.00
- Insurance Companies	968,096	1.19
- FII's	7,217,957	8.89
- Other Non Public shareholding	20,219,518	24.90
Total Paid Up Capital	81,189,303	100.00

4.7. The details of Board of Directors of the Acquirer, as on the date of Letter of Offer is as follows:

Name, DIN and Designation / Category	Address	Qualification and Experience	Date of appointment
Mr. Pradip Kumar Khaitan DIN: 00004821 Non Executive Chairman	B-103, Rai Enclave, 7/1A, Sunny Park, Kolkata - 700 019, West Bengal	Mr. Pradeep Kumar Khaitan holds L.L.B. degree from the University of Calcutta and has over 46 years of experience across industry. He is a partner in Khaitan & Co., Solicitors and Advocates and has extensive legal and commercial experience. Mr. Khaitan also serves as Director for several public limited companies.	February 11, 2011
Mr. Jai Hari Dalmia DIN: 00009717 Managing Director	No. 1, Tees January Marg, New Delhi - 110 011	Mr. Jai Hari Dalmia holds a B.E. degree in Electrical Engineering from Jadavpur University and a Master's degree in Electrical Engineering from the University of Illinois, Urbana, Champagne, USA. He has more than 40 years of experience across industries, with a special focus on refractory, sugar and cement sectors. He also has to his credit various patents and is keenly involved in research and development activities as well.	February 11, 2011
Mr. Yadu Hari Dalmia DIN: 00009800 Managing Director	18, Golf Links, New Delhi - 110 003	Mr. Yadu Hari Dalmia, B.Com (Hons.) (Delhi University), FCA, has over 39 years of experience in the cement industry. He has served as the President of the Cement Manufacturers Association and is a well known figure in the cement industry.	February 11, 2011
Mr. Gautam Dalmia DIN: 00009758 Non-Executive Director	No. 1, Tees January Marg, New Delhi - 110 001	Mr. Gautam Dalmia holds B.S. and M.S. degrees in Electrical Engineering from Columbia University. He has 19 years of experience in the cement and sugar industries. As a Managing Director of group companies, he is directly responsible for managing the operations of the cement and sugar businesses and steers execution of projects. He also provides leadership to the commercial functions of the group.	February 11, 2011
Mr. Puneet Yadu Dalmia DIN: 00022633 Non-Executive Director	18, Golf Links, New Delhi - 110 003	Mr. Puneet Yadu Dalmia holds a B.Tech degree from the Indian Institute of Technology, Delhi and is a gold medallist from Indian Institute of Management, Bangalore, with specialisation in strategy and marketing. He has more than 15 years of experience in cement industry, having started his career as the co-founder and chaired one of the most profitable e-recruitment websites in India, which was later acquired by Monster.com, a Nasdaq listed multinational company. As a Managing Director, he has conceptualised the growth strategy and governance architecture for the group to focus on its core businesses and is spearheading the growth plans for the group.	February 11, 2011
Mr. Nagarajan Gopalaswamy DIN: 00017659 Independent Non-Executive Director	Flat No. C-1, 5A Ramachandrapuram, Tennur, Trichirapalli - 620 017, Tamil Nadu	Mr. Nagarajan Gopalaswamy holds a B.Sc degree in Chemistry from Madras University and a B.E. degree in Chemical Engineering from Annamalai University. He is a member of the Institute of Industrial Engineers, USA, the Indian Institute of Industrial Engineering, the Indian Institute of Chemical Engineering and the Institution of Engineers (India). He is a Council Member of the Tiruchirapalli Productive Council and has over 44 years of experience in the cement industry.	February 10, 2006

Name, DIN and Designation / Category	Address	Qualification and Experience	Date of appointment
Mr. Donald Macinnes Peck DIN: 00140734 Independent Non-Executive Director	Flat No. 314, 8 Dean Ryle Street, London SW1P4DA, UK	Mr. Donald Macinnes Peck holds a Masters and Doctorate in Economic History from the University of Oxford. His expertise lies in emerging markets investing, both in the Equity investment / fund management business. His previous appointments with the International Finance Corporation and Investment Banks, Llyod Bank and Morgan Grenfell, grant him a wide perspective of business and financial dynamics.	October 01, 2010
Mr. Virendra Singh Jain DIN: 00253196 Independent Non-Executive Director	B-247, Asian Games Village, New Delhi - 110 049	Mr. Virendra Singh Jain is a Fellow member of the Institute of Chartered Accountants of India and Institute of Cost and Work Accountants of India. He graduated from Shri Ram College of Commerce, University of Delhi. He began his professional career with Indian Oil Corporation and was engaged over 26 years in various capacities and was responsible for financial strategies and implementation and financial appraisal of projects. He was the Chairman of Steel Authority of India, until July 2006 and was also associated with the Jindal Group as Managing Director and CEO of Jindal Stainless Limited.	November 07, 2011

4.8. As on the date of this Letter of Offer, Mr. Jai Hari Dalmia, Mr. Yadu Hari Dalmia, Mr. Gautam Dalmia and Mr. Puneet Yadu Dalmia, Directors of the Acquirer are also Directors on the Board of the Target. Further, Mr. Thyagarajan Venkatesan and Mr. Bharat Bhushan Mehta, employees of the Acquirer are also Directors on the Board of the Target.

4.9. Brief audited consolidated financial statements of the Acquirer for financial years ended March 31, 2012, March 31, 2011 and March 31, 2010 along with un-audited consolidated financial results for the quarter ended June 30, 2012:

(all figures in ₹ Crore except otherwise stated)

Particulars	Three months period Ended 30.06.2012 (Unaudited) ¹	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010 ²
Profit & Loss Statement				
Income from Operations (Net)	643.18	2,330.36	1,745.93	-
Other Income	14.72	87.37	54.29	0.23
Total Income	657.90	2,417.73	1,800.22	0.23
Total Expenditure	479.43	1,774.78	1,381.12	0.11
Profit before Depreciation, Interest and Tax	178.47	642.95	419.10	0.12
Depreciation	44.33	181.73	175.27	-
Interest	42.70	151.28	172.43	-
Exceptional item	0.00	39.54	0.00	-
Profit Before Tax	91.44	270.40	71.40	0.12
Provision for Tax	37.37	122.85	61.08	0.02
Profit after tax before share of Profit in Associates	54.07	147.55	10.32	0.10
Add: Share of Profit in Associate	29.90	14.43	51.93	N.A.
Less: Share of Minority Interest	11.69	18.53	12.48	N.A.
Profit after tax	72.28	143.45	49.77	0.10
Balance Sheet Statement				
Paid up Share Capital	16.24	16.24	16.24	0.05
Reserves & Surplus (excluding revaluation reserves)	N.A.	2,874.59	2,761.45	0.10
Net worth	N.A.	2,890.83	2,777.69	0.15
Minority Interest	N.A.	427.16	408.63	-
Preference Capital (held by others)	N.A.	0.70	0.70	-

Particulars	Three months period Ended 30.06.2012 (Unaudited) ¹	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010 ²
Deferred Tax Liability	N.A.	92.71	53.09	
Secured Loans	N.A.	1,755.30	1,832.30	-
Unsecured Loans	N.A.	73.70	97.30	-
Total (Loans)	N.A.	1,829.00	1,929.60	-
Uses of funds				
Net Fixed Assets (including Capital Work in Progress)	N.A.	3,571.36	3,708.59	-
Investments	N.A.	1,193.53	659.21	-
Net Current Assets	N.A.	475.51	801.91	0.15
Total	N.A.	5,240.40	5,169.71	0.15
Other Financial Data				
Dividend (%)	N.A.	75	62.50	-
Earnings Per Share (in ₹)	8.90	17.67	6.13	3.99
Net worth	N.A.	2,890.83	2,777.69	0.15
Return on Net worth (%)	N.A.	4.96	1.79	66.67
Book Value per Share (in ₹)	N.A.	356.06	342.13	6.00

¹ The financial summary for the period ended June 30, 2012 is for three months and hence not comparable. Limited review of the said results has been conducted by the Auditors of the Acquirer.

² During the Financial Year 2009-10, there was no Subsidiary of the Acquirer and hence no consolidated results were required to be prepared.

- 4.10. Contingent liabilities of the Acquirer as on March 31, 2012 (on consolidated basis) are as under, as extracted from the audited consolidated financial statements of the Acquirer for the said date:

Acquirer		(₹ in crores)	
Sr. No.	Particulars	2011-12	2010-11
a)	Claims against the Company not acknowledged as debts	0.45	0.45
Subsidiaries		(₹ in crores)	
Sr. No.	Particulars	2011-12	2010-11
a)	Claims against the Company not acknowledged as debts	44.62	63.25
b)	Demand raised by following authorities in dispute:		
	Excise & Service tax	107.85	94.06
	Other matters	2.45	0.64
c)	Guarantees / Counter Guarantees given to banks on account of guarantees issued by the banks to Bodies Corporate	4.00	4.00
	Total	158.92	161.95
Joint Venture		(₹ in crores)	
Sr. No.	Particulars	2011-12	2010-11
a)	Bank Guarantee issued to Ministry of Coal	1.43	1.43

- 4.11. The summary of material litigations involving the Acquirer and its subsidiaries are as under:

- 4.11.1 Filed by the Acquirer (The following cases were filed by Dalmia Bharat Sugar and Industries Limited (erstwhile Dalmia Cement (Bharat) Limited) and have devolved on the Acquirer as a result of scheme of arrangement which is detailed in para 5.8 of this Letter of Offer):

- (a) In respect of head office of the Acquirer situated at 11th & 12th Floors, Hansalaya Building, 15 Barakhamba Road, New Delhi, there are 4 separate legal cases filed by us against Hansalaya Properties, the builder of the building before the Delhi High Court (i) Suit for damages of ₹ 0.09 crores and interest @ 15% per annum for late delivery of 11th and 12th floor (ii) suit filed for claiming title of premises in respect of 11th & 12th floors and the corresponding basement area of Hansalaya Building; (iii) demanding formation of Society and execution and Deed of Apartment under Apartment Ownership Act, 1986 and (iv) suit filed for declaration and seeking right to install our own cooling tower. All these cases have now been transferred to the District Court where the matters are pending.
- (b) Haryana State Government vide order dated December 14, 1989 issued notification to acquire vacant factory land admeasuring 15.32 acres of Dalmia Electronics Corporation unit of Acquirer at Ballabhgarh. Acquirer has obtained a Stay order from the Punjab and Haryana High Court restraining the Haryana State Government from dispossessing the land. In the meanwhile Acquirer has also filed appropriate proceedings before the District Judge, Faridabad, for enhancement of the quantum of the award, which is pending in the District Court waiting for the outcome of final order by High Court on the aforesaid matter. The amount involved is ₹ 4.24 crores.

4.11.2 Following is the summary of material¹ legal cases involving Dalmia Cement (Bharat) Limited (erstwhile Avniya Properties Limited), subsidiary of the Acquirer:

- (a) Cases filed by the Subsidiary, Dalmia Cement (Bharat) Limited

(Amount in ₹ crores)		
Classification	Total Number of Cases	Amount Involved
Civil cases *	11	37.90
Negotiable Instruments Act **	1	2.00
Excise matters	2	5.21

* Financial Value of one case cannot be determined.

** In relation to this case under Negotiable Instrument Act, 1881, DCBL has also filed a civil suit for recovery in the same matter as well in order to safeguard its interests. The amount stated under the head 'Civil Cases' includes this amount as well. It is however pertinent to note that in aggregate, DCBL is entitled to claim only Rs. 2 crore, which may either be under the Negotiable Instruments Act, 1881 or through the civil case filed in this regard.

- (b) Cases filed against the Subsidiary, Dalmia Cement (Bharat) Limited

(Amount in ₹ crores)		
Classification	Total Number of Cases	Amount Involved
Civil cases	1	2.04
Excise & Service Tax matters	27	139.41*

* Excludes penalty amount, which may be imposed on the Subsidiary, if such matters are decided against it. The indicative figure for penalty, on the premise that maximum penalty may be imposed by the concerned department, is aggregating to ₹ 127.40 crores. Subsidiary may also be liable to pay interest as per applicable provisions, which cannot be ascertained till final outcome of the matter.

¹ Cases / Litigations which are financially and operationally material to Dalmia Cement (Bharat) Limited and wherein the value involved is more than ₹ 1.00 crore are considered to be material.

- 4.12. Equity Shares of the Acquirer are listed at BSE (Scrip Code: 533309 and Scrip ID: DALMIABHA), NSE (Symbol: DALMIABEL) and MSE.
- 4.13. The closing price of the Shares of the Acquirer as quoted on NSE and BSE on September 05, 2012 (i.e. the date of Public Announcement) is ₹ 121.30 and ₹ 120.50 respectively (source: www.nseindia.com and www.bseindia.com). No quotation is available for the shares of the Acquirer on MSE.

4.14. The Acquirer has complied with all the provisions under Clause 49 of the Listing Agreement relating to the Corporate Governance.

4.15. Details of Compliance Officer of the Acquirer is as follows:

Ms. Nidhi Bisaria
Company Secretary
11th & 12th Floors, Hansalaya Building
15 Barakhamba Road
New Delhi - 110 001
Tel. No.: +91 11 2346 5168
Fax No.: +91 11 2331 3303
E-mail: Bisaria.Nidhi@dalmiabharat.com

5. BACKGROUND OF THE TARGET - DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED

5.1. Target was incorporated under the Indian Companies Act, 1913, on November 01, 1951 to take over the Indian assets including the cement plant of Dalmia Cement Limited at Dalmiapuram, Tamil Nadu. The name of the Target on incorporation was Dalmia Cement (Bharat) Limited. The Target received Certificate of Commencement of Business on December 26, 1951. The name of the Target was changed from Dalmia Cement (Bharat) Limited to Dalmia Bharat Sugar and Industries Limited and Fresh Certificate of Incorporation Consequent upon Change of Name was issued by Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on September 07, 2010. The Corporate Identification Number of the Target is L26942TN1951PLC000640. The Registered Office of the Target is situated at Dalmiapuram - 621 651, Tiruchirapalli District, Tamil Nadu and Head Office at 11th & 12th Floors, Hansalaya Building, 15 Barakhamba Road, New Delhi - 110 001. The present promoters of the Target are Mr. Jai Hari Dalmia and Mr. Yadu Hari Dalmia.

5.2. Target is engaged in the business of manufacture and sale of sugar and has three integrated plants for such purposes which include Co-generation and a Distillery, generation of electricity through wind farms, magnesite and travel agency business besides manufacture and sale of multi layer ceramic chip capacitors and resistors. The total cane crushing capacity of Target stands at 22,500 TCD. Further, Target has recently acquired a sugar mill having capacity of 2,500 TCD near Kolhapur, Maharashtra through auction process.

5.3. Share Capital structure of the Target as on the date of Letter of Offer is as follows:

Paid up Equity Share Capital of Target	No. of Shares (Face Value ₹ 2) / Voting Rights	Percentage of Shares / Voting Rights
Fully paid up Equity Shares	8,09,39,303	100%
Partly paid up Equity Shares	Nil	Nil
Total paid up Equity Shares	8,09,39,303	100%
Total voting rights in Target	8,09,39,303	100%

5.4. The Equity Shares of the Target are presently listed on NSE, BSE and MSE. The Equity Shares of the Target are not suspended from trading on NSE, BSE and MSE. The Equity Shares of the Target have been voluntarily delisted in the past from The Delhi Stock Exchange Association Limited vide letter dated February 10, 2004 and from The Calcutta Stock Exchange Association Limited vide notice dated June 06, 2007. The privately placed Non-Convertible Debentures of the Target are listed on WDM Segment of the NSE.

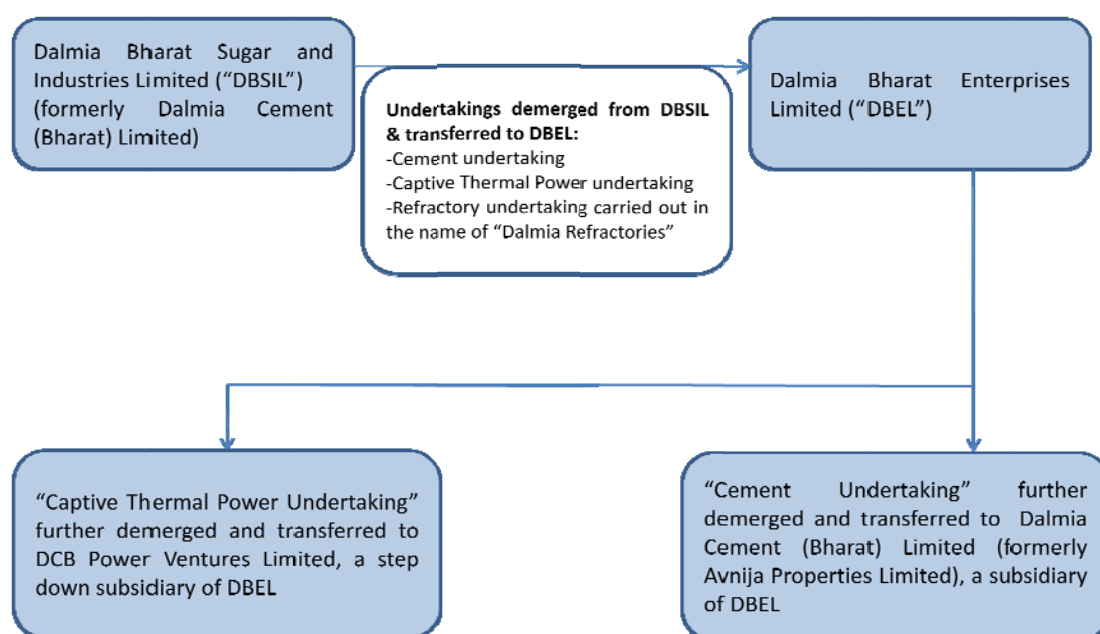
5.5. There are no outstanding partly paid up Equity Shares of the Target.

5.6. The Target does not have any outstanding convertible instruments.

5.7. As on the date of Letter of Offer, the composition of the Board of Directors of the Target is as under:

Name	Designation	DIN	Address	Date of appointment
Mr. Jagdish Saran Baijal	Non Executive Chairman and Independent Director	00049565	House No. 224, Sector 15A, Gautam Budh Nagar, Noida - 201 301, Uttar Pradesh	May 31, 1999
Mr. Jai Hari Dalmia	Vice-Chairman & Managing Director	00009717	No. 1, Tees January Marg, New Delhi - 110 011	April 01, 2007
Mr. Yadu Hari Dalmia	Vice-Chairman & Managing Director	00009800	18, Golf Links, New Delhi - 110 003	January 16, 2007
Mr. Bharat Bhushan Mehta	Non Independent Non-Executive Director	00006890	6451, Sector B, Pocket 9, Vasant Kunj, New Delhi - 110 070	May 23, 2011
Mr. Gautam Dalmia	Managing Director	00009758	No. 1, Tees January Marg, New Delhi - 110 001	January 16, 2007
Mr. Puneet Yadu Dalmia	Managing Director	00022633	18, Golf Links, New Delhi - 110 003	January 16, 2007
Mr. Muthuswamy Raghupathy	Independent Non-Executive Director	00012997	F-109, Anna Nagar (East), Chennai - 600 102, Tamil Nadu	November 05, 1997
Mr. Thyagarajan Venkatesan	Non Independent Non-Executive Director	00124050	5 Krishna Kutira, 11/4 Harrington Road, Chetpet, Chennai - 600 031, Tamil Nadu	November 01, 2007
Mr. Panchapakesan Kannan	Independent Non-Executive Director	03555871	7, Baywatch Boulevard, Kaveri Nagar, Kottivakkam, Chennai - 600 041, Tamil Nadu	August 10, 2011

5.8. In pursuance of the Scheme of Arrangement between (a) Dalmia Bharat Sugar and Industries Limited ("DBSIL" / the "Target" and formerly carrying on business in the name and style of 'Dalmia Cement (Bharat) Limited'), (b) DBEL, (c) Dalmia Cement (Bharat) Limited (formerly: Avnija Properties Limited) and (d) DCB Power Ventures Limited and their respective Shareholders and Creditors, which was approved by the Hon'ble High Court of Madras by its Order dated July 29, 2010, the "cement undertaking", "captive thermal power undertaking", "refractory undertaking" carried out in the name and style of 'Dalmia Refractories', etc. stand demerged from DBSIL and stand vested and transferred in DBEL on a going concern basis, in the first phase, and thereafter, in the second phase, the "cement undertaking" and the "captive thermal power undertaking" stands demerged from DBEL and stand vested and transferred in Dalmia Cement (Bharat) Limited (formerly: Avnija Properties Limited) and DCB Power Ventures Limited, respectively, on a going concern basis. A pictorial depiction of the Scheme of Arrangement is as under:



- 5.9. Brief audited consolidated financial statements of the Target for financial years ended March 31, 2012, March 31, 2011 and March 31, 2010 along with un-audited financial results for the quarter ended June 30, 2012:

(all figures in ₹ Crore except otherwise stated)

Particulars	Three months period Ended 30.06.2012 (Unaudited) ¹	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010
Profit & Loss Statement				
Income from Operations (Net)	252.65	712.83	669.00	2,154.26
Other Income	6.80	29.38	23.54	48.66
Total Income	259.45	742.21	692.54	2,202.92
Total Expenditure	220.27	649.50	603.83	1,694.66
Profit Before Depreciation, Interest and Tax	39.18	92.71	88.71	508.26
Depreciation	10.46	41.82	39.41	131.98
Interest	17.47	50.25	48.10	175.66
Profit Before Tax	11.25	0.64	1.20	200.62
Provision for Tax	0.74	(0.28)	(2.57)	68.11
Profit After Tax before share of profit in Associates	10.51	0.92	3.77	132.51
Add: Share of Profit in Associates	-	-	-	44.71
Profit after Tax	10.51	0.92	3.77	177.22
Balance Sheet Statement				
Sources of fund				
Paid up Share Capital	16.19	16.19	16.19	16.19
Reserves & Surplus (excluding revaluation reserves)	N.A.	420.59	419.67	1,355.91
Net worth	N.A.	436.78	435.86	1,372.10
Preference Capital (held by others)	N.A.	-	-	0.70
Deferred Tax Liability	N.A.	78.74	76.78	289.11
Secured Loan	N.A.	660.38	633.79	2,785.20
Unsecured Loan	N.A.	50.00	25.00	110.21
Total	N.A.	710.38	658.79	2,895.41
Uses of fund				
Net fixed assets	N.A.	579.36	606.42	3,053.64
Investments	N.A.	42.48	38.99	724.80
Net Current Assets	N.A.	618.79	531.12	832.74
Total	N.A.	1,230.63	1,176.53	4,611.18
Other Financial Data				
Dividend (%)	N.A.	0.00	12.50	100.00
Earnings Per Share (in ₹)	1.30	0.11	0.47	21.90
Net worth	N.A.	436.78	435.86	1,372.10
Return on Net worth (%)	N.A.	0.21	0.86	12.92
Book Value per Share (in ₹)	N.A.	53.96	53.85	169.52

¹ The financial summary for the period ended June 30, 2012 is for three months and on standalone basis (as disclosed to the Stock Exchanges) and hence not comparable. Limited review of the said results has been conducted by the Auditors of the Target.

5.10. Pre and Post Offer shareholding pattern of the Target is as under (as of September 14, 2012):

Shareholders' Category	Shareholding / Voting Rights prior to the Offer		Shares / Voting Rights proposed to be acquired through PO, which triggered the Regulations		Shares / Voting Rights to be acquired in the Offer (Assuming full Acceptance)		Share holding / Voting Rights after the acquisition and Offer	
	(A)		(B)		(C)		(A)+(B)+(C)= (D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group including the Acquirer								
a. Acquirer	3,959,753	4.89	5,500,000	6.80	21,044,220	26.00	30,503,973	37.69
b. Promoters other than (a) above	48,805,358	60.30	-	-	-	-	48,805,358	60.30
Total 1 (a + b)	52,765,111	65.19	5,500,000	6.80	21,044,220	26.00	79,309,331	97.99
(2) Parties to agreement, if any								
(3) Public (other than parties to agreement and Acquirer)								
a. Institutions (including FIs /MFs/ FIIIs/ Banks, SFIs)	2,928,050	3.62	(5,500,000)	(6.80)	(21,044,220)	(26.00)	1,629,972	2.01
b. Others	25,246,142	31.19						
Total (3) (a + b)	28,174,192	34.81	(5,500,000)	(6.80)	(21,044,220)	(26.00)	1,629,972	2.01
GRAND TOTAL (1+2+3)	80,939,303	100.00	-	-	-	-	80,939,303	100.00

Total number of public shareholders as on September 14, 2012 is 16,293.

5.11. The Target and its Promoter Group has complied with the provisions of Chapter V of the SEBI Takeover Regulations and Chapter II of the erstwhile SEBI Takeover Regulations within the time specified therein.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. Justification of Offer Price

6.1.1. The Offer is made pursuant to the direct acquisition of Equity Shares of the Target by the Acquirer. The Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares of the Target.

6.1.2. The Equity Shares of the Target are presently listed on BSE (Scrip code: 500097; Scrip ID: "DALMIASUG"), NSE (Scrip ID: DALMIASUG) and MSE. The Target has voluntarily delisted its Equity Shares from:

Financial Year	Name of Stock Exchange
2003-04	The Delhi Stock Exchange Association Limited
2007-08	The Calcutta Stock Exchange Association Limited

6.1.3. The annualised trading turnover in the Equity Shares of the Target in the Stock Exchanges based on trading volume during the twelve calendar months prior to the month of Public Announcement (i.e. September 01, 2011 to August 31, 2012) is as given below:

Stock Exchange	Total No. of Equity Shares traded during the Twelve Calendar months prior to the month of Public Announcement	Total No. of Listed Equity Shares	Annualised Trading Turnover (as % of total Equity Shares listed)
BSE	9,856,683	80,939,303	12.18%
NSE	17,060,405	80,939,303	21.08%

(Source: www.bseindia.com and www.nseindia.com)

The Equity Shares of the Target are currently not traded on MSE.

Traded turnover of the Equity Shares of the Target on the above mentioned Stock Exchanges during the period of 60 (sixty) trading days immediately preceding the date of the Public Announcement:

Name of Stock Exchange	Total volume of trading of Equity Shares during 60 (sixty) trading days immediately preceding the date of the PA
NSE	14,834,279
BSE	1,802,132
MSE	The Equity Shares of the Target are currently not traded on MSE

(Source: www.bseindia.com and www.nseindia.com)

6.1.4. Based on the information available on the website of the Stock Exchanges, the Equity shares of the Target are frequently traded on BSE and NSE (in terms of regulation 2(1)(j) of SEBI Takeover Regulations). Further, the Equity Shares of the Target are most frequently traded on NSE.

6.1.5. The Offer Price of ₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per Equity Share is justified in terms of Regulation 8(2) of the SEBI Takeover Regulations, being the highest of the following:

Particulars	Amount
The highest negotiated price per Equity Share of the Target for any acquisition under the agreement attracting the obligation to make a Public Announcement of the Offer	N.A.
The volume-weighted average price paid or payable for acquisitions by the Acquirer during the fifty-two weeks immediately preceding the date of the Public Announcement *	₹ 17.18
The highest price paid or payable for any acquisition by the Acquirer during the twenty six weeks immediately preceding the date of the Public Announcement	₹ 19.50
The volume-weighted average market price of Equity Shares for a period of sixty (60) trading days immediately preceding the date of the Public Announcement as traded on NSE, being Stock Exchange where the maximum volume of trading in the Equity Shares of the Target are recorded during such period	₹ 19.00
Highest price per Equity Share of the Target quoted by the Acquirer in the PO to the Broker, pursuant to which Offer is triggered	₹ 19.50

* There is no Person Acting in Concert for the purpose of this Offer. However, the value per Equity Share, as calculated above, is based on all the acquisitions (gross) made by the Promoter Group (including the Acquirer) of the Target, details of which are as under:

(Amount in ₹)

Date	Stock Exchange	Nature of entity	Number of Equity Shares purchased	Consideration	Weighted average price	Maximum price paid
September 15, 2011	Inter-se	Promoter Group	3,790,000	64,998,500	17.15	17.15
September 15, 2011	Inter-se	Promoter Group	2,750,000	47,162,500	17.15	17.15
March 29, 2012	BSE	Promoter Group	496,000	5,952,000	12.00	12.00
March 29, 2012	BSE	Promoter Group	1,200,000	14,400,000	12.00	12.00
April 10, 2012	BSE	Promoter Group	30,000	411,000	13.70	13.70
April 10, 2012	NSE	Promoter Group	30,000	408,000	13.60	13.60
August 21, 2012	NSE	Acquirer	845,024	16,477,968	19.50	19.50
August 21, 2012	NSE	Acquirer	2,554,729	49,817,216	19.50	19.50
August 28, 2012	NSE	Acquirer	560,000	10,913,596	19.49	19.50
Total			12,255,753	210,540,780	17.18	

- 6.1.6. Calculation of the volume weighted average price paid for acquisition, by the Acquirer during the fifty two (52) weeks immediately preceding the date of the Public Announcement and determining the highest price paid for an acquisition by the Acquirer during the twenty six weeks immediately preceding the date of the Public Announcement as per Regulation 8(2)(b) and 8(2)(c) of the SEBI Takeover Regulations is as follows:

(Amount in ₹)

Date	Stock Exchange	Number of Equity Shares purchased	Consideration	Weighted average price	Maximum price paid
August 21, 2012	NSE	845,024	16,477,968	19.50	19.50
August 21, 2012	NSE	2,554,729	49,817,216	19.50	19.50
August 28, 2012	NSE	560,000	10,913,596	19.49	19.50
Total		3,959,753	77,208,780	19.50	

- 6.1.7. Calculation of volume weighted average market price of the Equity Shares for a period of sixty (60) trading days immediately preceding the date of the Public Announcement dated September 05, 2012 as traded on NSE (as the maximum volume of trading in the Equity Shares was recorded on NSE during such period) as per Regulation 8(2)(d) of SEBI Takeover Regulations is as under:

Date	Total Traded Quantity	Turnover (in ₹ Lakhs)	Volume Weighted Average Price (in ₹)
September 04, 2012	17,842	3.48	19.50
September 3, 2012	20,012	3.86	19.29
August 31, 2012	16,109	3.13	19.43
August 30, 2012	72,860	13.81	18.95
August 29, 2012	86,318	16.52	19.14
August 28, 2012	613,415	119.37	19.46
August 27, 2012	77,055	15.46	20.06
August 24, 2012	82,141	17.21	20.95
August 23, 2012	258,076	55.81	21.63
August 22, 2012	346,267	72.24	20.86
August 21, 2012	4,081,294	798.21	19.56
August 17, 2012	330,779	67.88	20.52
August 16, 2012	7,555,297	1,418.96	18.78
August 14, 2012	310,681	64.24	20.68
August 13, 2012	104,688	19.21	18.35
August 10, 2012	8,088	1.38	17.06
August 09, 2012	25,728	4.34	16.87
August 08, 2012	34,501	5.91	17.13
August 07, 2012	118,043	21.10	17.87
August 06, 2012	111,050	18.11	16.31
August 03, 2012	13,875	2.09	15.06
August 02, 2012	18,704	2.77	14.81
August 01, 2012	25,416	3.72	14.64
July 31, 2012	20,339	2.90	14.26
July 30, 2012	10,146	1.44	14.19
July 27, 2012	16,564	2.25	13.58
July 26, 2012	13,446	1.92	14.28
July 25, 2012	12,371	1.79	14.47
July 24, 2012	18,606	2.69	14.46
July 23, 2012	28,867	4.16	14.41
July 20, 2012	9,604	1.33	13.85
July 19, 2012	3,382	0.47	13.90
July 18, 2012	14,261	1.99	13.95
July 17, 2012	21,872	3.08	14.08

Date	Total Traded Quantity	Turnover (in ₹ Lakhs)	Volume Weighted Average Price (in ₹)
July 16, 2012	18,686	2.64	14.13
July 13, 2012	25,396	3.64	14.33
July 12, 2012	15,089	2.15	14.25
July 11, 2012	11,946	1.69	14.15
July 10, 2012	20,356	2.93	14.39
July 09, 2012	17,968	2.61	14.53
July 06, 2012	30,290	4.31	14.23
July 05, 2012	31,234	4.37	13.99
July 04, 2012	51,224	7.08	13.82
July 03, 2012	13,565	1.76	12.97
July 02, 2012	3,409	0.44	12.91
June 29, 2012	19,612	2.57	13.10
June 28, 2012	7,624	0.98	12.85
June 27, 2012	10,706	1.38	12.89
June 26, 2012	6,361	0.80	12.58
June 25, 2012	2,983	0.38	12.74
June 22, 2012	2,759	0.34	12.32
June 21, 2012	831	0.10	12.03
June 20, 2012	4,763	0.59	12.39
June 19, 2012	8,436	1.01	11.97
June 18, 2012	2,050	0.25	12.20
June 15, 2012	6,904	0.84	12.17
June 14, 2012	2,109	0.26	12.33
June 13, 2012	2,628	0.32	12.18
June 12, 2012	3,960	0.49	12.37
June 11, 2012	15,693	1.93	12.30
	14,834,279	2,818.69	19.00

- 6.1.8. There has been no revision in the Offer Price since the date of Public Announcement till the date of Letter of Offer. The Offer Price does not warrant any adjustments for Corporate Actions.
- 6.1.9. In the event of further acquisition of Equity Shares of the Target by the Acquirer during the Offer Period, by purchase of Equity Shares of the Target at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI Takeover Regulations. However, it shall not be acquiring any Equity Shares of the Target after third Working Day prior to the commencement of the tendering period and until the expiry of the tendering period.
- 6.1.10. If the Acquirer acquires Equity Shares of the Target during the twenty-six (26) weeks after the tendering period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all Shareholders whose Equity Shares have been accepted in Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under an Open Offer under the SEBI Takeover Regulations or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Equity Shares of the Target in any form.
- 6.1.11. The Acquirer is permitted to revise the Offer Price upward at any time up to three (3) Working Days prior to the commencement of the tendering period. If there is any such upward revision in the Offer Price by the Acquirer or in case of withdrawal of Offer, the same would be informed by way of Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirer for all the Equity Shares validly tendered at anytime during the Offer. In case of upward revision in the Offer Price, the value of the Escrow Account shall be computed on the revised consideration calculated at such revised Offer Price

and any additional amount required will be funded via cash in the Escrow Account by the Acquirer prior to effecting such revision, in terms of the Regulation 17(2) of the SEBI Takeover Regulations.

6.2. Financial Arrangement

- 6.2.1. The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 21,044,220 Equity Shares from the public Shareholders of the Target at a Offer Price of ₹ 19.50 (Rupees Nineteen and Paise Fifty Only) per Equity Share is ₹ 410,362,290 (Rupees Forty One Crore Three Lakhs Sixty Two Thousand Two Hundred Ninety Only), (the “Maximum Consideration”).
- 6.2.2. The Acquirer, the Manager to the Offer and Axis Bank Limited, a banking corporation incorporated under the laws of India, acting through its branch office at Statesman House, 148, Barakhamba Road, New Delhi-110 001, have entered into an Escrow Agreement on September 05, 2012, for the purpose of the Offer (the “Escrow Agreement”). Pursuant to the Escrow Agreement, the Acquirer has deposited ₹ 4,500,000/- (Rupees Forty Five Lakhs Only) in cash in the Escrow Account which is not less than the equivalent to 1% of the value of Maximum Consideration payable under the Offer (assuming full acceptances). The Manager to the Offer is duly authorised by the Acquirer to realise the value of the Escrow Account and operate the Escrow Account in terms of the SEBI Takeover Regulations.
- 6.2.3. Further, the Acquirer has also provided acceptable securities (units of Mutual Funds, namely “Birla Sun Life Dynamic Bond Fund Retail - Growth” and “Templeton India Low Duration Fund - Monthly Dividend”) with appropriate margin pledged / lien marked in favour of Manager to the Offer in accordance with Regulation 17(3)(c) of the SEBI Takeover Regulations. The details of the units for which lien has been created in favour of the Manager to the Offer are as under:

(Amount in ₹)				
Name of Mutual Fund	Name of Scheme	No. of Units	Net Asset Value (per unit) (as on September 07, 2012)	Market Value (as on September 07, 2012)
Birla Sun Life Mutual Fund	Birla Sun Life Dynamic Bond Fund Retail - Growth	13,950,496.508	18.8037	262,320,951
Franklin Templeton Mutual Fund	Templeton India Low Duration Fund - Monthly Dividend	19,632,765.931	10.3582	203,360,116
Total				465,681,067

The aforesaid units of mutual funds are owned by the Acquirer. The units of Mutual Funds have been lien marked exclusively in favour of the Manager to the Offer and with authority to the Manager to the Offer to redeem the units and realize the value of units in accordance with the SEBI Takeover Regulations. Except the lien marked in favour of the Manager to the Offer for the purpose of this Offer, the aforesaid securities are free from any lien or encumbrance(s). The lien on units of Mutual Funds has been confirmed in favour of the Manager to the Offer by Birla Sun Life Asset Management Company Limited vide letter dated September 07, 2012 and by Franklin Templeton Asset Management (India) Private Limited vide letter dated September 07, 2012. The present market value of the units of mutual funds as aforesaid is equivalent to 113.48% of the Maximum Consideration. In the event of any shortfall in the amount required to be maintained in the Escrow Account, the Manager to the Offer shall be liable to make good the shortfall.

- 6.2.4. The Acquirer has adequate resources and has made firm financial arrangements for financing the acquisition of the Equity Shares under the Offer, in terms of Regulation 25(1) of the SEBI Takeover Regulations. Mr. Rohit Aggarwal (Membership no. 096511), Proprietor, Rohit J Aggarwal & Co., Chartered Accountants, having office at H-253, Phase I, Ashok Vihar, Delhi - 110 052; Telefax: +91 11 2746 0074, has vide their certificate dated September 8, 2012 certified that the Acquirer has sufficient

resources to meet the fund requirements for the acquisition of the Equity Shares of the Target under the Open Offer. The acquisition will be financed through internal accruals.

- 6.2.5. Based on the above and in the light of the Escrow arrangement, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to fulfil the Acquirer's obligations through verifiable means in relation to the Offer in accordance with the SEBI Takeover 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 of the Target.
- 7.1.2. Letter of Offer will be dispatched to all the Equity Shareholders of the Target, whose names appear in its Register of Members on October 16, 2012, the Identified Date.
- 7.1.3. The Offer is subject to terms and conditions set out in this Letter of Offer, the Form of Acceptance cum Acknowledgment, the Public Announcement, the Detailed Public Statement and any other Public Announcements that may be issued with respect to the Offer.
- 7.1.4. The Letter of Offer along with the Form of Acceptance cum Acknowledgement would also be available at SEBI's website, www.sebi.gov.in and Shareholders can also apply by downloading such forms from the website.
- 7.1.5. This Offer is subject to the receipt of the statutory and other approvals as mentioned in paragraph 7.4 of this Letter of Offer. In terms of Regulation 23(1) of the SEBI Takeover Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.6. Accidental omission to dispatch this Letter of Offer to any Shareholder entitled to this Open Offer or non-receipt of this Letter of Offer by any Shareholder entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
- 7.1.7. The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance cum Acknowledgment and sent along with the other documents duly filled in and signed by the applicant Shareholder(s).
- 7.1.8. 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.
- 7.1.9. Shareholders who have accepted the Open Offer by tendering their Shares and requisite documents in terms of the Public Announcement, Detailed Public Statement and Letter of Offer are not entitled to withdraw such acceptance during the Tendering Period for the Open Offer.
- 7.1.10. The acceptance of the Open Offer is entirely at the discretion of the Shareholders of the Target. The Acquirer will not be responsible for any loss of Share Certificate(s) and Open Offer acceptance documents during transit and the Shareholders of the Target are advised to adequately safeguard their interest in this regard.
- 7.2. **Locked in Shares:** As of September 18, 2012, the Target had no Shares which were locked-in (source: www.bseindia.com and www.nseindia.com along with representations made by the Target)
- 7.3. **Persons eligible to participate in the Offer:** Registered Shareholders of the Target and unregistered Shareholders who own the Equity Shares of Target any time prior to the closure of the Offer, including

the beneficial owners of the Shares held in dematerialised form, except the Promoter and Promoter Group of Target as per clause 35 of the Listing Agreement with the Stock Exchange(s) including the Acquirer.

7.4. Statutory and other Approvals:

- 7.4.1. As of the date of this Letter of Offer, to the best of the knowledge of Acquirer, there are no regulatory or statutory approvals required by the Acquirer for this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. In terms of Regulation 23 of the SEBI Takeover Regulations, the Acquirer will have the right not to proceed with the Offer in the event any of the statutory approvals that are required are refused.
- 7.4.2. The Acquirer does not require any approvals from Financial Institutions or Banks for this Offer.
- 7.4.3. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirer for payment of consideration to Shareholders of the Target, subject to Acquirer agreeing to pay interest, if any, for the delayed period if directed by SEBI. Further, if the delay occurs on account of the wilful default or neglect or inaction or non-action by Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 17(10)(e) of the SEBI Takeover Regulations.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 8.1. The following Collection Centres would be accepting the documents by Hand Delivery / Registered Post / courier as specified above, both in case of Shares in physical and dematerialised form:

Place	Contact Person	Address	Telephone / fax / email	Mode
Mumbai	Ms.Nutan Shirke	Karvy Computershare Private Limited 24-B, Rajabahadur Mansion, Gr Floor, 6 Ambalal Doshi Marg, Behind BSE Ltd, Fort Mumbai - 400 001	Tel. No. +91 22 6623 5454/12/27 Fax No. +91 22 6633 1135 ircfort@karvy.com nutan.shirke@karvy.com	Hand Delivery, Registered Post and Courier
New Delhi	Mr. Rakesh Kr Jamwal / Vinod Singh Negi	Karvy Computershare Private Limited 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001	Tel. No. +91 11 4368 1700/98 Fax No. +91 11 4103 6370 rakeshj@karvy.com jmathew@karvy.com	Hand Delivery, Registered Post and Courier
Chennai	Mr. K. Gunasekhar	Karvy Computershare Private Limited No.F11 First Floor, Akshya Plaza New no.108, Adhithanar Salai, Egmore, Chennai - 600 002	Tel. No. +91 44 2858 7781 chennaiirc@karvy.com	Hand Delivery, Registered Post and Courier

- 8.2. Shareholders who hold Equity Shares of the Target in physical form and wish to tender their Equity Share pursuant to the Offer will be required to submit the duly completed form of Acceptance cum Acknowledgment, original Share Certificate(s), valid Transfer Deed(s) duly signed and witnessed and other documents as may be specified in the Letter of Offer, to the Registrar to the Offer either by Registered Post / Courier, at their own risk 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 i.e. November 16, 2012.
- 8.3. The Registrar to the Offer, M/s Karvy Computershare Private Limited has opened a Special Depository Account with NSDL for receiving Equity Shares during the Offer from eligible Shareholders who hold Equity Shares in demat form.
- 8.4. For Shareholders holding Equity Shares in dematerialised form, will be required to send their Form of Acceptance cum Acknowledgment 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 i.e. November 16, 2012 along with a photocopy of the delivery instruction slips in "Off Market" mode duly

acknowledged by their respective depository participant, in favour of “Dalmia Bharat Sugar and Industries Ltd. - Open Offer Escrow Account” (“Special Depository Account”) filled in as per the instructions given below :

Depository Participant Name	Karvy Stock Broking Limited
DP ID	IN300394
Beneficiary Account Number / Client ID	18493718
Account Name	Dalmia Bharat Sugar and Industries Ltd. - Open Offer Escrow Account
ISIN	INE495A01022
Depository	NSDL
Mode of Instruction	Off Market

Shareholders having their beneficiary account in Central Depository Services (India) Limited (“CDSL”) shall use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL.

8.5. THE SHARES, SHARE CERTIFICATES, TRANSFER DEED, FORM OF ACCEPTANCE CUM ACKNOWLEDGMENT AND / OR OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRER / TARGET / MANAGER TO THE OFFER.

8.6. In case of (a) Shareholders who have not received the Letter of Offer, (b) unregistered Shareholders, (c) owner of the Equity Shares who have sent the Equity Shares to the Target for transfer, may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of Equity Shares held, distinctive numbers, folio numbers, number of Equity Shares offered along with the documents to prove their title to such Equity 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 holding in the same order as to holding) as per the specimen signatures lodged with Target, and witnessed (if possible) by the Notary Public or a Bank Manager or a 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 i.e. November 16, 2012. Such Shareholders can also obtain the Letter of Offer from the Registrar to the Offer by giving an application in writing to that effect.

8.7. In case of Shareholders who have not received the Letter of Offer and holding Equity Shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of Equity Shares held, Depository name, Depository ID, Client name, Client ID, number of Equity Shares offered along with a photocopy of the original delivery instructions slips in “Off-Market” mode duly acknowledged by their respective depository participant indicating instructions for the transfer of Equity Shares into the Special Depository Account opened for the purpose of this Offer, 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 i.e. November 16, 2012. Such Equity Shareholders can also obtain Letter of Offer from the Registrar to the Offer by giving an application in writing.

8.8. Shareholders who have sent their Equity Shares for dematerialisation need to ensure that the process of getting Equity Shares dematerialised is completed well in time so that the credit in the Special Depository Account should be received on or before the date of closing of the business hours on the date of closure of the Offer i.e. November 16, 2012, else the application would be rejected.

8.9. No indemnity is needed from unregistered Shareholders.

8.10. If Shareholders who are not persons resident in India (including NRIs, OCBs and FIIs) required any approval from the RBI, the FIPB or any other Regulatory Body in respect of the Equity Shares held by them in the Target, or in the case of NRI and OCB Shareholders, require any approval to tender Equity Shares held by them pursuant to the Open Offer, they will be required to submit such approvals alongwith the Form of Acceptance cum Acknowledgment and other documents required to be

tendered to accept this Open Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered in the Open Offer.

- 8.11. 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 Offer received from the Shareholders on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from Shareholders shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot of Target is 1 (one) Equity Share.
- 8.12. 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 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 Takeover Regulations.
- 8.13. The consideration to the Shareholders whose Equity Shares have been accepted will be paid by crossed account payee cheques / demand drafts / Electronic Clearance Service (ECS) (including Real Time Gross Settlement and National Electronic Fund Transfer) where applicable. Such payments through account payee cheques / demand drafts will be sent by registered post, at the address of the registered Shareholders / unregistered owners at their sole risk. All other documents shall be returned to the registered Shareholder / unregistered owner at their sole risk.
- 8.14. Unaccepted Share Certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post, at the address of the Shareholders, registered / unregistered owners, at their sole risk. Equity Shares held in dematerialised form, to the extent not accepted, will be credited back to the demat account of the beneficial owner mentioned in the Form of Acceptance cum Acknowledgment or otherwise. It will be the responsibility of the Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.
- 8.15. The Registrar 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 cum Acknowledgment, and the transfer deed(s) on behalf of the Shareholders of Target who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted Equity Shares / Share Certificates are dispatched / returned / credited to demat account.
- 8.16. Subject to Regulation 18(11) of the SEBI Takeover Regulations, the Acquirer will complete the process of payment of consideration to all Shareholders in respect of the Equity Shares which have been tendered and accepted under this Offer within ten (10) Working Days of the expiry of the Tendering Period.
- 8.17. Compliance with Tax requirements
- 8.17.1. **General taxation requirements**
 - (a) Section 195(1) of the Income Tax Act, 1961 ("ITA") provides that any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and cess, if applicable). The consideration received by the Shareholders, whether resident or non-resident, for Equity Shares accepted in the Offer may be chargeable to tax in India either as capital gains under Section 45 of the ITA or as business profits, depending on the facts and circumstances of the case. In case of a non-resident shareholder, the Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the ITA on such capital gains / business profits. Further, the payment of any interest (paid for delay in payment of Offer Consideration or a part thereof) by Acquirer to a Shareholder may be chargeable to tax, as income from other sources under Section 56 of the ITA. The Acquirer is required to deduct tax at source

(including surcharge and education cess) at the applicable rate as per the ITA or relevant Double Taxation Avoidance Treaty, if applicable, on such interest in case of a non-resident Shareholder.

- (b) Section 194A of the ITA provides that the payment of any interest by Acquirer to a resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the ITA. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the ITA on such interest (paid for delay in payment of Offer Consideration or a part thereof).
- (c) Each 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, etc.) by selecting the appropriate box in the Form of Acceptance cum Acknowledgment. Shareholders are also required to furnish their PAN in the appropriate place in the Form of Acceptance cum Acknowledgment. In case of ambiguous, incomplete or conflicting information or information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted treating the Shareholder as a non-resident and at the rate as may be applicable, under the ITA, to the relevant category to which the Shareholder belongs, on the entire consideration and interest if any, payable to such Shareholder. Section 90(4) and 90A(4) of the ITA provides that, any person claiming benefit under any Double Taxation Avoidance Agreement (“DTAA”) between India and any other foreign country should furnish the ‘Tax Residence Certificate’ (“TRC”) provided to him / it by the Government of that foreign country / specified territory of which he / it claims to be a tax resident in the format as may be prescribed by the Indian income tax authorities. The Indian tax authorities have not prescribed the format for the TRC till date, accordingly the TRC as provided to him / it by the Government of that of foreign country / specified territory of which he is a resident shall be considered for granting of benefits under the DTAA.
- (d) The Acquirer will not accept any request from any Shareholder, under any circumstances, for non deduction of tax at source or deduction of tax at a lower rate, on the basis of any self computation/ computation by any tax consultant, of capital gain and/or interest, if any and tax payable thereon.
- (e) Securities transaction tax will not be applicable to the Shares accepted in the Offer.
- (f) The provisions contained in clause (c) to (e) above are subject to anything contrary contained in paragraphs 8.16.2 to 8.16.5 below.

8.17.2. Tax implications in case of Non resident Shareholders (other than FII)

- (a) For the purpose of remittance of funds on tendering of Shares under the Offer, NRIs, OCBs, and other non-resident Shareholders (excluding FIIs) will be required to submit a no objection certificate’ (“NOC”) or a certificate for deduction of tax at a lower rate (“**Certificate for Deduction of Tax at Lower Rate**”) from the income tax authorities under the ITA, indicating the amount of tax to be deducted by Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.
- (b) In an event of non-submission of NOC or Certificate for Deduction of Tax at Lower Rate, tax will be deducted at maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, on the entire consideration amount payable to the Shareholders, by the Acquirer.
- (c) In case of interest payments by the Acquirer for delay in payment of Offer Consideration or part thereof, if any, the NRIs, OCBs, and other non-resident Shareholders (excluding FII) will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the ITA indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

- (d) In an event of non-submission of NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the ITA on the entire consideration payable as interest to such Shareholder.
- (e) All NRIs, OCBs and other non-resident 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 Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (as provided under section 206AA of the ITA) or the rate, as may be applicable to the category of the Shareholder under the ITA, whichever is higher.
- (f) Any NRIs, OCBs and other non-resident Shareholders (excluding FIIs) claiming benefit under any Double Taxation Avoidance Agreement (“DTAA”) between India and any other foreign country should furnish the TRC provided to him / it by the Government of that foreign country/ specified territory of which it claims to be a tax resident in the format as may be prescribed by the Indian income tax authorities. The Indian tax authorities have not prescribed the format for the TRC till date, accordingly the TRC as provided to him / it by the Government of that foreign country / specified territory of which he is a resident shall be considered for granting of benefits under the DTAA. In the absence of such TRC, the Acquirer will arrange to deduct tax in accordance with the provisions of the ITA and without having regard to provisions of any DTAA.

8.17.3. Tax implications in case of FII

- (a) Section 196D(2) of the ITA provide that 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 ITA, to an FII, as defined in Section 115AD of the ITA. FIIs are required to certify the nature of their holding (i.e. whether held on Capital Account as Investment or on Trade Account) of the shares in the Target by selecting the appropriate box in the Form of Acceptance-cum- Acknowledgement. The benefits under Section 196D(2) are applicable in case the Shares are held on Capital Account.
- (b) The absence of certificates/ declarations as contemplated in clause (a) above (as applicable), notwithstanding anything contained in clause (a) above, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the ITA, on the entire consideration amount payable to such Shareholder (i.e. FII).
- (c) In an event wherein it is certified by the FII that shares held by such FII in the Target are held on Trade Account, no deduction of tax at source shall be made if such FII furnishes a TRC and furnishes a self-declaration stating that such FII does not have a permanent establishment in India, in terms of the DTAA entered between India and the country of tax residence of such FII. In the absence of such certificates/declarations, the Acquirers shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the ITA, on the entire consideration amount payable to such Shareholder (i.e. FII).
- (d) Notwithstanding anything contained in clause (a) to (c) above, in case an FII furnishes a NOC or Certificate for Deduction of Tax at Lower Rate, the Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.
- (e) FIIs will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the ITA indicating the amount of tax to be deducted by the Acquirer before remitting the interest payable by the Acquirer for delay in payment of Offer Consideration or part thereof. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.
- (f) In an event of non-submission of NOC or Certificate for Deduction of Tax at Lower Rate, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, on the interest payable to such Shareholder (if any).

- (g) All FIIs 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 Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (as provided under section 206AA of the ITA) or the rate, as may be applicable to the category of the Shareholder under the ITA, whichever is higher, on the interest income to be remitted from India.
- (h) Any FII claiming benefit under any DTAA between India and any other foreign country should furnish a TRC provided to it by the Government of that foreign country / specified of which it claims to be a tax resident in the format as may be prescribed by the Indian income tax authorities. The Indian tax authorities have not prescribed the format for the TRC till date, accordingly the TRC as provided to him / it by the Government of that foreign country / specified territory of which he is a resident shall be considered for granting of benefits under the DTAA. In the absence of such TRC, the Acquirer will arrange to deduct tax in accordance with the provisions of the ITA and without having regard to provisions of any DTAA.

8.17.4. Tax implications in case of Resident Shareholders

- (a) Under the ITA, no tax shall be deductible at source on the entire consideration payable to resident shareholders.
- (b) All resident shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the ITA, indicating the amount of tax to be deducted by the Acquirer before remitting interest payments by the Acquirer for delay in payment of Offer Consideration or part thereof (if any). The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.
- (c) In an event of non-submission of NOC or Certificate for Deduction of Tax at Lower Rate, the Acquirer will arrange to deduct tax at the rates prescribed under section 194A of the ITA as may be applicable to the relevant category to which the Shareholder belongs under the ITA on the consideration payable as interest to such Shareholder.
- (d) All resident 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 Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (as provided under section 206AA of the ITA) or the rate, as may be applicable to the category of the Shareholder under the ITA, whichever is higher.
- (e) Notwithstanding anything contained in clause (a) to (c) above, no deduction of tax shall be made at source by the Acquirer where (i) the total amount of interest payable to a resident Shareholder does not exceed INR 5,000 (or (ii) where a self-declaration in Form 15G or Form 15H (as provided in the Income Tax Rules, 1962) as may be applicable, has been furnished by a resident Shareholder or (iii) interest being paid to banking company under the Banking Regulation Act, 1949, any co-operative society engaged in banking business, any financial corporation established by or under a Central, State or Provincial Act, Life Insurance Corporation of India, Unit Trust of India, any company or co-operative carrying on business of insurance and such other institution, association, bodies or class of institutions, associations or bodies, as may be specified by the Central government. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Shareholder furnished its PAN in such declaration.

8.17.5. Others

- (a) Notwithstanding the details given above, all payments will be made to Shareholders subject to compliance with prevailing tax laws.
- (b) The tax deducted by the Acquirer while making payment to a Shareholder may not be the final tax liability of such Shareholder and shall in no way discharge the obligation of the Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the income tax authorities.

- (c) 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.
- (d) The Acquirer and the Manager do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.
- (e) The Acquirer shall deduct tax (if required) as per the information provided and representation made by the shareholders. In an event of any income-tax demand (include interest, etc.) arising from any misrepresentation from the shareholders, the shareholders will be responsible to pay the tax dues (if any) under the ITA and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax/appellate authority in India.
- (f) The Acquirer shall issue a certificate in the prescribed form to the Shareholders (resident and non resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of section 203 of the ITA read with the Income-tax Rules, 1962.

9. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Acquirer at 11th & 12th Floors, Hansalaya Building, 15 Barakhamba Road, New Delhi - 110 001 from 10.30 a.m. to 3.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the Closure of the Offer.

- 9.1. Certificate of Incorporation, Memorandum & Articles of Association of Dalmia Bharat Enterprises Limited
- 9.2. Certificate dated September 08, 2012 issued by Mr. Rohit Aggarwal, Proprietor, Rohit J Aggarwal & Co., Chartered Accountants, having office at H-253, Phase I, Ashok Vihar, Delhi - 110 052 certifying the adequacy of resources with the Acquirer to fulfill its part of Open Offer financial obligations.
- 9.3. Audited consolidated financial statements of the Target for financial years ended March 31, 2012, March 31, 2011 and March 31, 2010 along with un-audited financial results for the quarter ended June 30, 2012
- 9.4. Audited standalone financial statements of the Acquirer for financial years ended March 31, 2012, March 31, 2011 and March 31, 2010 along with un-audited financial results for the quarter ended June 30, 2012.
- 9.5. Copy of Escrow Agreement dated September 05, 2012 and Certificate dated September 10, 2012 from Axis Bank Limited confirming the amount kept by the Acquirer in the Escrow Account.
- 9.6. Copy of the statement of holding for units of mutual funds lien marked and letters from respective Mutual Fund confirming creation of lien in favour of the Manager to the Offer.
- 9.7. Copy of Public Announcement dated September 05, 2012 and copy of the Detailed Public Statement published on September 12, 2012.
- 9.8. Copy of the Recommendation made by the Independent Committee of the Board of Directors of Target.
- 9.9. Copy of Agreement entered into with Depository Participant for opening of Special Depository Account for the purpose of the Offer.
- 9.10. SEBI Observation letter no. [•] dated [•].

10. DECLARATION BY THE ACQUIRER

The Acquirer and the Directors of the Acquirer accepts full responsibility for the information contained in the Letter of Offer and also for the obligations laid down in the SEBI Takeover Regulations and subsequent amendments thereof. The Acquirer would be responsible for ensuring compliance with the concerned Regulations.

for Dalmia Bharat Enterprises Limited

Yadu Hari Dalmia
Managing Director

Place: New Delhi

Date: September 18, 2012

Enclosures

- Form of Acceptance cum Acknowledgement
- Blank Share Transfer Deed