

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

This Letter of Offer is sent to you as equity shareholder(s) of **Devine Impex Limited**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or SPA Merchant Bankers Limited (Manager to the Offer) or Beetal Financial & Computer Services Private Limited (Registrar to the Offer). In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgment, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

**CASH OFFER BY**

**Mr. Jawahar Lal Jain**

**resident of H. No 67, Sector 8A, Chandigarh - 160 008, Tel No: +91 172 270 7064, Fax: +91 172 272 1488**  
**(hereinafter referred as the "Acquirer")**

Along with

**Mr. Neeraj Jain, Mr. Rohit Jain and Mrs Manju Jain**, all resident of H. No. 67, Sector 8A, Chandigarh - 160 008, **Jawahar Lal Jain (HUF)** and **J.J Infrastructures limited** having office at SCF-18, Sector 22-D, Chandigarh - 160 022  
**(hereinafter referred as the "Person Acting in Concert"/ "PAC's")**

To

the existing shareholders of

**Devine Impex Limited ("The Target Company"/ "DIL"/"Company")**

**having its registered office at 2nd Floor, Nego Complex, Pakhowal road, Ludhiana - 141 002, Punjab**  
**Tel: +91 161 301 2687; Fax: +91 161 505 9899**

**To acquire 1,026,440 equity shares of Rs. 10/- each representing 20.00% of the Paid up Share capital and voting capital of the company at a price of Rs. 10/- per equity share.**

This offer is pursuant to Regulation 10 & 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and subsequent amendments (the "SEBI (SAST) Regulations")

**Please Note:**

- Ø **This Offer is not subject to minimum level of acceptance**
- Ø This Offer is subject to the approval from Reserve Bank of India, in respect of shares tendered by non-resident shareholders and no other statutory approval is required to acquire the shares that may be tendered pursuant to the Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the Offer.
- Ø **Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public announcement / Letter of Offer can withdraw the same upto 3 (three) working days prior to the date of the closure of the Offer i.e. upto January 30, 2009**
- Ø If there is any upward revision of the Offer Price by the Acquirer till the last date for revision i.e. **January 23, 2009** or if the Offer is withdrawn, the same would be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement dated 26<sup>th</sup> November, 2008 had appeared. In the event the offer price is revised, the acquirer will pay such revised Offer Price for all the equity Shares tendered anytime during the Offer and accepted under the Offer.
- Ø **If there is a competitive bid: (i) The public offers under all the subsisting bids shall close on the same date; (ii) As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers /bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- Ø **There has been no competitive bid as on the date of this Letter of Offer**

The Public Announcement and the Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) are available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)).

**MANAGER TO THE OFFER**



**SPA Merchant Bankers Limited**  
25, C - Block, Community Centre  
Janak Puri, New Delhi - 110 058  
Tel.: +91 11 4567 5500  
Fax: +91 11 2553 2644  
E-mail: [dilopenoffer@spagroupindia.com](mailto:dilopenoffer@spagroupindia.com)  
Website: [www.spacapital.com](http://www.spacapital.com)  
SEBI Regn. No.: INM 000010825  
Contact Person: Mr. Saurabh Gupta / Mr. Nitin Somani

**REGISTRAR TO THE OFFER**



**Beetal Financial & Computer Services Private Limited**  
Beetal House, 3rd Floor,  
99 Madangir, Behind Local Shopping Centre,  
New Delhi - 110 062  
Tel.: +91 11 2996 1281  
Fax: +91 11 2996 1284  
E- mail: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)  
SEBI Regn. No: INR 000000262  
Contact Person: Mr. Punit Mittal

**OFFER OPENS ON January 16, 2009 (Friday)**

**OFFER CLOSING ON February 04, 2009 (Wednesday)**

### SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

| Activity                                                                                                                                                                                                                        | Original          |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|
|                                                                                                                                                                                                                                 | Date              | Day       |
| Public Announcement date                                                                                                                                                                                                        | November 26, 2008 | Wednesday |
| Specified Date (for the purpose of determining the names of shareholders to whom the letter of offer would be sent)                                                                                                             | December 01, 2008 | Monday    |
| Last date for a competitive bid                                                                                                                                                                                                 | December 17, 2008 | Wednesday |
| Date by which the Letter of Offer to be dispatched to the shareholders                                                                                                                                                          | January 07, 2009  | Wednesday |
| Date of opening of the Offer                                                                                                                                                                                                    | January 16, 2009  | Friday    |
| Last date for revising the offer price                                                                                                                                                                                          | January 23, 2009  | Friday    |
| Last date for withdrawal of acceptance                                                                                                                                                                                          | January 30, 2009  | Friday    |
| Last date of closing the Offer                                                                                                                                                                                                  | February 04, 2009 | Wednesday |
| Date by which acceptance / rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued. | February 19, 2009 | Thursday  |

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### DEFINITIONS / ABBREVIATIONS

|                                                |   |                                                                                                                                                                                                                   |
|------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Acquirer                                       | : | Mr. Jawahar Lal Jain                                                                                                                                                                                              |
| BSE                                            | : | Bombay Stock Exchange Limited.                                                                                                                                                                                    |
| Bank / Escrow Bank                             | : | Axis Bank Limited                                                                                                                                                                                                 |
| CDSL                                           | : | Central Depository Services (India) limited                                                                                                                                                                       |
| DSE                                            | : | Delhi Stock Exchange Limited                                                                                                                                                                                      |
| DIL / Target Company / Company                 | : | Devine Impex Limited                                                                                                                                                                                              |
| Depositories                                   | : | NSDL and CDSL collectively                                                                                                                                                                                        |
| Eligible person(s) to participate in the Offer | : | All owners of Shares, registered or unregistered, who own shares at any time prior to the closure of the Offer except parties to the Share purchase Agreement                                                     |
| FOA                                            | : | Form of Acceptance cum Acknowledgement                                                                                                                                                                            |
| FOW                                            | : | Form of Withdrawal                                                                                                                                                                                                |
| LSE                                            | : | Ludhiana Stock Exchange Limited                                                                                                                                                                                   |
| Letter of Offer / LOO                          | : | This Letter of Offer dated December 06, 2008                                                                                                                                                                      |
| Manager to the Offer / Merchant Banker         | : | SPA Merchant Bankers Limited                                                                                                                                                                                      |
| MOA                                            | : | Memorandum of Association                                                                                                                                                                                         |
| NSDL                                           | : | National Securities Depository Limited                                                                                                                                                                            |
| NRI                                            | : | Non Resident Indians                                                                                                                                                                                              |
| Offer / Open Offer                             | : | This open offer for acquisition of 1,026,440 fully paid up equity shares representing 20% of the total fully paid up equity share capital or voting capital of Target Company at the Offer price of Rs. 10/- each |
| Offer Closing Date                             | : | February 04, 2009                                                                                                                                                                                                 |
| Offer Opening Date                             | : | January 16, 2009                                                                                                                                                                                                  |
| Offer Price                                    | : | Rs. 10/- per Equity Share                                                                                                                                                                                         |
| Public Announcement / PA                       | : | Public Announcement of the Offer made by the Acquirer on November 26, 2008                                                                                                                                        |
| PAC / PACs / Person Acting in Concert          | : | Mr. Neeraj Jain, Mr. Rohit Jain, Mrs. Manju Jain, Jawahar Lal Jain (HUF) and J.J. Infrastructures Limited                                                                                                         |
| Registrar / Registrar to Offer                 | : | Beetal Financial & Computer Services Private Limited                                                                                                                                                              |
| SEBI                                           | : | Securities and Exchange Board of India                                                                                                                                                                            |
| SEBI Act                                       | : | Securities and Exchange Board of India Act, 1992                                                                                                                                                                  |
| SEBI (SAST) Regulations / Takeover Regulations | : | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.                                                                      |
| SPA / Agreement                                | : | Share Purchase Agreement dated November 20, 2008                                                                                                                                                                  |
| Specified Date                                 | : | December 01, 2008                                                                                                                                                                                                 |
| Stock Exchanges                                | : | BSE, DSE and LSE collectively, being the Stock Exchanges where the Shares are listed                                                                                                                              |

## **RISK FACTORS**

- The shares tendered in the Offer will remain in the designated escrow account till the completion of the Offer formalities. During such period there may be fluctuation in the market price of the shares of the Target Company. The Acquirer makes no assurance with respect to the market price of the Shares during and / or after the Offer,
- Transfer of equity shares received from NRI shareholders under the offer is subject to receipt of approval from Reserve Bank of India for the same.
- If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.
- The Share Purchase Agreement (SPA) contains a clause that it is subject to the provisions of the regulations and in case of non-compliance with any of the provisions of the Regulations, the Agreement(s) for such sale shall not be acted upon.
- In the event that either (a) there is any litigation leading to stay on the Offer, or (b) Regulatory approval if any are not received in time, or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of major activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of the Target Company whose shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed.
- The Acquirer makes no assurance with respect to the financial performance of the Target Company.
- The Acquirer has no prior experience of managing the business in which Target Company is currently engaged.
- The Acquirer and the Manager to the Offer, accepts no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/ her/their own risk.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of Devine Impex Limited or the Acquirer or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by a shareholder. The shareholders of Devine Impex Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

## **DISCLAIMER CLAUSE**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE 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 DIVINE IMPEX LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PAC(S) OR THE COMPANY WHOSE EQUITY SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER - SPA MERCHANT BANKERS LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 06, 2008 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER”.**

# 1 DETAILS OF THE OFFER

## 1.1 Background of the offer

1.1.1 The Acquirer Mr. Jawahar Lal Jain and the PACs have entered into a Share Purchase Agreement ("SPA") on November 20, 2008 to acquire 2,500,000 fully paid up equity shares of face value Rs. 10/- each representing 48.71% of the total fully paid up equity share capital at a price of Rs. 10/- (Rupee ten only) ("Negotiated Price") per equity share aggregating to consideration of Rs. 250 lacs payable in cash from (a) Mr. Nagesh Aggarwal, (b) Mrs. Neeraj Aggarwal, and (c) Classic International Limited (collectively referred to as 'sellers') as per the details given below:

| Name of the Seller & Address.                                                                                               | Number of Equity Shares agreed to be sold | % of existing paid up capital of target company |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|
| Mr. Nagesh Aggarwal<br>B XIX 171/1, Col Gurdial Singh Road, Ludhiana<br>- 141 001, Punjab<br>Tel: +91 161 323 5687/301 2687 | 395,200                                   | 7.70                                            |
| Mrs. Neeraj Aggarwal<br>B XIX 171/1, Col Gurdial Singh Road, Ludhiana<br>- 141 001, Punjab<br>Tel: +91 161 323 5687         | 485,200                                   | 9.45                                            |
| Classic International Limited<br>2nd Floor, Nego Complex, Pakhowal Road Ludhiana - 141 002 Punjab.                          | 1,619,600                                 | 31.56                                           |

The Sellers belong to the promoter group of the Target Company

## 1.1.2 The key terms of the SPA are as follows:

- The Sellers provide and shall cause the Company to provide to the Purchasers and their nominees, authorised representatives and advisers, full access to the Company, its facilities, books, records and documents and provide all required materials, data and information necessary or as the Purchasers may require, to investigate any facts or matters for conducting due diligence of any facts, matters, information relating to the business, affairs, operations or prospects of the Company.
- Subject to fulfillment of the requirements under the Takeover Regulations, including without limitation the obligations set forth in Sub-Regulation (7) of Regulation 22 of the Takeover Regulations, the Purchasers shall have right to appoint its nominees as directors of the Company and, upon exercise of such right by the Purchasers, the Sellers shall take prompt steps for appointment of the persons nominated by the Purchasers as directors of the Company.
- The Purchasers had given a Loan aggregating Rs. 22,500,000 to the sellers which is to be now treated as advance against the transaction. The said advance is to be adjusted from the consideration payable to the sellers on completion of the transaction as per Takeover Regulations.
- After Completion, the Sellers shall not engage, and shall procure its affiliates not to engage, for a period of one (1) year from Completion Date, in any business in India that competes with the business carried on by the target Company at the Completion Date.
- The Sellers agree that the Purchasers may nominate two of their representatives as observers (the "Purchasers Nominees") to see that the Sellers duly observes its covenants, undertakings, representations, warranties and obligations set forth in this Agreement in relation to the business and operations of the Company. The Sellers shall provide and shall cause the Company to provide to the Purchasers' Nominees, access to the offices, facilities, operations, books and records of the Company and provide data and information to the Purchasers' Nominees, to satisfy them that the operations of the Company are conducted in accordance with the provisions of this Agreement.
- The Parties agree that, in case of non-compliance with the provisions of the Takeover Regulations, the Parties shall not act upon the transaction of sale and purchase of the Sale Shares envisaged in this Agreement.

1.1.3 Pursuant to the aforesaid agreement, Regulation 10 read with Regulation 12 of SEBI (SAST) Regulations 1997 has been attracted. This offer ("the offer" or "Open Offer") is being made by the acquirer to the shareholders of the Target Company to acquire 1,026,440 equity shares representing 20% of the paid up equity capital at a price of Rs. 10/- per equity share ("Offer Price") payable in cash, subject to the terms and conditions mentioned hereinafter (the offer) and in the public announcement.

## 1.1.4 Details of equity shares held by the Acquirer and the PACs

| Name of Acquirer / PACs     | No. of shares held | % of paid up equity Capital / voting capital | Status of Compliance |
|-----------------------------|--------------------|----------------------------------------------|----------------------|
| J.J Infrastructures Limited | 186,100            | 3.62                                         | Complied             |
| Jawahar Lal Jain (HUF)      | 111,800            | 2.18                                         | Complied             |
| <b>Total</b>                | <b>297,900</b>     | <b>5.80</b>                                  |                      |

The Acquirer and PACs have not purchased any shares from the date of Public Announcement till date.

- 1.1.5 The acquirer and PACs together have acquired 116,100 equity shares of the target company during the twelve months period preceding the date of the Public Announcement, the highest price and average price paid being Rs. 5.00 per equity share and Rs. 3.26 per equity share respectively.
- 1.1.6 There are no litigations pending against the acquirer as on date of public announcement.
- 1.1.7 There has been no allotment of shares to Acquirer by way of public or rights or preferential issue during the twenty-six week period prior to the date of public announcement.
- 1.1.8 There will be a change in the composition of the Board of Directors of the Target Company as per SEBI (SAST) Regulation 1997 and will be done on the completion of the offer.
- 1.1.9 The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.
- 1.1.10 The transfer of the sale shares from the 'Sellers' to the Acquirers may occur either by way of sale through bulk / block deal through the stock exchange or by an off-market transfer.

## **1.2 The Offer**

- 1.2.1 The public announcement was made in the following newspapers on November 20, 2008, in accordance with Regulation 15 of the SEBI (SAST) Regulations.

| <b>Publication</b>               | <b>Language</b> |
|----------------------------------|-----------------|
| Business Standard - All editions | English         |
| Business Standard - All editions | Hindi           |
| Rozana Spokesman                 | Punjabi         |

The Public Announcement is also available on the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in)

- 1.2.2 The Acquirer is making this Open Offer under SEBI (SAST) Regulations, 1997, to acquire, 1,026,440 fully paid up equity shares of face value Rs. 10 each for Cash from the eligible persons representing 20% of post offer paid up voting capital at a price of Rs. 10/- (Rs. Ten Only) per equity share.
- 1.2.3 This Offer is not subject to any minimum level of acceptance from the shareholders.
- 1.2.4 This is not a competitive bid.

## **1.3 The Rationale for the Acquisition and Offer**

- 1.3.1 The offer is being made pursuant to the SPA between the Acquirer, PACs and the Sellers, whereby the Acquirer and the PACs intends to acquire 48.71% of the fully paid up share capital from the sellers. This will result in substantial acquisition of shares and change in control of the Target Company in terms of SEBI (SAST) Regulations. Hence, this Open Offer is being made in compliance with Regulation 10 and Regulation 12 read with other applicable provisions of the SEBI (SAST) Regulations.
- 1.3.2 The Acquirers are interested in taking over the management and control of the target company to incubate on corporate opportunities and also provide support for development of the business. The Acquirer may modify the present structure in a manner and also diversify in other fields of business which are beneficial to the larger interest of the shareholders. Any change in the structure that may be affected will be in accordance to the applicable laws. It will also evolve specific plans in due course of time after assuming control of the target company. The Acquirer is not engaged in the same line of business as the Target Company.
- 1.3.3 To the extent required and to optimize the value of all shareholders, the Acquirer may, subject to applicable shareholders' consent, propose any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and/or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of target company. The Board of Directors of the target company will take appropriate decisions in these matters in line with the requirements of the businesses and opportunities from time to time. The Acquirer does not have any plan to dispose off or otherwise encumber any asset of target company in the succeeding two years except in the ordinary course of business of target company and except to the extent mentioned above.
- 1.3.4 The Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of the target company except with the prior approval of the shareholders of target company and in accordance with and subject to applicable laws, permissions, consents, if any.
- 1.3.5 The Acquirer intends to seek a reconstitution of the Board of Directors of the Target Company after successful completion of Takeover.
- 1.4 There is no separate Non-Compete Agreement except as per details given in SPA.
- 1.5 There is no non-compete fee payable to the sellers.
- 1.6 The Acquirer has not acquired or sold any equity shares in the Target Company since the date of Public Announcement i.e. November 26, 2008 upto the date of this Letter of Offer.
- 1.7 In the event the Acquirer acquires additional shares after the date of Public Announcement, such purchases shall be disclosed to the Stock Exchanges where the shares are listed and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations. The Acquirer undertakes to ensure that if the Acquire including PAC acquires

shares after the date of PA at a price higher than the Offer Price stated in the Letter of Offer, than the highest price paid for such acquisition shall be payable by them for all acceptances received under the Offer. However no such acquisition shall be made by the acquirer or PAC during the last seven working days prior to the closure of the Offer.

## 2. BACKGROUND OF THE ACQUIRER & PACs

**2.1 Acquirer:** Mr. Jawahar Lal Jain, son of Late Shri Babu Ram Jain, aged 68 years, resident of H. No. 67, Sector 8A, Chandigarh - 160 008, Tel: +91 172 270 7064; Fax: +91 172 272 1488. He is a Graduate and is engaged in the retail business of Gold & Diamond Jewellery for more than 50 years. The Networth of Mr. Jawahar Lal Jain as certified vide certificate dated November 20, 2008 by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, SCO 2935-36, Level-1, Sector 22-C, Chandigarh - 160 022, Tel. No. +91 172 270 7065; Fax: +91 172 501 9550 is Rs. 1226.84 Lacs

## 2.2 Persons Acting in Concert / PACs:

- (i) **Mr. Neeraj Jain**, son of Mr. Jawahar Lal Jain, aged 35 years, resident of H. No. 67, Sector 8A, Chandigarh - 160 008, Tel: +91 172 270 7064. He is a Graduate and engaged in the retail business of Gold & Diamond Jewellery for more than 18 years. The Networth of Mr. Neeraj Jain as certified vide certificate dated November 20, 2008 by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, Chandigarh, is Rs. 376.75 Lacs.
- (ii) **Mr. Rohit Jain**, son of Mr. Jawahar Lal Jain, aged 31 years, resident of H. No. 67, Sector 8A, Chandigarh - 160 008, Tel: +91 172 270 7064. He is a Graduate and is engaged in the retail business of Gold & Diamond Jewellery for more than 12 years. The Networth of Mr. Rohit Jain as certified vide certificate dated November 20, 2008 by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, Chandigarh, is Rs. 864.64 Lacs.
- (iii) **Mrs Manju Jain**, wife of Mr. Jawahar Lal Jain aged 58 years, resident of H. No. 67, Sector 8A, Chandigarh - 160 008, Tel: +91 172 270 7064. She is a Graduate and Housewife. The Networth of Mrs Manju Jain as certified vide certificate dated November 20, 2008, by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, Chandigarh, is Rs. 915.22 Lacs.
- (iv) **Jawahar Lal Jain (HUF)** having contact office at SCF No - 18, Sector 22-D, Chandigarh - 160 022 was formed on February 12, 1951. It is engaged in the gems and jewellery business. The Networth of Jawahar Lal Jain (HUF) as certified vide certificate dated November 20, 2008 by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, Chandigarh, is Rs. 2002.02 Lacs. The summary financial details of Jawahar Lal Jain (HUF) are as under:

(Rs. Lacs)

| Particulars           | March 31, 2008 | March 31, 2007 | March 31, 2006 |
|-----------------------|----------------|----------------|----------------|
| Capital               | 335.93         | 86.31          | 48.62          |
| Total Income          | 1,013.51       | 977.91         | 687.78         |
| Net Profit before Tax | 12.81          | 48.28          | 8.49           |

(v) **J.J. Infrastructures Limited** was incorporated with Registrar of Companies, Punjab, HP and Chandigarh, as a Public Limited company on September 06, 2005 with registration no. U70100CH2005PLC028918. The registered office of the company is situated at SCF-18, Sector 22-D, Chandigarh - 160 022. The main object of the company is to carry out the business of construction, development and purchase of real estate, Builders, colonizers, infrastructure facilities, etc. The company has not commenced any business activity till date.

- a. The promoters of J.J. Infrastructures Limited are Mr. Jawahar Lal Jain, Mr. Neeraj Jain, Mr. Rohit Jain, Mrs. Manju Jain, Mrs. Tina Jain, Ms Monica Goyal and Mr. Ravish Goyal.
- b. Board of Directors as on November 26, 2008

| Sr. No. | Name, Designation and Residential Address                                                   | Qualification | Experience (in years) | Date of Appointment |
|---------|---------------------------------------------------------------------------------------------|---------------|-----------------------|---------------------|
| 1       | Mr. Jawahar Lal Jain<br>Designation: Director<br>H. No. 67, Sector 8A, Chandigarh - 160 008 | Graduate      | 50                    | 06/09/2005          |
| 2       | Mr. Neeraj Jain<br>Designation: Director<br>H. No. 67, Sector 8A, Chandigarh - 160 008      | Graduate      | 18                    | 06/09/2005          |
| 3       | Mr. Rohit Jain<br>Designation: Director<br>H. No. 67, Sector 8A, Chandigarh - 160 008       | Graduate      | 12                    | 06/09/2005          |

- c. None of the Directors of J.J. Infrastructures Limited is on the Board of Directors of the Target Company.
- d. Financial highlights of J.J. Infrastructures Limited

(In Rs. lacs)

| Particulars                               | As on September 30, 2008 (Unaudited & Certified)# | As on March 31, 2008 (audited) | As on March 31, 2007 (audited) | As on March 31, 2006 (audited) |
|-------------------------------------------|---------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Profit &amp; Loss Statement</b>        |                                                   |                                |                                |                                |
| Total Income                              | -                                                 | -                              | -                              | -                              |
| Total Expenditure                         | -                                                 | -                              | -                              | -                              |
| Profit Before Tax                         | -                                                 | -                              | -                              | -                              |
| <b>Profit After Tax</b>                   | -                                                 | -                              | -                              | -                              |
|                                           |                                                   |                                |                                |                                |
| <b>Balance Sheet Statement</b>            |                                                   |                                |                                |                                |
| <b>Sources of funds</b>                   |                                                   |                                |                                |                                |
| Paid up share capital                     | 5.20                                              | 5.20                           | 5.20                           | 5.20                           |
| Share Application Money                   | 8.30                                              | 43.30                          | 43.30                          | 43.30                          |
| Miscellaneous expenditure not written off | (1.50)                                            | (1.54)                         | (1.45)                         | (1.34)                         |
| <b>Net Worth</b>                          | <b>12.00</b>                                      | <b>46.96</b>                   | <b>47.05</b>                   | <b>47.16</b>                   |
| Secured Loans                             | -                                                 | -                              | -                              | -                              |
| Unsecured Loans                           | 2.50                                              | 2.50                           | 2.50                           | -                              |
| <b>Total</b>                              | <b>14.50</b>                                      | <b>49.46</b>                   | <b>49.54</b>                   | <b>47.16</b>                   |
|                                           |                                                   |                                |                                |                                |
| <b>Uses of funds</b>                      |                                                   |                                |                                |                                |
| Net Fixed Assets                          | -                                                 | -                              | -                              | -                              |
| Investments                               | 5.18                                              | 2.40                           | -                              | -                              |
| Net Current Assets                        | 9.32                                              | 47.06                          | 49.54                          | 47.16                          |
| <b>Total</b>                              | <b>14.50</b>                                      | <b>49.46</b>                   | <b>49.54</b>                   | <b>47.16</b>                   |
|                                           |                                                   |                                |                                |                                |
| <b>Other Financial Data</b>               |                                                   |                                |                                |                                |
| Dividend (%)                              | -                                                 | -                              | -                              | -                              |
| Earning Per Share                         | -                                                 | -                              | -                              | -                              |
| Return on Net Worth (%)                   | -                                                 | -                              | -                              | -                              |
| Book Value Per Share                      | 7.12                                              | 7.03                           | 7.20                           | 7.43                           |

# The unaudited financial summary of the Company for the period ended September 30, 2008 has been certified by Datta Singla & Co., Statutory Auditors of the Company

- e. The shares of JJ Infrastructures Limited are not listed on any stock Exchange
  - f. Significant accounting policies
    - i. The financial statements have been prepared under historical cost convention in accordance with applicable accounting standards and as per the provisions of the Companies Act, 1956 and on the basis of going concern
    - ii. The Company follows accrual method of accounting
  - g. There has been no Merger/demerger, spin off during last three years involving J.J Infrastructures Limited. There has been no change in name of the Company since incorporation.
- 2.3 The acquirer along with PACs hold 297,900 equity share of Target Company representing 5.80% of the total paid up equity capital.
  - 2.4 The compliances under Chapter II of SEBI (SAST) Regulations, 1997 are applicable to the acquirer and he has made timely disclosures to the Target Company and Stock Exchange(s).
  - 2.5 None of the Acquirer & the PACs, has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the Securities and Exchange Board of India Act, 1992 and subsequent



amendments thereto.

- 2.6 There is no separate agreement between the Acquirers/ PACs, except agreement, with respect to the acquisition / offer.
- 2.7 None of the person mentioned in as Acquirer or PAC above has held any position on the Board of Directors of any Listed Company.

### 3. DISCLOSURE UNDER REGULATION 21 OF SEBI (SAST) REGULATION

- 3.1 Upon completion of the Offer assuming full acceptances in the Offer and acquisition of shares under the SPA, the acquirer along with PAC will hold 3,824,340 equity shares representing 74.52% of the paid up equity share capital of the Target Company. The acquirer undertakes that the public shareholding of Target Company will not fall below 25% of its paid up and voting capital as required under Clause 40A of the listing agreement entered into with the stock exchanges for the purpose of listing of Target Company on a continued basis.

### 4. BACKGROUND OF THE TARGET COMPANY - DEVINE IMPEX LIMITED

- 4.1 Target Company was originally incorporated on October 18, 1995 under the Companies Act 1956 as **Classic Global Impex Limited** with the Registrar of Companies Punjab, H.P and Chandigarh. The name of the Company was changed to **Devine Impex Limited** on February 23, 2001. The Corporate Identification Number is L51110PB1995PLC017179. The Registered office of the company is at 2nd Floor, Neco Complex, Pakhowal Road, Ludhiana - 141 002, Punjab. Tel: +91 161 301 2687; Fax: +91 161 505 9899. The company is engaged in sale and purchase of cloth, stock and shares.
- 4.2 The promoter of the Target Company is Mr. Nagesh Aggarwal. The promoter along with the promoter group hold 2,625,400 fully paid up equity shares in the Target Company as on date of PA constituting 51.16% of the fully paid up equity share capital.
- 4.3 The shares of the Target Company are listed on Bombay Stock Exchange, Delhi Stock Exchange and Ludhiana Stock Exchange. The shares of the company are infrequently traded at the Stock Exchanges. The ISIN allotted to the equity shares of the Target Company is INE455C01014. The Target Company came out with its IPO on February 01, 1996.
- 4.4 The paid up share capital of the Target Company consist of 5,132,200 fully paid up equity share of Rs. 10/- each aggregating to Rs. 51,322,000/-. There are no partly paid up shares of the Target Company as on date of the Public Announcement.
- 4.5 Share Capital Structure of the Target Company

| Particulars                        | No. of equity shares / voting rights | % of equity shares / voting rights |
|------------------------------------|--------------------------------------|------------------------------------|
| Authorised Share Capital           | 6,000,000                            | NA                                 |
| Issued Share Capital               | 5,251,400                            | NA                                 |
| Fully paid up equity share Capital | 5,132,200                            | 100%                               |

- 4.6 There are no outstanding equity linked instruments in the nature of warrants / fully convertible Debentures / Partly Convertible debentures etc, which are to be converted into equity shares at any later date. There are no shares under lock in period. There has been no merger/demerger or spin off in the company in the last three years.
- 4.7 Build up of the current capital structure of the company since inception

| Date of Allotment | Number of Shares | % of Shares Issued | Cumulative Paid-up Capital (Rs.) | Mode of Allotment | Identity of Allottees                                    | Status of compliance |
|-------------------|------------------|--------------------|----------------------------------|-------------------|----------------------------------------------------------|----------------------|
| 18/10/1995        | 700              | 0.01               | 7,000                            | Cash              | Promoters                                                | Complied with        |
| 02/03/1996        | 5,250,700        | 99.99              | 35,658,000*                      | Cash              | Allotment made in Initial public offering by the Company | Complied with        |
| 23/08/2008        | (119,200)        | (2.27)             | 51,322,000**                     | N.A               | Forfeiture of shares for non payment of call money       | Complied with        |

\* In the IPO, 2,642,000 equity shares were allotted to promoters, 2,247,700 equity shares were allotted to public, 191,000 equity shares were allotted to NRIs and 170,000 equity shares were allotted to the Manager to the Initial Public Offer. As on 02/03/ 1996 the cumulative paid up capital was Rs. 35,658,000/- which increased on various dates on account of payment of call money by allottees under IPO. The cumulative paid up capital immediately before the forfeiture i.e. as on 22/08/2008 was Rs. 51,658,500/-.

\*\* On 23/08/2008, 119,200 equity shares were forfeited out of which 111,500 equity shares were paid up for Rs. 2.50 per equity share and 7,700 equity shares were paid up for Rs. 7.50 per equity shares. The Target Company does not have any plans to re-issue the forfeited shares during the Offer period.

4.8 The Details of the Board of directors of the Target Company as on November 26, 2008

| Sr. No. | Name of Address of the Director                                                         | Age & Qualification            | Experience                                                                                                           | Date of Appointment | Designation                        |
|---------|-----------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------|
| 1.      | Mr. Nagesh Aggarwal<br>B XIX 171/1, Col Gurdial Singh Road, Ludhiana - 141 001 (Punjab) | 55 Years, Chartered Accountant | Engaged in the business of Import & Export since last 15 years. Prior to that he practiced as a Chartered Accountant | 18/10/1995          | Executive Director                 |
| 2.      | Sanjeev Gupta<br>1041, Sector 8-C, Panchkula                                            | 50 Years L.L.B.                | More than 27 year experience in the Legal field and a practicing advocate in Punjab & Haryana High Court             | 31/07/2006          | Non-Executive Independent Director |
| 3.      | Mr. Yashu Deep<br>B IX, 815C, Gulchaman Street, Ludhiana (Punjab)                       | 28 Years Chartered Accountant  | Practicing Chartered Accountant since 2002 with experience in Corporate Law, Taxation & Auditing                     | 15/12/2005          | Non-Executive Independent Director |
| 4.      | Mr. Mohit Goyal<br>230-A, Sarabha Nagar, Ludhiana (Punjab)                              | 29 Years L.L.B.                | More than 5 year experience in the Legal field practicing as an advocate in Punjab & Haryana High Court              | 15/06/1999          | Non-Executive Independent Director |
| 5.      | Mr. Ashwani Gulati<br>197-C, Rajguru Nagar, Ludhiana (Punjab)                           | 55 Years Graduate              | Businessman engaged in Hosiery and Textile Business since last 30 years.                                             | 15/12/2005          | Non-Executive Independent Director |

None of the above persons represent the Acquirers on the Board of the Company.

4.9 Corporate Governance

The Statutory Auditors of the Target Company (A K Bhandari & Co, Chartered Accountants (Membership No. 80059) B-XV 392, 1st Floor, Gill Road, Miller Ganj, Ludhiana - 141 003, Tel No. +91 161 253 3982) have vide their letter dated November 22, 2008, certified that the Target Company has complied with the requirements of Corporate Governance as stipulated in Clause 49 of the listing agreement for the quarter ended September 30, 2008.

4.10 The financial highlights of Target Company for last 3 years and certified financial information (by the Statutory Auditors of the Company) for the 6 months period ended September 30, 2008 are as follows:

(in Rs. lacs)

|                                                | As on September 30, 2008<br>(Unaudited & Certified) | As on 31st March 2008<br>(audited) | As on 31st March 2007<br>(audited) | As on 31st March 2006<br>(audited) |
|------------------------------------------------|-----------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Profit &amp; Loss Statement</b>             |                                                     |                                    |                                    |                                    |
| Sales                                          | 250.46                                              | 662.45                             | 686.10                             | 272.84                             |
| Other Income                                   | -                                                   | 5.37                               | 4.40                               | 4.83                               |
| <b>Total Income</b>                            | <b>250.46</b>                                       | <b>667.82</b>                      | <b>690.50</b>                      | <b>277.67</b>                      |
| Total Expenditure                              | 263.08                                              | 663.95                             | 686.13                             | 275.27                             |
| Profit before Depreciation, Interest and Tax   | (12.62)                                             | 3.87                               | 4.38                               | 2.41                               |
| Depreciation                                   | 0.60                                                | 1.96                               | 1.52                               | 0.04                               |
| Interest                                       | 0.50                                                | 1.30                               | 0.97                               | -                                  |
| <b>Profit Before Tax</b>                       | <b>(13.72)</b>                                      | <b>0.60</b>                        | <b>1.89</b>                        | <b>2.37</b>                        |
| Provision for Tax                              | -                                                   | 0.48                               | 0.53                               | 0.05                               |
| Profit After Tax                               | (13.72)                                             | 0.12                               | 1.36                               | 2.32                               |
| <b>Balance Sheet Statement</b>                 |                                                     |                                    |                                    |                                    |
| <b>Sources of funds</b>                        |                                                     |                                    |                                    |                                    |
| Paid up share capital                          | 513.22                                              | 506.10                             | 494.21                             | 459.91                             |
| Share forfeiture account                       | 3.37                                                | -                                  | -                                  | -                                  |
| Reserves & Surplus (exc. Revaluation reserves) | (38.74)                                             | (21.65)                            | (21.77)                            | (23.13)                            |
| Miscellaneous expenditure not written off      | -                                                   | -                                  | -                                  | (2.07)                             |

|                             | As on September 30,<br>2008<br>(Unaudited & Certified) | As on 31st<br>March 2008<br>(audited) | As on 31st<br>March 2007<br>(audited) | As on 31st<br>March 2006<br>(audited) |
|-----------------------------|--------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Net Worth</b>            | <b>477.85</b>                                          | <b>484.45</b>                         | <b>472.44</b>                         | <b>434.71</b>                         |
|                             |                                                        |                                       |                                       |                                       |
| Secured Loans *             | 8.84                                                   | 9.79                                  | 12.02                                 | -                                     |
| Unsecured Loans             | -                                                      | -                                     | -                                     | -                                     |
| <b>Total</b>                | <b>486.69</b>                                          | <b>494.24</b>                         | <b>484.46</b>                         | <b>434.71</b>                         |
|                             |                                                        |                                       |                                       |                                       |
| <b>Uses of funds</b>        |                                                        |                                       |                                       |                                       |
| Net Fixed Assets            | 18.78                                                  | 18.79                                 | 20.75                                 | 0.18                                  |
| Investments                 | 204.57                                                 | 204.57                                | 189.62                                | 142.67                                |
| Net Current Assets          | 263.34                                                 | 270.88                                | 274.10                                | 291.85                                |
| <b>Total</b>                | <b>486.69</b>                                          | <b>494.24</b>                         | <b>484.47</b>                         | <b>434.71</b>                         |
|                             |                                                        |                                       |                                       |                                       |
| <b>Other Financial Data</b> |                                                        |                                       |                                       |                                       |
| Dividend (%)                | -                                                      | -                                     | -                                     | -                                     |
| Earning Per Share           | (0.26)                                                 | 0.002                                 | 0.03                                  | 0.05                                  |
| Return on Net Worth (%)     | 0.00                                                   | 0.02                                  | 0.29                                  | 0.53                                  |
| Book Value Per Share        | 9.31                                                   | 9.57                                  | 9.56                                  | 9.45                                  |

\* The Secured loan of Rs. 8.84 lakhs outstanding as on September 30, 2008 is against vehicle loan from ICICI Bank Limited, Feroze Gandhi Market, Ludhiana carrying interest rate of 10.25% p.a.

4.11 There are no Contingent Liabilities as on March 31, 2008.

4.12 Major Accounting Policies

4.12.1 Basis of preparation of accounts

The Financial have been prepared on the basis of going concern under the historical cost convention and accrual basis, to comply in all material aspect with the applicable accounting principle in India, the Accounting Standard issued by the Institute of Chartered Accountants of India and the relevant provision of Companies Act, 1956.

4.12.2 Income & expenditure account

All Income and Expenses have been accounted for on accrual basis as informed by the management.

4.12.3 Fixed assets

All Fixed Assets are stated at cost inclusive of legal and / or installation and/ or incidental expenses less depreciation.

Deprecation on Fixed Assets has been provided on straight line method as per rate prescribed under schedule XIV to the Companies Act, 1956 (as amended).

Deprecation is provided on pro-rata basis form the day on which the assets have been put to use.

4.12.4 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investment. All other Investments are classified as long term investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

Profit / Loss on sale of investments is computed with reference to average cost.

4.12.5 Inventories

Inventories are valued at cost or market value whichever is lower (As certified by management).

4.12.6 Revenue recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

4.12.7 Accounting for taxes on income and fringe benefit tax

- The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

- Fringe Benefit Tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactment at the specifies rate of tax.

#### 4.12.8 Impairment of assets

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

#### 4.12.9 Provision and contingent liabilities

- Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
  - the company has a present obligation as a result of past event
  - a probable outflow of resources embodying economic benefits is expected to settle the obligation: and
  - the amount of the obligation can be reliably estimated
- Contingent liability is disclosed in the case of :
  - a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
  - a possible obligation, unless the probability of outflow in settlement is remote
- Re-imbursement expected in respect of expenditure required to be settle a provision is recognized only when it is virtually certain that the re-imbursement will be received.

#### 4.12.10 Foreign currency conversion

- Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual at the date of the transaction. In the case of imports the value recorded at the rate on the date of bill of entry as an amount of purchase.
- Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expense in the period in which they arise except in case of liabilities incurred for the purpose of acquiring the fixed assets from outside India in which case such differences are adjusted in the carrying amount of fixed assets.
- The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or income over the life of the contract. Exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or Loss arising on cancellation or renewal of such contracts is recognized as income or expense in the period in which such profit or loss arises.

#### 4.12.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

- The main income of the company arises from business of trading of textiles, cloth, stocks and shares. Following are the reasons for rise and fall in sales and profit after tax.

##### **Financial Year 2006-07**

The company is engaged in trading activity in two major business segments i.e. Textile and Stock & Shares. The sales increased from Rs. 277.67 Lacs in the year 2005-06 to Rs. 690.50 Lacs in the year 2006-07 due to increase in trading of shares. During the year the Company also started to trade in imported raw wool. The Profit after tax decreased from Rs. 2.32 Lacs in the year 2005-06 to Rs. 1.36 Lacs in the year 2006-07. The decrease in profit after tax was predominantly due to increased depreciation on fixed assets, interest charges and higher tax liability.

##### **Financial Year 2007-08**

The sales / total income decreased marginally from Rs. 690.50 Lacs in year 2006-07 to Rs. 667.82 Lacs in year 2007-08. The Profit after tax decreased from Rs. 1.36 Lacs in the year 2006-07 to Rs. 0.12 Lacs in the year 2007-08. The decrease in profit after tax is due to higher depreciation and interest charges.

4.14 The company is not a sick company undertaking.

4.15 Pre and Post Offer shareholding pattern of the Target Company is as per the following table:

| Sr. No. | Shareholders Category                       | Shareholding & voting rights prior to acquisition and offer |               | Shareholding & voting rights agreed to be acquired through SPA |                | Shareholding & voting rights to be acquired in open offer (Assuming full Acceptance) |              | Shareholding & voting rights after the acquisition and Offer |               |
|---------|---------------------------------------------|-------------------------------------------------------------|---------------|----------------------------------------------------------------|----------------|--------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------|---------------|
|         |                                             | I                                                           |               | II                                                             |                | III                                                                                  |              | IV = I + II + III                                            |               |
|         |                                             | No.                                                         | %             | No.                                                            | %              | No.                                                                                  | %            | No.                                                          | %             |
|         |                                             |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| (1)     | <b>Promoter Group</b>                       |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| A       | Parties to agreement, if any                | 2,622,500                                                   | 51.10         | (2,500,000)                                                    | (48.71)        | -                                                                                    | -            | 122,500                                                      | 2.39          |
| B       | Parties other than (a) above                | 2,900                                                       | 0.06          |                                                                |                | -                                                                                    | -            | 2,900                                                        | 0.06          |
|         | <b>Total 1 (A+B)</b>                        | <b>2,625,400</b>                                            | <b>51.16</b>  | <b>(2,500,000)</b>                                             | <b>(48.71)</b> | <b>-</b>                                                                             | <b>-</b>     | <b>125,400*</b>                                              | <b>2.44</b>   |
|         |                                             |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| (2)     | <b>Acquirer &amp; PAC</b>                   |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| A       | Acquirer                                    | -                                                           | -             | -                                                              | -              | 1,026,440                                                                            | 20.00        | 1,026,440                                                    | 20.00         |
| B       | PAC                                         | 297,900                                                     | 5.80          | 2,500,000                                                      | 48.71          | -                                                                                    | -            | 2,797,900                                                    | 54.42         |
|         | <b>Total 2 (A+B)</b>                        | <b>297,900</b>                                              | <b>5.80</b>   | <b>2,500,000</b>                                               | <b>48.71</b>   | <b>1,026,440</b>                                                                     | <b>20.00</b> | <b>3,824,340</b>                                             | <b>74.42</b>  |
|         |                                             |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| (3)     | <b>Public (other than parties to SPA) #</b> |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
| A       | FIs/ MFs/ FIs/ Banks, SFIs                  | 62,200                                                      | 1.21          | }                                                              | -              | (1,026,440)                                                                          | (20.00)      | 1,182,460                                                    | 23.04         |
| B       | Bodies Corporate                            | 47,847                                                      | 0.93          |                                                                |                |                                                                                      |              |                                                              |               |
| C       | NRI                                         | 400                                                         | 0.01          |                                                                |                |                                                                                      |              |                                                              |               |
| D       | Others                                      | 2098453                                                     | 40.89         |                                                                |                |                                                                                      |              |                                                              |               |
|         | <b>Total 3 (A+B+C+D)</b>                    | <b>2,208,900</b>                                            | <b>43.04</b>  |                                                                |                | <b>(1,026,440)</b>                                                                   | <b>20.00</b> | <b>1,182,460</b>                                             | <b>23.04</b>  |
|         |                                             |                                                             |               |                                                                |                |                                                                                      |              |                                                              |               |
|         | <b>Grand Total (1+2+3)</b>                  | <b>5,132,200</b>                                            | <b>100.00</b> | <b>-</b>                                                       | <b>-</b>       | <b>-</b>                                                                             | <b>-</b>     | <b>5,132,200</b>                                             | <b>100.00</b> |

\* The existing Promoter Group do not intend to sell the residual shareholding aggregating 2.44% of the paid up share capital of the Target Company The existing promoters have also undertaken not to continue as Promoter of the Target Company after successful completion of open offer and transfer of equity shares as envisaged under the SPA.

# The number of shareholders under the Category 'Public' is 703.

4.16 The details of the build up of the consolidated shareholding of Promoter / Promoter Group of the Target Company since inception are as under:

| Date of transaction | No. of shares Issued / Purchase / Sale | % of Paid up equity capital # | Cumulative Holding (%) | Mode of acquisition                     | Status of Compliance by Promoter |
|---------------------|----------------------------------------|-------------------------------|------------------------|-----------------------------------------|----------------------------------|
| 18/10/1995          | 700                                    | 0.01%                         | 0.01%                  | Subscriber to Memorandum of Association | NA                               |
| 02/03/1996          | 2,645,000                              | 51.54%                        | 51.55%                 | Allotment in Initial Public Offering    | NA                               |
| 24/09/1996          | (100)                                  | 0.00%                         | 51.55%                 | Off market sale                         | N.A                              |
| 12/12/2001          | 220,000                                | 4.29%                         | 55.83%                 | Off market purchase                     | Complied with                    |
| 09/07/2002          | 224,600                                | 4.38%                         | 60.21%                 | Off market purchase                     | Complied with                    |
| 26/11/2003          | (192,000)                              | (3.74)%                       | 56.47%                 | Off market sale                         | Complied with                    |
| 23/09/2004          | 107,500                                | 2.09%                         | 58.56%                 | Off market purchase                     | Complied with                    |
| 16/01/2006          | (146,000)                              | (2.84)%                       | 55.72%                 | Off market sale                         | Complied with                    |
| 17/02/2006          | (180,000)                              | (3.51)%                       | 52.21%                 | Off market sale                         | Complied with                    |
| 24/04/2006          | (58,500)                               | (1.14)%                       | 51.07%                 | Off market sale                         | Complied with                    |
| 31/05/2006          | 105,000                                | 2.05%                         | 53.12%                 | Off market purchase                     | Complied with                    |
| 11/01/2007          | 995,000*                               | 19.39%                        | 53.12%                 | Inter se Promoter Group transfer        | Complied with Delay              |

| Date of transaction | No. of shares Issued / Purchase / Sale | % of Paid up equity capital # | Cumulative Holding (%) | Mode of acquisition | Status of Compliance by Promoter |
|---------------------|----------------------------------------|-------------------------------|------------------------|---------------------|----------------------------------|
| 24/01/2008          | (75800)                                | (1.48)%                       | 51.64%                 | Off market sale     | N.A                              |
| 07/07/2008          | (25,000)                               | (0.49)%                       | 51.16%                 | Off market sale     | N.A                              |
| <b>Total</b>        | <b>2,625,400</b>                       | <b>51.16%</b>                 |                        |                     |                                  |

\* 995,000 equity shares were transferred as inter se Promoter Group Transfer on 11/01/2007. The Promoter Group complied with Regulation 3(4) in the year 2007 with considerable delay. However the company had filed the consent application dated May 23, 2008 for the aforesaid delay with SEBI. Subsequently the consent order was passed by SEBI as per details given in para 4.18 of Letter of Offer.

# The percentage of holding has been calculated on the basis of existing paid up share capital after considering forfeiture of equity shares.

4.17 In the past the equity shares of the Target Company were suspended from trading on Bombay Stock Exchange, Delhi Stock Exchange and Ludhiana Stock Exchange for non compliance with certain provisions of Listing Agreement and SEBI (SAST) Regulations. The Company has submitted all required disclosures with the Stock Exchanges and the suspension in trading was revoked as under:

| Name of Stock Exchange          | Letter / Notice No. and Date           | Date of revocation of suspension |
|---------------------------------|----------------------------------------|----------------------------------|
| Bombay Stock Exchange Limited   | 20070420-23 dated 20/04/2007           | 26/04/2007                       |
| Delhi Stock Exchange Limited    | DSE/LIST/8987/NR/2482 dated 01/08/2008 | 04/08/2008                       |
| Ludhiana Stock Exchange Limited | LSE/Listing/2008/995 dated 08/07/2008  | 08/07/2008                       |

4.18 The status of compliance with Chapter II of SEBI (SAST) Regulations, 1997 by the Target Company is as follows:

Devine Impex Limited had not filed the disclosures under SEBI (SAST) Regulations with respect to Regulations 6(2) and 6(4) for the year 1997 and Regulation 8(3) for the years 1998 - 2002. It has however made all the disclosures on March 31, 2003 under SEBI Regularisation Scheme, 2002 for regularization of past non - compliances.

Further, the Target Company made disclosures under SEBI (SAST) Regulation in respect of its shareholding pattern under regulation 7(3) for the years 2002-2007, Regulation 8(3) for the years 2003-2007 and Regulation 3(4) in the year 2007 with considerable delay. Thus the Company failed to comply timely with the regulations. However the company has filed consent application with SEBI on May 23, 2008 in terms of SEBI circular dated April 20, 2007 seeking condonation of delay and settlement of the enforcement actions that may be initiated by SEBI for the aforesaid failures. SEBI considered the request of the company and has asked the Company to pay Rs. 400,000/- as settlement charges. Accordingly the Company has paid Rs. 400,000/- vide demand draft dated October 27, 2008 towards settlement charges. Subsequently consent order was passed by SEBI on November 14, 2008.

4.19 The Target Company or its promoters and its Directors have not been prohibited by SEBI from dealing in securities. However SEBI has issued show cause notice on January 12, 2005 on Mr. Nagesh Aggarwal, the Promoter Director of the Target Company for initiating proceedings u/s 11B of SEBI Act read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulation, 1995 and Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. The reply in this respect was reportedly filed by the Target Company and Mr. Nagesh Aggarwal vide their letter dated September 19, 2005. SEBI vide its letter No. IVD/NIVD/EIF/2006/03/141930 dated October 22, 2008 has asked Mr. Nagesh Aggarwal to appear before it for personal hearing in the matter on December 11, 2008. The Target Company and its Promoter Director, Mr. Nagesh Aggarwal have filed an application with SEBI, Mumbai for Consent Order in this regard on December 02, 2008 and as such did not appear for personal hearing before SEBI, New Delhi on December 11, 2008.

4.20 As per the information provided by the Company there are no pending litigations by or against the Company.

4.21 The Name and Details of the Compliance Officer are as follows:

Mr. Nagesh Aggarwal  
2nd Floor, Nego Complex, Pakhowal Road, Ludhiana  
Tel: +91 161 301 2687, Fax: +91 161 301 2532.

## 5. JUSTIFICATION OF OFFER PRICE

- 5.1 The shares of Target Company are currently listed on Bombay Stock Exchange Limited ("BSE") (Scrip Code: 531585), Delhi Stock Exchange Limited ("DSE") and Ludhiana Stock Exchange Limited ("LSE"). The details of the trading on all the stock exchanges are as under:

| Name of Stock Exchange  | Total no. of shares traded during the 6 calendar months prior to the month in which Public Announcement was made | Total no. of listed shares | Annualised trading turnover (in terms of % to total listed shares) |
|-------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------|
| Bombay Stock Exchange   | *45,925                                                                                                          | 5,132,200                  | 1.79                                                               |
| Delhi Stock Exchange    | 0                                                                                                                | 5,132,200                  | 0.00                                                               |
| Ludhiana Stock Exchange | 0                                                                                                                | 5,132,200                  | 0.00                                                               |

\* Source: www.bseindia.com

The equity shares of Target Company are infrequently traded at the Stock Exchanges within the meaning of explanation (i) to Regulation 20(5) of the Takeover Regulations (The annualized trading turnover is less than 5% of the listed equity shares during the 6 months period from May 2008 to October 2008).

The Offer price of Rs. 10/- per share has been determined after considering the following:

|    | Particulars                                                                                                                                                                                            | Amount    |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| a) | Negotiated Price under the Agreement                                                                                                                                                                   | Rs. 10.00 |
| b) | Highest price paid by the Acquirer & PACs for acquisition, including by way of allotment in public or rights or preferential issue during the 26 weeks period prior to the date of Public Announcement | Rs. 5.00  |
| c) | Other parameters based on Audited Accounts of the Target Company for the year ended March 31, 2008                                                                                                     |           |
|    | Earnings per Share (Rs)                                                                                                                                                                                | 0.002     |
|    | Return on Net worth (%)                                                                                                                                                                                | 0.02      |
|    | Book Value per share (Rs)                                                                                                                                                                              | 9.57      |

The Industry Price Earning ratio in which the target company operates is 77.5 (Source: Capital Market Vol. November 03-16, 2008, Industry-Trading)

In view of the above, the Offer price of Rs. 10/- per share is justified in terms of Regulation 20(5).

## 6. FINANCIAL ARRANGEMENT

- 6.1 The Acquirer has made firm financial arrangement for financing the acquisition of equity shares under the Open Offer, in terms of Regulation 16 (xiv) of the Regulations. The funds requirement for the total payment obligation i.e. acquisition of shares under Open Offer and through SPA are proposed to be met from internal sources. The total networth of the Acquirer and PACs is Rs. 5,397.47 lakhs and all are assessed to Income Tax. No borrowing is envisaged from Banks, FIs, or Foreign sources.

The net worth of the Acquirer along with PACs is as under:

| Name of Acquirer / PACs       | Net Worth (in Rs. lakhs) |
|-------------------------------|--------------------------|
| Mr. Jawahar Lal Jain *        | 1,226.84                 |
| Mr. Neeraj Jain *             | 376.75                   |
| Mr. Rohit Jain *              | 864.64                   |
| Mrs. Manju Jain *             | 915.22                   |
| Jawahar Lal Jain HUF *        | 2,002.02                 |
| J J Infrastructures Limited # | 12.00                    |
| <b>Total</b>                  | <b>5,397.47</b>          |

\* As per certificate dated November 20, 2008 by Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, Chandigarh.

# As per unaudited and certified financial statements for the period ended September 30, 2008

- 6.2 Assuming full acceptance in the Offer, the total fund requirement for implementation of the offer at Rs. 10/- (Rupees Ten only) per fully paid up equity share is Rs. 102.64 Lacs.
- 6.3 The Acquirer has opened an escrow account with Axis Bank Ltd, A-11, Vishal Enclave, Opp. Rajouri Garden, New Delhi and made a cash deposit in Account No. 066010200041502 of Rs. 10,295,000 (Rupees One Crore Two Lakhs Ninety five Thousand only) being 100.30% of the maximum consideration payable under the Offer. The Manager to the Offer has

been authorized by the Acquirers to operate and realize the value of Escrow Account in terms of the Regulations.

- 6.4 Mr. Yogesh Monga (Membership No. 099813) of M/s Datta Singla & Co., Chartered Accountants, SCO 2935-36, Level-1, Sector 22-C, Chandigarh - 160 022, Tel.: +91 172 270 7065 have in their Certificate dated November 20, 2008 certified that the Acquirers have made firm arrangements to meet the financial obligations under the Open Offer.
- 6.5 Based on the above, the Manager to the Offer is satisfied about the ability of Acquirers to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations.
- 6.6 In case of a revision in the offer price, The Acquirer would raise the amount in the Escrow account to ensure compliance with Regulation 28 of the Regulations.

## **7. TERMS & CONDITION OF THE OFFER**

### **7.1 Persons eligible to participate in the Offer**

All owners of equity shares demat / physical, registered / unregistered (other than parties to the SPA) are eligible to participate in the Offer anytime before closure of the Offer. All registered owners can send duly completed FOA, filled and signed in accordance with the instructions contained in the Letter of Offer and FOA, to the Registrars to the Offer Beetal Financial & Computers Services Pvt. Ltd, at the collection centres on or before the closure of the Offer i.e. February 04, 2009. No indemnity shall be required from the unregistered shareholders.

### **7.2 Statutory Approval**

- 7.2.1 The Offer is subject to the receipt of approval from the Reserve Bank of India for acquiring Equity Shares from non-resident Indians who validly tender their Equity Shares under this Offer. The Acquirer will make the necessary application to and filings with the various authorities to obtain the statutory approval described above.
- 7.2.2 To the best of the Acquirer's knowledge as of the date of the Public Announcement, there are no other statutory approvals required to implement the Offer other than the one specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. Acquirer will have the right not to proceed with the Offer in terms of Regulation 27 of the SEBI (SAST) Regulations in the event any of the statutory approvals that are required are refused.
- 7.2.3 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 Company, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- 7.2.4 To the best of his knowledge, the Acquirer does not require any approvals from financial institutions / banks for the Offer.
- 7.3 Accidental omission to dispatch this Letter of Offer or the non- receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.
- 7.4 Applications in respect of Shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the shares during the pendency of the said litigation are liable to be rejected if the directions/orders regarding these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in such cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.
- 7.5 The acceptance of the offer made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The acquirer will not be responsible in any manner for any loss of Share certificate(s) and offer acceptance documents during transit & the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 7.6 Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further in case, the documents / forms submitted are incomplete and / or if they have any defect or modifications, the acceptance is liable to be rejected.
- 7.7 The Acquirer, will acquire the shares as fully paid up, free from all liens, charges and encumbrances and together with all rights attached thereto including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
- 7.8 Shareholders should note that after 3:00 p.m. on the last date of withdrawal i.e. January 30, 2009, shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the offer and dispatch of consideration gets delayed. The validly tendered shares and documents would be held by the Registrar to the offer in trust, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- 7.9 All shares of the company are free from lock-in.
- 7.10 Subject to the conditions governing this offer as mentioned herein, the acceptance of this offer by the equity shareholders of Devine Impex limited must be absolute and unqualified. Any acceptance to this offer, which is conditional and incomplete



in any respect, will be rejected without assigning any reason whatsoever.

7.11 Securities transaction tax will not be applicable to the Shares accepted in the Offer.

## **8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER**

- 8.1 Beneficial owners (holders of Shares in dematerialised form) who wish to tender their shares will be required to send their FOA along with the photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the Depository participant, in favour of the special depository account to the registrar to the Offer, either by hand delivery on working day or by Registered Post, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than February 04, 2009, in accordance with the instructions specified in this Letter of Offer and in the FOA. The credit for the delivered shares should be received in the special deposit account on or before close of the Offer, i.e., no later than February 04, 2009.
- 8.2 Shareholders who wish to tender their Shares, held in physical form, will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer either by hand delivery on weekdays or by Registered Post, at their sole risk, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e. February 04, 2009 in accordance with the instructions specified in the Letter of Offer and in the FOA.
- 8.3 Unregistered owners holding shares of the Target Company who do not receive the copy of the Letter of Offer can send their application in writing to the Registrar to the Offer, on a plain paper duly signed stating the name, address, number of shares held, number of shares offered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker of a recognized stock exchange, through whom they acquired their shares.
- 8.4 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the Close of the Offer, i.e. no later than February 04, 2009 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, Depository Participant name, Depository Participant ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closer of the offer, i.e., no later than February 04, 2009
- 8.5 The Registrar to the Offer, Beetal Financial & Computers Services Private Limited, has opened a special depository account with Central Depository Services (India) Limited called “BEETAL FIN & COMP SER (P) LTD-ESCROW ACCOUNT OPEN OFFER-DIL”. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

| <b>Name of Depository Participant</b> | <b>SPA Securities Limited</b>                                   |
|---------------------------------------|-----------------------------------------------------------------|
| Depository Participant ID             | 12058600                                                        |
| Client ID                             | 00002466                                                        |
| Account Name                          | BEETAL FIN & COMP SER (P) LTD - ESCROW ACCOUNT OPEN OFFER - DIL |
| Depository                            | Central Depository Services (India) Limited                     |

Shareholders having their beneficiary account in National Securities Depository Limited have to use inter-depository delivery instruction slips for crediting their shares in favour of the special depository account with Central Depository Services (India) Limited.

- 8.6 Shareholders of the Target Company to whom this Offer is being made, are free to offer his / her / their equity shares of Target Company for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in this Offer.
- 8.7 The Shareholders of the Target Company, who wish to avail of and accept the Offer, can deliver the FOA along with all the relevant documents at the collection centers of the registrar to the offer, as given below in accordance with the procedure as set out in the Letter of Offer ( Monday to Friday 10 am to 3 pm & Saturdays 10 am to 1 pm) by Registered post or by hand delivery before closure of Offer i.e. February 04, 2009
- Beetal Financial & Computer Services Private Limited, Beetal House, 3rd floor, 99 Madangir, Behind Local Shopping Centre, New Delhi - 110 062. Tel: +91 11 2996 1281, Fax: +91 11 2996 1284, Contact Person: Mr Punit Mittal,
  - Beetal Financial & Computer Services Private Limited, C/o Ghia Textiles Product Co., Office no. 5, Agra Building, 121, M.G. Road, Fort, Mumbai - 400 001, Telefax: +91 22 2265 1498, Contact person: Mr. Pravin Kothavale
- 8.8 In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body corporate

should also be enclosed.

- 8.9 While tendering the shares under the Offer, NRIs / Overseas Corporate Bodies / foreign shareholders will be required to submit the previous approvals received from Reserve Bank of India (specific or general) which they would have obtained for acquiring the Shares of the Target Company. In case the previous approvals received from Reserve Bank of India are not submitted, Acquirer reserves the right to reject such Shares tendered.
- 8.10 In case the equity shares stand in the name of a sole shareholder, who is deceased, FOA should be submitted along with the Notarized copy of the legal representation obtained from a Competent Court.
- 8.11 Shareholders, who have sent their shares for dematerialisation, need to ensure that the process of getting their shares dematerialised is completed well in time so that the credit in the special depository account is received on or before the date of closure of the Offer, i.e., no later than February 04, 2009, else their application would be rejected.
- 8.12 Duly executed FOA along with share Certificate(s) and share transfer form(s) should be sent only to the Registrar to the Offer and not to the Manager to the Offer or Acquirer.
- 8.13 The Registrar to the Offer will hold in trust the shares/share certificate, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of Target Company who have accepted the Offer, till the cheques/drafts for the consideration and/or the unaccepted shares/ share certificates are dispatched/returned.
- 8.14 In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so upto 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before January 30, 2009
- The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
  - In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
    - In case of Physical shares: name, address, folio no., distinctive no, certificate no., number of shares tendered; and
    - In case of dematerialised shares: name, address, number of shares offered, Depository Participant name, Depository Participant ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant, in favour of the special depository account.
- 8.15 The intimation of returned shares to the Shareholders will be sent at the address as per the records of the Target Company / Depositories as the case may be.

#### **8.16 Method of Settlement**

- 8.16.1 If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the Acquisition of Shares from each shareholder will be on proportionate basis as per the provisions of Regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot for the Target Company is 1 (one) share.
- 8.16.2 The FOA, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents or / and shares lying in the special depository account, tendered by the shareholders of Target Company under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become a fully valid and binding contract between such shareholder(s) and the Acquirer only upon the fulfillment of all the conditions mentioned herein the Letter of Offer and FOA.
- 8.16.3 The payment consideration for shares accepted under the Offer may be made through a crossed Demand Draft / Pay order or through Electronic Clearing Service (ECS) at specified centres where clearing houses are managed by RBI within 15 days from the date of closure of the Offer. Shareholders who opt for receiving consideration through ECS are requested to give authorization for ECS in the Form of Acceptance cum Acknowledgement and enclose a photocopy of cheque along with the Form of Acceptance cum Acknowledgement. In case of joint holder(s), all demand drafts / pay order will be drawn in the name of first holders. In case of unregistered owners of equity shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance cum Acknowledgement for incorporation on the demand draft / pay order.
- 8.16.4 The payment of consideration for accepted applications will be made by the Acquirer in cash through account demand drafts / pay orders sent by registered post for amounts exceeding Rs. 1,500/- and otherwise under certificates of posting in accordance with the Regulations.
- 8.16.5 Unaccepted Share certificates or withdrawn share certificate, transfer forms and other documents, if any, will be returned by registered post at the shareholders/unregistered owners' sole risk to the sole/first shareholder. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners depository account with the respective depository

participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

8.16.6 The Acquirer shall endeavor to complete all procedures relating to the Offer within Fifteen Days from the date of Closure of the Offer i.e. by February 19, 2009 including payment of consideration to the shareholders of Target Company whose equity shares are accepted for purchase by the Acquirer.

8.16.7 Compliance with tax and other regulatory requirements:

- a. As per the provisions of section 196D(2) of the Income-tax Act, 1961 no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor as defined in section 115AD of the Income-tax act, 1961
- b. While tendering their equity shares under the Offer, NRI's, Overseas Corporate Bodies, and other non-resident shareholders will be required to submit a No Objection Certificate or Tax clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirer before remitting the consideration, falling which 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 entire consideration amount payable to such shareholder

## **8.17 General**

8.17.1 The instructions and provisions contained in the Form of Acceptance cum acknowledgement and Form of Withdrawal are integral part of this Letter of Offer.

8.17.2 Neither the Acquirer nor the Manager to the Offer nor the Registrar to the Offer nor the Target company will be responsible for any loss in transit or delay in receipt of the completed FOA, Share certificate(s), Share transfer deed(s), copy of delivery instructions or other documents.

8.17.3 The Offer Price is denominated and payable in Indian Rupees only.

8.17.4 All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgment of the FOA and other relevant particulars.

8.17.5 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer shall have the option to withdraw acceptance tendered by them upto 3 (three) working days prior to the date of closure of the Offer, in terms of Regulations 22(5A) of the SEBI (SAST) Regulations.

8.17.6 If there is any upward revision in the Offer Price in terms of Regulation 26 of SEBI (SAST) Regulations by the Acquirer till the last permitted date for revision, i.e. January 23, 2009 or the Offer is withdrawn, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer Price would be payable for all the shares tendered anytime during the Offer and accepted under the offer.

8.17.7 For any queries regarding the offer, the shareholders/applicants may contact the Registrar to the offer / Manager to the offer at the address mentioned on the cover page of this Letter of Offer.

8.17.8 If there is competitive bid:

- (ii) the Public Offers under all the subsisting bids shall close on the same date.
- (iii) as the Offer Price can not be revised during 7 (seven) working days prior to the closing date of the offers / bids, it would therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.

8.17.9 Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer has appointed SPA Merchant Bankers Limited as Manager to the Offer. SPA Merchant Bankers Limited does not hold any shares of the Target Company as on the date of the Public Announcement and Letter of Offer.

8.17.10 A copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal can be obtained from SEBI's website i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

## **9. DOCUMENTS FOR INSPECTION**

The following material documents are available for inspection at the office of the Manager to the Offer, SPA Merchant Bankers Limited, 25 C - Block, Community Centre, Janak Puri, New Delhi - 110 058 from 10:30 a.m. to 1:00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer:

- 9.1 Certificate of Incorporation & Memorandum and Articles of Association of Devine Impex Limited.
- 9.2 Copy of Share Purchase Agreement dated November 20, 2008 between Acquirer, PACs and sellers.
- 9.3 Certificate from Chartered Accountant, M/s Datta Singla & Co. certifying the financial adequacy of the Acquirer along with PACs to fulfill their obligations under the offer.
- 9.4 Certificates from Chartered Accountant, M/s Datta Singla & Co. certifying the Net Worth of Mr. Jawahar Lal Jain, Mr. Neeraj Jain, Mr. Rohit Jain, Mrs. Manju Jain and Jawahar Lal Jain (HUF).
- 9.5 Audited annual reports for the last three years for Devine Impex Limited and certified financial summary by A K Bhandari

& Company, Statutory Auditors of the Company for the six months period ended September 30, 2008.

- 9.6 Copy of Public Announcement published on November 26, 2008.
- 9.7 Copy of confirmation received from Axis Bank Ltd dated November 22, 2008, confirming that Rs. 102.95 Lacs (Rupees One Crore Two Lacs and Ninety Five Thousand only) of cash deposit has been deposited in the Escrow Account.
- 9.8 Undertaking from the Acquirer stating full responsibility for all information contained in the PA and the Letter of Offer.
- 9.9 Copy of Escrow Agreement dated November 20, 2008 entered between Acquirer, Escrow Bank and Manager to the Offer.
- 9.10 Copy of Agreement dated November 22, 2008 entered between SPA Securities Limited and Registrar to the Offer for opening a special depository account for the purpose of the offer.
- 9.11 Power of Attorney dated November 20, 2008 given by PACs in favour of the Acquirer to do all necessary acts in respect of Open offer including signing of Letter of Offer.
- 9.12 SEBI observation letter No. CFD/DCR/TO/SKM/149153/09 dated January 1, 2009.

#### **10. DECLARATION BY THE ACQUIRER**

- 10.1 All information contained in this Letter of Offer are true and correct and the Acquirer and PACs accepts full responsibility for the information contained in this Letter of Offer.
- 10.2 The Acquirer and PACs are jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations, 1997.

**Signed on Behalf of Acquirer and the PAC's**

**Mr. Jawahar Lal Jain**  
**Acquirer**

Place: New Delhi  
Date: January 06, 2009