# LETTER OF OFFER

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

This Letter of Offer (LOO) is sent to you as an Equity Shareholder(s) of JRG Securities Ltd. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Meghraj SP Corporate Finance (Private) Limited (hereinafter referred to as "Manager to the Offer") or Bigshare Services Private Ltd. (hereinafter referred to as "Registrar to the Offer"). In case you have recently sold your shares in the Company, please hand over this LOO, the accompanying Form of Acceptance-cum-acknowledgement, Form of Withdrawal and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

## CASH OFFER

**BY**

## DUCKWORTH LIMITED (formerly known as Baring India Public Equity Limited) ["ACQUIRER"]

Registered Office: c/o Multiconsult Ltd, 10, Frere Felix de Valois Street, Port- Louis, Mauritius; Tel no.: (230) 202 3000; Fax (230) 212 5265

## ALONGWITH

## BARING INDIA PRIVATE EQUITY FUND II LIMITED ["Person Acting in Concert"/ "PAC"/ "Baring"]

Registered Office: C/o Multiconsult Limited, 10, Frere Felix de Valois Street, Port- Louis, Mauritius; Tel no.: (230) 202 3000; Fax (230) 212 5265

**to acquire**

upto 46,34,900 Equity shares of face value of Rs.10 each, representing 20% of the voting paid up equity share capital ("Offer"), (As 1,33,33,333 warrants and 16,57,237 warrants allotted to the Acquirer and Promoters respectively are not taken into consideration while determining the Offer size as the Promoters and the Acquirer have agreed and undertaken not to convert their respective warrants till the closure of the offer)

## OF

**JRG SECURITIES LIMITED** ("JRG" or "the Target" or "the Target Company")

Registered Office: Velliappallil Buildings, T. B. Road, Pala, Kerala-686575; Tel.:0482-2210547; Fax:0482-2215809

at a price of Rs 49.00/- (Rupees Forty Nine only) per share in cash ("The Offer Price") (hereinafter referred to as "The Offer").The offer is being made pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto "(SEBI (SAST) Regulations" or "the Regulations") for the purpose of substantial acquisition of shares and voting rights of the Target Company accompanied with a change in control / management in the Target Company.

**Notes:**

1. The offer is not conditional upon any minimum level of acceptance.
2. The Offer is subject to following approvals:
   a. Preferential allotment of equity shares to the Acquirer is subject to the approval of the shareholders of JRG under Section 81(1A) of the Companies Act, 1956 and Listing permission from the Bombay Stock Exchange.
   b. Approvals from the Reserve Bank of India, if required, shall be procured as and when required.
   c. Approvals from BSE, NSE, CSE, NSDL, CDSL, MCX, NCDEX, NMCEIL, IPSTA, IRDA, AMFI, FMC, SEBI or any other regulatory bodies if required, shall be procured as and when required.
   d. The applications for obtaining the above mentioned approvals shall be made by the Target Company as and when required.
3. As on the date, the necessary approvals required to implement this Offer have been obtained and no other statutory approval is required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer and PAC will not proceed with the Offer in the event any statutory approval indicated herein is not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.
4. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirer and PAC for payment of consideration to the shareholders subject to the Acquirer and PAC agreeing to pay interest for the delayed period as 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 and PAC in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable.
5. Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer (i.e. March 18, 2008), in terms of Regulations 22 (5A) of the SEBI (SAST) Regulations.
6. The Acquirer and PAC can revise the Offer Price upwards up to 7 (seven) working days prior to the date of closure of the Offer (March 18, 2008). If there is any upward revision in the Offer Price by the Acquirer and PAC till the last date for revising the Offer Price i.e. March 07, 2008 or if the Offer is withdrawn, the same would be communicated by a public announcement in the same newspapers in which the Public Announcement has appeared as mentioned in Para 3.1 of this letter of Offer. The Acquirer and PAC would pay such revised Offer Price for all the equity shares validly tendered any time during the Offer and accepted by the Acquirer under the Offer.
7. **If there is a competitive bid(s):**
   **a. The Public Offers under all the subsisting bids shall close on the same date.**
   **b. As the offer price cannot be revised during seven working days prior to the closing date of the offer / bids, it would, therefore, be in the interest of shareholders to await till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
8. A copy of the Public Announcement and Letter of Offer (including form of acceptance-cum-acknowledgement and form of withdrawal) is also available at the website of SEBI at www.sebi.gov.in and may be downloaded therefrom.

| Manager to the Offer | | Registrar to the Offer | |
|---|---|---|---|
| MEGHRAJ | **Meghraj SP Corporate Finance (Private) Limited**<br>SEBI Regn.No.:MB/INM000001220<br>Contact: Mr. Rajan Satija<br>3rd Floor, Khanna Construction House<br>44, Dr. R.G. Thadani Marg<br>Worli, Mumbai – 400 018<br>Tel.: 91-22-24931764<br>Fax: 91-22-24931765<br>E-mail: rajan@meghrajindia.com | | **Bigshare Services Private Limited**<br>SEBI Regn. No.: INB010708833<br>Contact: Mr. N. V. K. Mohan<br>E/2 Ansa Industrial Estate,<br>Saki Vihar Road, Saki Naka,<br>Andheri (East), Mumbai-400072<br>Tel.: 91-22-28470652 / 28470653<br>Fax : 91-22-28475207<br>Email: mohan@bigshareonline.com |
| **Offer Opens on : February 28, 2008** | | **Offer Closes on : March 18, 2008** | |

**(For Schedule of the Major Activities of the Offer please refer the next page)**

**The table below summarizes the schedule of activities:**

| No. | Activity | Original Schedule | | Revised Schedule | |
|---|---|---|---|---|---|
| | | **Day** | **Date** | **Day** | **Date** |
| 1 | Public Announcement | Monday | July 30, 2007 | Monday | July 30, 2007 |
| 2 | Corrigendum to Public Announcement | - | - | Friday | February 15, 2008 |
| 3 | Specified Date* | Monday | August 20, 2007 | Monday | August 20, 2007 |
| 4 | Last date for Competitive Bid | Monday | August 20, 2007 | Monday | August 20, 2007 |
| 5 | Date by which Letter of Offer will be dispatched to the shareholders | Wednesday | September 12, 2007 | Thursday | February 21, 2008 |
| 6 | Offer Opening date | Friday | September 21, 2007 | Thursday | February 28, 2008 |
| 7 | Last Date for revising offer price / number of equity shares | Saturday | September 29, 2007 | Friday | March 7, 2008 |
| 8 | Last Date for withdrawal of acceptance by shareholders | Friday | October 5, 2007 | Thursday | March 13, 2008 |
| 9 | Offer Closing Date | Wednesday | October 10, 2007 | Tuesday | March 18, 2008 |
| 10 | Date for communicating acceptance/ rejection under the Offer and Payment of consideration for applications accepted. | Thursday | October 25, 2007 | Wednesday | April 02, 2008 |

***Specified Date is only for the purpose of determining the names of shareholders of JRG as on such date to whom the Letter of Offer would be sent.*

# RISK FACTORS

1. **Risks related to the Transaction**:
   a. In the event of regulatory and statutory approvals not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer. Consequently, in case of delay of the Offer process, the payment of consideration to the public shareholders of JRG whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirer may be delayed.

2. **Risks related to the Proposed Offer**:
   a. The tendered shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of JRG. Accordingly, the Acquirer and PAC makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any Shareholder of JRG on whether to participate or not to participate in the Offer.

   b. Litigation, regulatory measures and similar claims could affect the Offer

3. **Probable risks associated with the Acquirer and PAC**:
   a. The Acquirer makes no assurance with respect to the continuation of the past trend of the financial performance of JRG.

   b. The Acquirer makes no assurance with respect to its investment/ divestment decisions relating to its proposed shareholding in JRG.

   c. In the event the requisite approvals for the purpose of this Offer or that may be necessary at a later date are refused, the Acquirer and PAC reserve the right to withdraw the Offer.

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

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Encl: (i) Form of Acceptance cum Acknowledgement
(ii) Form of Withdrawal
(iii) Transfer deed, if applicable

## DEFINITIONS/ ABBREVIATIONS

The following definitions apply throughout this Letter of Offer unless stated otherwise:

| Terms | Definitions |
|---|---|
| Acquirer | Acquirer for the purposes of this Offer is Duckworth Limited |
| AMFI | Association of Mutual Funds in India |
| ACCA | Association of Chartered Certified Accountants |
| Board/ Board of Directors | Board of directors of JRG Securities Limited |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services (India) Limited |
| Closing Date | Date of closing of the Offer, being March 18, 2008 |
| Companies Act | The Companies Act, 1956 |
| CSE | Cochin Stock Exchange Limited |
| Date of PA | July 30, 2007 |
| Depository / NSDL | National Securities Depository Limited |
| Disclosures | Disclosures regarding the changes in the shareholding/voting rights of the Promoter Group to be made by JRG under Regulations 7 and 8 under the SEBI (SAST) Regulations |
| DP | Depository Participant |
| Eligible persons to participate in the Offer | The equity shareholders of the Target Company, except the Acquirer, PAC and the Promoter Group |
| Equity Shares/ Shares | Fully paid-up Equity Share of Rs.10/- each of JRG |
| Escrow Account | Escrow account under the name and title of "Duckworth Limited - Open Offer - Escrow Account", established in accordance with Regulation 28 of the SEBI (SAST) Regulations by the Acquirer |
| Escrow Amount | Rs.22,92,77,000 (Rupees Twenty two crore ninety two lakhs seventy seven thousand only), which exceeds the 100% purchase consideration (i.e. Rs.22,71,10,100/-) payable to the shareholders assuming full acceptance of all the shares offered to be purchased in this Offer |
| Escrow Bank | Hong Kong and Shanghai Banking Corporation, Barakhamba Road, New Delhi. |
| FMC | Forward Market Commission |
| Form of Acceptance | Form of Acceptance-cum-Acknowledgment enclosed with this Letter of Offer |
| INR or Rupees or Rs. | Indian National Rupees |
| IPSTA | India Pepper and Spice Trade Association |
| IRDA | Insurance Regulatory and Development Authority |
| JRG / the Target / the Target Company | JRG Securities Limited |
| Letter of Offer/ LOO | This Letter of Offer dated February 20, 2008 |
| Manager to the Offer/ Merchant Banker | Meghraj SP Corporate Finance (Private) Ltd. |
| MCX | Multi Commodity Exchange of India Limited |
| NBFC | Non Banking Financial Company |
| NCDEX | National Commodity and Derivative Exchange Limited |
| NMCEIL | National Multi Commodity Exchange of India Limited |
| NSE | National Stock Exchange of India Limited |
| Offer | This Offer by the Acquirer and PAC to acquire upto 46,34,900 Equity Shares representing 20% of the voting share capital of JRG at a price of Rs.49.00 (Rupees forty nine only) per share in cash being made in terms of Letter of Offer. |
| Offer Price | Rs.49.00 per Equity Share |
| Opening Date | Date of opening of the Offer, being February 28, 2008 |
| Person Acting in Concert/ PAC/ Baring | Baring India Private Equity Fund II Limited, a holding company of the Acquirer, holding 100% of equity capital of the Acquirer |

| | |
|---|---|
| Promoters | Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony |
| Promoter Group | Mr. Regi Jacob, Mr. Giby Mathew, Mr. Jiji Antony, Mr. Jerry Mathew, Ms. Mini Regi and Ms. Manju Mathew |
| Public Announcement or PA | The Public Announcement relating to the Offer as published in the newspapers on the date of PA |
| RBI | Reserve Bank of India |
| Registrar to the Offer | Bigshare Services Private Ltd. |
| SEBI | Securities and Exchange Board of India |
| SEBI (DIP) Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto, as applicable. |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| Share and Warrant Subscription Agreement/ SWSA | Agreement dated July 27, 2007 entered into by Promoter, Acquirer and JRG Securities Limited |
| Shareholder(s) | All owners (registered or unregistered) of Equity Shares of JRG Securities Limited (other than Promoter Group/ Acquirer/ PAC) whose names appear in the Register of Members of JRG Securities Limited at the close of business hours on the Specified Date and also the persons who own the Equity Shares at anytime before the Closure of the Offer, but may not be included in the Register of Members |
| Specified Date | Date specified in the Public Announcement for the purpose of determining the names of the shareholders to whom the Letter of Offer is to be sent i.e. August 20, 2007 |
| Stock Exchange | BSE |
| The Preferential Issue | 1,03,82,174 fully paid up equity shares and 1,33,33,333 warrants proposed to be allotted to the Acquirer and 16,57,237 warrants to be allotted to the Promoters pursuant to Resolution passed in the meeting of the Board of Directors of the Company held on July 27, 2007 |
| The Regulations or SEBI (SAST) Regulations | SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto |
| USD | United States Dollar |

## 1. DISCLAIMER CLAUSE

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF JRG SECURITIES LIMITED, TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, MEGHRAJ SP CORPORATE FINANCE (PRIVATE) LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 13, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."**

## 2. BACKGROUND OF THE OFFER

2.1 The offer is being made pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations 1997 and subsequent amendments thereto for the purpose of substantial acquisition of shares and voting rights of the Target Company accompanied with a change in control / management in the Target Company.

2.2 At the meeting of the Board of Directors of the Target Company held on July 27, 2007, the Board of Directors have proposed to issue and allot on a preferential basis ( "the Preferential Issue"):

2.2.1 1,03,82,174 fully paid up equity shares to the Acquirer at a price of Rs.48/- per equity share including premium of Rs.38/- per share, consideration to be paid in cash, constituting 44.80% of the post preferential issue voting capital (2,31,74,496 equity shares) of JRG and 1,33,33,333 warrants to the Acquirer convertible at the option of the holder into one equity share of Rs.10/- each for every warrant at a price of Rs.48/- including premium of Rs.38/- per share constituting 34.94% of post preferential issue and post conversion voting capital (3,81,65,066 equity shares) of JRG and;

2.2.2 16,57,237 warrants to the Promoters convertible at the option of the holder into one equity share of Rs.10/- each for every warrant at a price of Rs.48/- including premium of Rs.38/- per share constituting 4.34% of post preferential issue and post conversion voting capital (3,81,65,066 equity shares) of JRG.

2.3 On July 27, 2007, the Board meeting date, the Board of Directors of JRG have passed appropriate resolutions for approving, inter-alia, the Preferential Issue and for convening an Extra Ordinary General Meeting ("EGM") on August 24, 2007, to obtain approval of the shareholders in terms of Section 81(1A) of the Companies Act, 1956 and to authorize the Board of Directors to allot equity shares and warrants to the Acquirer and the Promoters as applicable and for the purpose of increasing the authorized capital to accommodate the issue of shares and warrants.

2.4 July 25, 2007 being 30 (thirty) days prior to the date of the EGM is the 'Relevant Date' for the purposes of determining the minimum issue price as per Explanation (a) to Clause No. 13.1.1.1 of SEBI (DIP) Guidelines as amended till date.

2.5 The issue price of Rs.48.00 (Rupees Forty Eight only) per equity share, higher than the following, is justified in terms of SEBI (DIP) Guidelines:

| **Particulars** | **Price** |
|---|---|
| a) The average of weekly high and low of the closing prices of the shares of JRG on BSE where highest trading volume in respect of shares were recorded during the 6 months ended on July 24, 2007 i.e. the date preceding the relevant date | Rs.34.06 |
| b) The average of weekly high and low of the closing prices of the shares of JRG on BSE where highest trading volume in respect of shares were recorded during the 2 weeks ended on July 24, 2007 | Rs.45.91 |

(Source: Certificate by Mr. Jomon K. George, Partner (Membership No. 202144) of JVR & Associates, Chartered Accountants, vide letter dated July 26, 2007, certifying that the price of Rs.48/- per equity share/warrant under the Preferential Issue is as per the SEBI (DIP) Guidelines.)

2.6 The Share and Warrant Subscription Agreement ("SWSA") was entered on July 27, 2007, between (a) the Acquirer being Duckworth Limited (b) the Promoters of JRG viz. Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony ("the Promoters") and (c) JRG. Consequent to the preferential issue of the equity shares and signing of SWSA, the Acquirer is required to make this Offer.

2.7 At the Extra Ordinary General Meeting ("EGM") held on August 24, 2007, the shareholders of the Target Company authorized the Preferential Issue by way of a special resolution under Section 81(1A) of the Companies Act, 1956 along with appropriate resolutions for requisite increase in the authorized share capital of the Target Company.

2.8 The Board of Directors of JRG at their meeting held on October 30, 2007 have issued and allotted 1,03,82,174 fully paid up equity shares and 1,33,33,333 warrants to the Acquirer and 16,57,237 warrants to the Promoters on preferential basis as per terms provided under Para 2.2 above. The said Preferential Issue is in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto, as applicable. JRG has obtained the requisite regulatory approvals for the said Preferential Issue.

2.9 On completion of the Preferential Issue of equity shares, the post issue share capital of JRG comprises of 2,31,74,496 fully paid-up equity shares of Rs.10/- each ("the Post Issue Voting Capital") and the Acquirer holds 1,03,82,174 equity shares constituting 44.80% of the Post Issue Voting Capital, excluding the acquisition under this offer. Since this holding entitles the Acquirer to more than 15% of the voting rights of the Target Company and accompanied with change in control/ management of the Target Company, the Acquirer and PAC are making an Offer to the public shareholders of JRG to acquire up to 20% (46,34,900 equity shares) of the Post Issue Voting Capital, pursuant to Regulation 10 and 12 of the SEBI (SAST) Regulations.

2.10 The salient features of the SWSA are as under:

2.10.1 SWSA is subject to the requisite approvals to be obtained by JRG. In the event that the shareholders approval and other requisite approvals are not received, the SWSA shall stand terminated.

2.10.2 The Acquirer has agreed to subscribe to 1,03,82,174 equity shares of JRG issued on a preferential basis at a price of Rs.48/- per equity share for consideration to be paid in cash constituting 44.80% of the Post Issue Voting Capital (2,31,74,496 equity shares) of JRG.

2.10.3 The Acquirer has also agreed to subscribe to 1,33,33,333 warrants of JRG representing 47.99% of post conversion fully diluted paid up equity share capital (without considering the preferential allotment of equity shares) of the Target Company, issued on a preferential basis convertible at the option of the holder into one equity share of Rs.10/- each for every warrant at a price of Rs.48/- including premium of Rs.38/- per share.

2.10.4 The Promoters have also agreed to subscribe to 16,57,237 warrants (8,28,619 warrants shall be issued to Mr. Regi Jacob and 8,28,618 warrants shall be issued to Mr. Giby Mathew) representing 5.96% of post conversion fully diluted paid up equity share capital (without considering the preferential allotment of equity shares) of the Target Company issued on a preferential basis convertible at the option of the holder into one equity share of Rs.10/- each for every warrant at a price of Rs.48/- including premium of Rs.38/- per share.

2.10.5 Post preferential allotment of shares and warrants but before conversion of warrants as aforesaid, the Acquirer will hold 64.80% and the Promoter Group will be at 25.06% of the Post Issue Voting Capital (2,31,74,496 equity shares) of JRG assuming full acceptance under this Offer.

2.10.6 Post preferential allotment and conversion of warrants as aforesaid, the Acquirer will hold 62.14% and the Promoter Group will be at 19.56% of the Post Issue Voting Capital (3,81,65,066 equity shares) of JRG assuming full conversion of warrants and without taking into account acceptance of the shares under this Offer.

2.10.7 Post preferential allotment of shares and warrants and after conversion of warrants as aforesaid, the Acquirer will hold 74.28% and the Promoter Group will be at 19.56% of the Post Issue Voting Capital (3,81,65,066 equity shares) of JRG assuming full conversion of warrants and assuming full acceptance of the shares under this Offer.

2.10.8 For the purpose of complying with the Listing agreement, the Promoters agree/ undertake to sell their shares upto a maximum of 2% of the total paid up capital of the Target Company, if required irrespective of the market price other than when the warrants are converted into equity shares.

2.10.9 The Acquirer shall pay an amount of Rs.49,83,44,352 (Rupees Forty nine crore eighty three lakhs forty four thousand three hundred and fifty two only) representing the total consideration for 1,03,82,174 equity shares and an amount of Rs.6,40,00,000 (Rupees Six crore forty lakhs only) representing 10% of the total consideration for 1,33,33,333 warrants of JRG.

2.10.10 The Promoters shall pay an amount of Rs.79,54,738 (Rupees Seventy nine lakhs fifty four thousand seven hundred and thirty eight only) representing 10% of the total consideration for 16,57,237 warrants of JRG.

2.10.11 The Acquirer and the Promoters agree that they shall jointly convert their respective warrants into equity shares of the Target Company. Upon such conversion, an Open Offer would be triggered under the SEBI (SAST) Regulations. It has been agreed that they shall jointly make an Open Offer and acquire shares in the same proportion to their warrants, which have been converted. However, in the event the Promoters or the Acquirer choose, as the case may be, to convert their warrants independently then, the Promoters or the Acquirer (as applicable) shall solely be responsible to comply with the Regulations.

2.10.12 Reconstitution of Board: The Acquirer will appoint the Chairman and Managing Director & CEO of the Target Company as long as the Acquirer holds more than 20% of the voting rights in the Target Company. This shall not be applicable if the shareholding temporarily falls below 20% to cater to the open offer. The current Chairman shall continue as Chairman Emeritus. The present Managing Director shall continue to be a Director of the Target Company for a period of at least 3 years from the date of signing this SWSA. The Promoters shall be entitled to appoint one member on the Board of JRG. The Promoters shall have, inter alia, all the rights set out in SWSA, as long as they hold a minimum of 9% in the Target Company.

2.10.13 The company shall review the appointment and remuneration of both, Statutory Auditors and the Internal Auditors.

2.10.14 The Promoters shall refrain from operating any related business other than through the Target Company and also refrain from operating any unrelated business as long as they are in an executive Position in the Company. Promoters will also not compete with the company for a period of 3 years from the date of their exit from the company.

2.10.15 Decisions of the Target Company and its present and future subsidiaries, regarding the following subject matters shall require the affirmative vote of

Mr.Regi Jacob or the nominee of Mr. Regi Jacob in an appropriately convened Board meeting.

a. The merger or consolidation of the Target Company which would result in the share holding of promoters and Acquirer together in the Target Company ending up with less than 51% of the share capital of the merged entity.

b. Sale of all or substantially all of the assets of the Target Company/subsidiaries.

c. Amendment to the Articles of Association of the Target Company that directly affects the Promoter's interest.

d. Winding-up of the Company.

e. Further issue of shares or other securities of the Target Company/group companies to Acquirer or its affiliates.

f. Issuing guarantees, indemnities, powers of attorney, performance bonds or entering into other financing or underwriting arrangements other than in the ordinary course of business to associates, affiliates or investee companies of the Acquirer.

g. Pledging, charging, assigning or mortgaging of assets by the Target Company other than in the ordinary course of business to associates affiliates or investee companies of the Acquirer.

h. Introduction of new product lines other than in the scope of financial services.

2.10.16 For any valid quorum at a Board Meeting, presence of the nominee Director of the Promoter is required, unless otherwise waived to in writing by the Promoter. In the event the Promoters' nominee is not present at the Board Meeting, the meeting shall stand adjourned to the same day the following week. If at the adjourned meeting, the Promoters' nominee is not present within 30 minutes of the scheduled time of commencement of the meeting, the remaining Directors present shall be deemed to constitute the quorum.

2.10.17 For any valid quorum at a Board Meeting, presence of nominee of the Acquirer is required unless otherwise waived to in writing by the Acquirer.

2.10.18 Transfer of shares: As long as Acquirer is invested in the Target Company and holds more than 20% of the capital of the Target Company, the promoter shall not sell more than 19,00,000 shares out of their total holding of 58,08,500 shares in the first three years from the signing of SWSA.

2.10.19 Tag Along Rights: If at any time the Acquirer decides to sell the Shares held by it to any third party (buyer) which constitutes change in control in favour of the buyer, the Promoters shall have Tag Along Rights of their entire shareholding at their option subject to the same terms and conditions offered by the buyer to Acquirer.

2.10.20 Both the Promoters and the Acquirer agree to equally lock-in shares required for regulatory purposes. As and when the Promoters sell their shares as agreed upon in this agreement, the Acquirer shall increase its lock in shares proportionately.

2.10.21 JRG will form an NBFC and invest Rs.25,00,00,000 (Rupees twenty five crore only) from the proceeds of the preferential allotment. The Acquirer shall also invest Rs.26,40,35,088 (Rupees twenty six crore forty lakhs thirty five thousand and eighty eight only) into the NBFC at a 40% premium to face value so as to get a 43% stake in the NBFC.

2.10.22 The Target Company will endeavour to list the NBFC latest by September 2010 or buy back the stock of the NBFC from Acquirer at the same Price/Book multiple enjoyed by the Company at that time for cash. JRG undertake to buy equity of the Acquirer in the NBFC within 18 months from the date of SWSA at prevailing price/ book multiple of the said NBFC for cash to get weighted average holding of the Acquirer in the NBFC below 74%.

2.10.23 The Target Company shall ensure that the Articles of Association and Memorandum of Association are amended in order to incorporate all the salient terms of this agreement.

2.10.24 SWSA shall be governed by the Laws of India. In the event of any dispute between the parties arising under this SWSA, the same shall be referred to Arbitration and the provisions of the Arbitration and Conciliation Act, 1996 shall apply.

2.11 The Target Company shall complete the allotment of equity shares and warrants under preferential basis subject to shareholders approval and in accordance with SEBI (DIP) Guidelines, the Companies Act, 1956 and other applicable laws.

2.12 The option to exercise the right for conversion of warrants into equity shares shall be available to the Acquirer and the Promoters any time within 18 months from the date of allotment.

2.13 Lock in shares: The shares and warrants to be allotted through Preferential Issue will be locked-in as per SEBI (DIP) Guidelines.

2.14 JRG has intimated to the Bombay Stock Exchange (BSE) where its shares are listed vide its letter dated July 27, 2007 that consequent to the Preferential Allotment, the Acquirer would hold 1,03,82,174 equity shares of JRG.

2.15 If the number of shares offered for sale by the shareholders of JRG is more than the shares agreed to be acquired by the Acquirer, the offers received from the shareholders will be accepted on a proportionate basis.

2.16 The Acquirer, PAC, the Target Company or any of their directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act.

2.17 There is no separate non-compete agreement signed between the Acquirer/ PAC and the Promoter Group and no separate non-compete fees is payable either by the Acquirer or PAC to the Promoter Group of JRG.

## 3. DETAILS OF THE OFFER

3.1 The Public Announcement (PA) of the Offer was made in the following newspapers in terms of Regulation 15(1) of the SEBI (SAST) Regulations on Monday, July 30, 2007 as per details below:

| Language | Name of the Newspaper | Editions |
|---|---|---|
| English | Business Standard | All Editions |
| Hindi | Pratahkal | Mumbai, Udaipur and Jaipur Edition |
| Malayalam | Deepika | All Kerala Editions |

Subsequently, Corrigendum to PA has also been published in the aforesaid newspapers on Friday, February 15, 2008.

A copy of the Public Announcement and Corrigendum to PA are also available on SEBI's website at www.sebi.gov.in

3.2 This Offer is being made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations by the Acquirer, Duckworth Limited and PAC to acquire upto a maximum of 46,34,900 equity shares of Rs.10/- each ("Equity Shares") representing 20% of the fully-paid up equity share capital of JRG Securities Limited at a price of Rs.49.00 (Rupees Forty nine only) per share in cash, (hereinafter referred to as "Offer"). The Offer Price shall be payable in cash, to all shareholders of the Target Company who tender their equity shares and whose equity shares are acquired by the Acquirer subject to the terms and conditions mentioned in the Public Announcement dated July 30, 2007.

3.3 The warrants issued to the Acquirer and the Promoters are not taken into consideration while determining the minimum offer size i.e. 20% of the voting paid up equity share capital of JRG as the Promoters and the Acquirer have agreed and undertaken not to convert their respective warrants till the closure of the offer.

3.4 Pursuant to the second provision to Regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer/ PAC have deposited 22,92,77,000 (Rupees Twenty two crore ninety two lakhs seventy seven thousand only), which exceeds the 100% consideration of the said Offer i.e. Rs.22,71,10,100/- (Rupees Twenty two crore seventy one lakhs ten thousand and one hundred only.) payable to the shareholders assuming full acceptance of all the shares offered to be purchased in this Offer. Consequently, Mr. Munish Dayal and Mr. Rahul Bhasin representing the Acquirer/ PAC have been appointed by JRG as Additional Directors in their Board Meeting held on October 30, 2007.

3.5 The Acquirer has not acquired nor has been allotted any equity shares of JRG during the 52-week period prior to the date of the PA. The Acquirer, PAC or any of their directors have not acquired any equity shares in JRG at a price above the offer price of Rs.49 per share, including by way of allotment in public or rights issue or by way of preferential allotment by JRG during the 26-week period prior to the date of the PA.

3.6 The Acquirer does not hold any equity shares or securities convertible into shares of JRG as on the date of the PA and has not acquired any shares of JRG from the date of PA till the date of this Letter of Offer save and except the allotment as mentioned in Para 2.9 above.

3.7 The PAC does not hold nor has acquired any equity shares in the Target Company as on the date of PA till the date of this Letter of Offer.

3.8 There are no partly paid up equity shares in the books of JRG.

3.9 Subject to the receipt of the approval from the shareholders of JRG and other requisite approvals for the Preferential Issue and other terms and conditions set out in this PA and the Letter of Offer to be sent to the shareholders of JRG, the Acquirer will acquire equity shares up to the extent as mentioned in the Para 3.2 above.

3.10 Following consummation of the Offer mentioned in Para 3.2 above, the Acquirer will hold 64.80% of the Post Issue Voting Capital in JRG assuming full acceptance under the Open Offer.

3.11 The Offer is not conditional to any minimum level of acceptance.

3.12 This Offer is not a competitive bid.

3.13 If there is any upward revision in the Offer Price by the Acquirer and PAC till the last date for revising the Offer Price i.e. March 07, 2008 or if the Offer is withdrawn, the same would be communicated by a public announcement in the same newspapers in which the Public Announcement has appeared as mentioned in 3.1 of this Letter of Offer. The Acquirer and PAC would pay such revised Offer Price for all the equity shares validly tendered any time during the Offer and accepted by the Acquirer under the Offer.

3.14 All equity shares tendered in acceptance of the Offer will be acquired by the Acquirer subject to terms and conditions set out in the Public Announcement and this Letter of Offer.

3.15 This Offer is being made to all the shareholders of JRG except to the Promoter Group, the Acquirer and PAC.

3.16 The shares acquired by the Acquirer, pursuant to this Offer, will be free from all liens, charges and encumbrances and together with all rights attached hereto, including the right of all dividends, bonus and rights declared hereafter.

3.17 The Manager to the offer shall not deal in the shares of the JRG as per Regulation 24(5A) of SEBI (SAST) Regulations.

## 4. OBJECT AND PURPOSE OF THE OFFER

4.1 This Offer to acquire 20% of the voting capital i.e. 46,34,900 fully paid-up equity shares from the shareholders of JRG (other than the Acquirer, PAC and the Promoters of JRG) is made pursuant to regulations 10 and 12 of the Regulations consequent to the Preferential Issue of equity shares to the Acquirer as explained in Para 2.9 above and also in terms of the SWSA. The Acquirer and PAC intends to do a substantial acquisition of shares accompanied with a change in control / management, as enumerated in Para 2.10.12, which would constitute a change in control within the meaning of Regulation 2(1)(c) and Regulation 12 of SEBI (SAST) Regulations.

4.2 The Acquirer and PAC intend to change the current composition of the Board of Directors of the Target Company as detailed in Para 2.10.12 in terms of SWSA.

4.3 The Acquirer and the PAC do not have any plan to dispose off or otherwise encumber any asset of JRG in the next two years except in the ordinary course of business of JRG and except to the extent mentioned above. However, the Acquirer and the PAC undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of JRG except with the prior approval of the shareholders of JRG.

4.4 The investment by the Acquirer under the Preferential Issue and the Offer is a strategic investment on the part of the Acquirer to enter Retail Broking Business and Distribution of Financial Products in India. After this investment in the Target Company, the Acquirer/PAC intends to help grow the existing business of the Target Company and expects that the shareholders of the Target Company would benefit from the Acquirers'/PACs' entry as a major shareholder.

## 5. DETAILS OF THE ACQUIRER AND PAC

5.1. **Duckworth Limited**

5.1.1. Duckworth Limited is a Private Company Limited by Shares, incorporated under Section 24 of the Companies Act 2001 in the Republic of Mauritius (Company No. 56316 C1/GBL) and having its registered office and corporate office at C/o Multiconsult Limited, 10, Frere Felix de Valois Street, Port-Louis, Mauritius; Tel no.: (230) 202 3000; Fax no. (230) 212 5265.

5.1.2. Duckworth Limited was originally incorporated on May 27, 2005 as a Private Company Limited by Shares and designated as Limited Life Company having its name as "Baring India Public Equity Limited". The name was subsequently changed to Duckworth Limited on July 10, 2007.

5.1.3. Duckworth Limited obtained its Global Business License on May 30, 2005 and is regulated by the Financial Services Commission. Its Principal Activities is to act as a Collective Investment Scheme.

5.1.4. The shares of Duckworth Limited are not listed on any stock exchange.

5.1.5. The object of Duckworth Limited is to make equity/ equity related investments which would generally be long term in nature with the principal object being capital growth.

5.1.6. The subscribed capital is one ordinary share of USD 1 each. The said share is held by Baring India Private Equity Fund II Limited.

5.1.7. Duckworth Limited is promoted by Baring India Private Equity Fund II Limited as its wholly owned subsidiary. Duckworth is the Acquirer and Baring is the PAC. Baring has provided funding for the acquisition of shares and warrants by the Acquirer under Preferential allotment and would also fund the Acquirer for acquisition of shares under this Offer.

5.1.8. Shareholding pattern as on June 29, 2007 is as under:

| Sr. No. | Shareholder's Category | No. of Shares held | % of Shares held |
|---|---|---|---|
| 1 | Promoters | 1 | 100 |
| 2 | FII/ Mutual Funds/ FIs/ Banks | - | - |
| 3 | Public | - | - |
| | Total paid up capital | 1 | 100 |

5.1.9. The Acquirer and PAC have not entered into any agreement amongst themselves for the purpose of this Offer.

5.1.10. The Acquirer will acquire all shares in the Offer subject to maximum of 20% of voting capital of JRG.

5.1.11. The details of the group companies of Duckworth Limited are as follows:

a. Baring India Private Equity Fund II Limited, incorporated on November 11, 2004 is a holding company of Duckworth Limited. The object of the Company is to make equity/ equity related investments which would generally be long term in nature with the principal object being capital growth. Its directors are Uday Kumar Gujadhar, Pamela Balasoupramanien and David Stuart Huckfield.

b. Baring India Fund II Coinvestment Limited, incorporated on May 27, 2005 co-invests alongwith other shareholders in Baring India Private Equity Fund II Limited. The object of the Company is to make equity/ equity related investments which would generally be long term in nature with the principal object being capital growth. Its directors are Uday Kumar Gujadhar and Pamela Balasoupramanien

c. Baring Private Equity Partners (India) Limited, incorporated on November 22, 1996 advises/ makes investment recommendations to Baring. Its directors are Barry McClay, David Stuart Huckfield, LENC Tin, Martin Mullins and Vikas Srivastava.

5.1.12. The Board of Directors of the Acquirer as on the date of PA comprises:

| Name and Designation | Residential Address | Date of appointment | Qualification | Experience |
|---|---|---|---|---|
| Uday Kumar Gujadhar, Director | 9, Lislet Geoffroy Street, Curepipe, Mauritius | May 27, 2005 | ACCA (Association of Chartered and Certified Accountants) | Has over 20 years of professional experience in the fields of auditing, taxation, consulting and offshore business. |
| Pamela Balasoupramanien, Director | 33 Avenue des Jacarandas, Quatre ornes, Mauritius | May 27, 2005 | B.A Hons. (Accounting, Finance and Economics) | Has over 9 years of experience in fund investment services. |

5.1.13. None of the aforementioned directors of Duckworth Limited are on the Board of JRG.

5.1.14. None of the aforesaid directors of the Acquirer have acquired any shares of the Target Company during the twelve months preceding the date of the PA or after the date of the PA.

5.1.15. Mr. Munish Dayal and Mr. Rahul Bhasin representing the Acquirer/ PAC have been appointed as Additional Directors of JRG in their Board Meeting held on October 30, 2007 pursuant to Section 260 of the Companies Act, 1956, the Articles of Association of the Target Company and second provision to Regulation 22(7) of the SEBI (SAST) Regulations.

5.1.16. Duckworth Ltd has acquired all the equity shares under the Preferential Issue as mentioned under Para 2.9 above. Pursuant to this, the Acquirer has duly complied with the provisions of Chapter II of the Regulations within the time specified in the Regulations.

5.1.17. The Audited Financials of Duckworth Limited are as under:

**Profit and Loss Statement***

(Rs. Lakhs)

| Particulars | From the date of incorporation (May 27, 2005) to December 31, 2005 | For the 12 months period January 1, 2006 to December 31, 2006 | For the 6 months period January 1, 2007 to June 29, 2007 |
|---|---|---|---|
| Income from operations | - | - | - |
| Other income | - | - | 2.04 |
| Total Income | - | - | 2.04 |
| Total Expenditure | 10.53 | 2.47 | 1.13 |
| Profit before depreciation, interest and tax | (10.53) | (2.47) | 0.91 |
| Depreciation | - | - | - |
| Interest | - | - | - |
| Profit before tax | (10.53) | (2.47) | 0.91 |
| Less: Provision for Tax | - | 0.14 | - |
| PAT | (10.53) | (2.61) | 0.91 |

**Balance Sheet***

(Rs. Lakhs)

| Particulars | From the date of incorporation (May 27, 2005) to December 31, 2005 | For the 12 months period January 1, 2006 to December 31, 2006 | For the 6 months period January 1, 2007 to June 29, 2007 |
|---|---|---|---|
| **Sources of Fund** | | | |
| Paid Up Share Capital | 0.00045 | 0.00044 | 0.00041 |
| Preference Share Capital | - | - | - |
| Reserves & Surplus (excluding revaluation reserve) / (Accumulated Losses) | (10.53) | (12.94) | (11.02) |
| Less: Miscellaneous Expenditure not written off | - | - | - |
| Net Worth | (10.53) | (12.94) | (11.02) |
| Secured Loans | - | - | - |
| Unsecured Loans | - | - | - |
| **Total** | (10.53) | (12.94) | (11.02) |
| **Uses of Funds** | | | |
| Net Fixed Assets | - | - | - |
| Investments | - | - | - |
| Net Current Assets | (10.53) | (12.94) | (11.02) |
| **Total** | (10.53) | (12.94) | (11.02) |

**Other Financial Data***

| Particulars | From the date of incorporation (May 27, 2005) to December 31, 2005 | For the 12 months period January 1, 2006 to December 31, 2006 | For the 6 months period January 1, 2007 to June 29, 2007 |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | - | - | - |
| Return on Net Worth (%) | - | - | - |
| Book Value Per Share (Rs.) | (10,52,925) | (12,94,170) | (11,01,676) |

***Conversion rate (Source: www.rbi.org.in)***
***as on December 29, 2005: 1 USD = Rs.45.07 (For period ended December 31, 2005)***
***as on December 29, 2006: 1 USD = Rs.44.23 (For period ended December 31, 2006)***
***as on June 29, 2007: 1 USD = Rs.40.75 (For period ended June 29, 2007)***

5.1.18. According to the audited financial statements of the Acquirer for period ended June 29, 2007, the Acquirer does not have any contingent liabilities.

5.1.19. No company has been promoted by the Acquirer.

5.1.20. **Reasons for the change in the total income and profit after tax:** There is no income from operations as the Acquirer has not started its operations as on June 29, 2007. The other income as on June 29, 2007 is due to the reversal of certain expenses pertaining to the period May 27, 2005 to December 31, 2005.

5.1.21. **Significant accounting policies of the Acquirer as stated in the Annual Report for the 6 months period ended June 29, 2007 are given below:-**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

a. **Basis of Accounting:** The financial statements have been prepared under the historical cost convention, as modified by the fair valuation of investments and in accordance with Applicable Accounting Standards in the United Kingdom.

b. **Interest Income:** Interest income is recognized on an accrual basis.

c. **Foreign Currency Translation**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars ("USD"), which is the functional currency of the Company.

The directors determine the functional currency of the Company to be USD. In making this judgement, the directors evaluate among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of the investors.

Foreign currency transactions are translated using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liability denominated in foreign currencies are recognized in the Profit and Loss Account.

d. **Reporting Currency:** The financial statements are presented in USD. The Company is licensed under the Financial Services Development Act 2001 which requires that the Company's business or other activity be carried on in a currency other than the Mauritian Rupee.

e. **Start-up costs:** Start-up costs are written off to the Profit and Loss Account when incurred

f. **Cash Flow Statement:** Under the provisions of Financial Reporting Standard No. 1, the Company is exempt from the requirement to prepare a cash flow statement on the basis of its size.

g. **Deferred Taxation:** Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

h. **Cash and Cash Equivalent:** Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

5.1.22. **Disclosures in terms of Regulation 16(ix)**

a. The offer is being made in compliance with Regulation 10 and 12 pursuant to preferential allotment made to the Acquirer in terms of the SWSA.

b. The Acquirer and the PAC undertake not to sell, dispose off or otherwise encumber any assets of "JRG Securities Limited" in the succeeding two years except in the ordinary business of JRG.

c. The Acquirer and the PAC undertake not to sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders.

5.1.23. **Future plans/ strategies of the Acquirer with regard to the Target Company:** The Target Company is a Stock Broking House functioning in India, with major presence in South India. The investment by the Acquirer in the Target Company is to further grow the existing business lines and introduce new products. The capital raised through the preferential allotment will be utilized as follows:

a. To increase distribution / branches across the country and acquire new customers: The key aspect of the business model will be to provide an extremely unique customer experience. The blend of power of the Internet with personalized services will allow expanding its geographical coverage and capturing a greater share in the highly competitive retail market.

b. Invest in new technology to enable online services and state of the art security and risk management systems: The Internet has redefined commerce in the new millennium by offering global reach, increased penetration and a round-the-clock service proposition. With the growing need for a customer-centric approach, technology has become a critical component of infrastructure of any company. Intent will be to build on the existing On-line Broking business and create amongst the best On-line Broking technology platforms in the country.

c. Build the insurance and mutual fund distribution business: The Target Company aspires to build an integrated Financial Services enterprise by building the Insurance and Mutual Fund Distribution business.

d. To grow the existing broking business: To create a sustainable Customer Value Proposition through efficient technology, convenient financial centers and friendly financial advisors. Investment in the above competencies will enable creation of a sustainable business model through interplay of technology, talented work force, superior risk management platform and widespread geographical reach.

e. The Target Company and the Acquirer will form an NBFC as disclosed in Para 2.10.21 of this Letter of Offer.

5.2 **Baring India Private Equity Fund II Limited**

5.2.1 Baring India Private Equity Fund II Limited is a Public Company Limited by Shares, with limited life, incorporated on November 11, 2004 under Section 24 of the Companies Act 2001 in the Republic of Mauritius (Company No. 53387 C1/GBL), having its registered office and corporate office at C/o Multiconsult Limited, 10 Frere Felix de Valois Street, Port Louis, Mauritius. Tel.: (230) 202 3000; Fax no. (230) 212 5265.

5.2.2 The investors of Baring are Development Financial Institutions, Banks, HNIs and other Institutional investors. Baring Private Equity Partners (India) Limited advises/ makes investment recommendations to Baring.

5.2.3 The details of the investors of Baring are as follows:

| Category | No. of investors | Capital commitment as of June 30, 2007 (USD Mn) | % of capital committed |
|---|---|---|---|
| Development Financial Institutions | 4 | 57.01 | 32.25 |
| High Net worth Individuals and Families | 20 | 62.66 | 35.45 |
| Fund of Funds | 5 | 40.00 | 22.63 |
| Pension Funds | 1 | 9.99 | 5.65 |
| Banks | 2 | 7.10 | 4.02 |
| **Total Capital Commitment** | **32** | **176.76** | **100.00** |

*Note: None of the investors of Baring have committed more than 10% of the Fund's aggregate capital commitment.*

5.2.4 Baring India Private Equity Fund II Limited obtained its Global Business License on November 17, 2004 and is regulated by the Financial Services Commission, Mauritius.

5.2.5 The object of Baring India Private Equity Fund II Limited is to make equity/ equity related investments which would generally be long term in nature with the principal object being capital growth. Its principal activity is to act as an investment holding company, subject to the terms of Shareholder's Agreement with focus on private equity and equity related investment in India.

5.2.6 The shares of Baring India Private Equity Fund II Limited are not listed on any stock exchange.

5.2.7 Paid up Capital as on June 30, 2007 is USD 7,23,19,070 divided into 72319.07 shares each having a face value of USD 1000.

5.2.8 Shareholding pattern is as under:

| Shareholder | Percentage (%) |
|---|---|
| Development Financial Institutions | 32.25 |
| High Networth Individuals and Families | 35.45 |
| Fund of Funds | 22.63 |
| Pension Funds | 5.65 |
| Banks | 4.02 |
| **Total Capital Commitment** | **100.00** |

5.2.9 The group Companies of Baring are as under:

a. Baring India Fund II Coinvestment Limited, incorporated on May 27, 2005 co-invests alongwith other shareholders in Baring India Private Equity Fund II Limited. The object of the Company is to make equity/ equity related investments which would generally be long term in nature with the principal object being capital growth. Its directors are Uday Kumar Gujadhar and Pamela Balasoupramanien.

b. Duckworth Limited, the wholly owned subsidiary of Baring, the details of which are mentioned in Para 5.1

c. Baring Private Equity Partners (India) Limited, incorporated on November 22, 1996, advises/ makes investment recommendations to Baring. Its directors are Barry McClay, David Stuart Huckfield, LENC Tin, Martin Mullins and Vikas Srivastava.

5.2.10 Details of the Board of Directors of the PAC as on the date of PA comprises:

| **Name and Designation** | **Residential Address** | **Date of appointment** | **Qualification** | **Experience** |
|---|---|---|---|---|
| Uday Kumar Gujadhar, Director | 9 Lislet Geoffroy Street, Curepipe, Mauritius | November 11, 2004 | ACCA (Association of Chartered and Certified Accountants) | Has over 20 years of professional experience in the fields of auditing, taxation, consulting and offshore business. |
| Pamela Balasoupramanien, Director | 33 Avenue des Jacarandas, Quatre Bornes, Mauritius | November 11, 2004 | B.A Hons. (Accounting, Finance and Economics) | Has over 9 years of experience in fund investment services. |
| David Stuart Huckfield, Director | Richardsons Farm Cottage, Goggs Lane, Redlynch, Salisbury, UK – SP52NY | October 24, 2005 | Diploma Chartered Institute of Bankers (1972) and Registered with the UK Financial Services Authority (1988-2006) and the Guernsey Financial Services Commission | Has over 20 years of professional experience in consulting, corporate banking, operations & compliance. |

5.2.11 None of the aforementioned directors of Duckworth Limited are on the Board of JRG.

5.2.12 None of the aforesaid directors of the Baring have acquired any shares of the Target Company during the twelve months preceding the date of the PA or after the date of the PA.

5.2.13 Mr. Munish Dayal and Mr. Rahul Bhasin representing the Acquirer/ PAC have been appointed as Additional Directors of JRG in their Board Meeting held on October 30, 2007 pursuant to Section 260 of the Companies Act, 1956, the Articles of Association of the Target Company and second provision to Regulation 22(7) of the SEBI (SAST) Regulations.

5.2.14 Baring does not hold any equity shares of the Target Company. Baring has also not acquired any equity shares of JRG from the date of PA till the date of this Letter of Offer and it does not intend to acquire any shares under this Offer.

5.2.15 The Audited brief financials of Baring are as under:

**Profit & Loss Statement** *

(Rs. Lakhs)

| **Particulars** | **From the date of Incorporation (November 11, 2004) to December 31, 2005** | **For 12 Months Period January 01, 2006 to December 31, 2006** | **For the 6 months period January 1, 2007 to June 30, 2007** |
|---|---|---|---|
| Income from operations | 15.32 | 41.64 | 323.83 |
| Other income | - | - | - |
| Total Income | 15.32 | 41.64 | 323.83 |
| Total Expenditure | 1,910.29 | 1,610.18 | 746.30 |
| Profit Before Depreciation, Interest and Tax | (1,894.97) | (1,568.54) | (422.47) |
| Exceptional Items** | - | - | (243.46) |
| Depreciation | - | - | - |
| Interest | - | - | - |
| Profit before Tax | (1,894.97) | (1,568.54) | (665.93) |
| Provision for Tax | - | - | - |
| Profit after Tax | (1,894.97) | (1,568.54) | (665.93) |

**Exceptional Items include Premium on redemption of shares, Realized gains on sale of investments and Premium on Redemption to Coinvestor.

**Balance Sheet***

(Rs. Lakhs)

| **Particulars** | **From the date of Incorporation (November 11, 2004) to December 31, 2005** | **For 12 Months Period January 01, 2006 to December 31, 2006** | **For the 6 months period January 1, 2007 to June 30, 2007** |
|---|---|---|---|
| **Sources of Fund** | | | |
| Paid Up Share Capital | 4,696.27 | 30,749.24 | 29,470.02 |
| Reserves & Surplus (excluding revaluation reserve) / (Accumulated Losses) | (1,925.59) | (2,810.98) | (2,393.76) |
| Less: Miscellaneous Expenditure not written off | - | - | - |
| Net Worth | 2,770.68 | 27,938.26 | 27,076.26 |
| Secured Loans | - | - | - |
| Unsecured Loans | - | - | - |
| Deferred Tax Liability | - | - | - |
| **Total** | **2,770.68** | **27,938.26** | **27,076.26** |
| **Uses of Funds** | | | |
| Net Fixed Assets | - | - | - |
| Intangible Assets | - | - | - |
| Investments | 2,148.12 | 28,827.26 | 27,754.51 |
| Net Current Assets | 622.56 | (889.00) | (678.25) |
| **Total** | **2,770.68** | **27,938.26** | **27,076.26** |

**Other Financial Data***

| **Particulars** | **From the date of Incorporation (November 11, 2004) to December 31, 2005** | **For 12 Months Period January 01, 2006 to December 31, 2006** | **For the 6 months period January 1, 2007 to June 30, 2007** |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | - | - | - |
| Return on Net Worth (%) | - | - | - |
| Book Value Per Share(Rs.) | 26,590.13 | 40,186.66 | 37,440.00 |

***Conversion rate (Source: www.rbi.org.in)***
***as on December 29, 2005: 1 USD = Rs.45.07 (For period ended December 31, 2005)***
***as on December 29, 2006: 1 USD = Rs.44.23 (For period ended December 31, 2006)***
***as on June 29, 2007: 1 USD = Rs.40.75 (For period ended June 30, 2007)***

5.2.16 According to the audited financial statements of Baring for period ended December 31, 2006, the PAC does not have any contingent liabilities.

5.2.17 Duckworth Limited is the company promoted by Baring, the details of which is mentioned in Para 5.1.

5.2.18 **Reasons for Rise in PAT and Total Income:**
There is no Other Income for the periods ending December 31, 2005, December 31, 2006 and June 30, 2007. The rise in Income from Operations during the 6 months period ending June 30, 2007 is primarily due to the increase in interest income on deposits and dividend income on investments. Baring continues to make losses as it has not yet started to realize the gains on most of its investments.

5.2.19 **Significant accounting policies of the PAC as stated in the Annual Report for the 6 months period June 30, 2007 are given below:-**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

a. **Basis of Accounting:** The financial statements have been prepared under the' historical cost convention, as modified by the fair valuation of investments and in accordance with applicable accounting standards of the UK Accounting Standards Board.

b. **Investments**:
Investments have been included in the financial statements at fair valuation in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVC") endorsed by the European Venture Capital Association ("EVCA"), as estimated by the Investment Adviser on an individual basis.

Investments in marketable securities listed on national exchanges are stated at the bid prices on the last trading day, less any discounts applied based on the number of trading restrictions days and when considered appropriate by the Investment Adviser. Unquoted investments are stated at cost as adjusted for currency fluctuation with subsequent adjustments to reflect meaningful third party transactions in the private market, or at such lower value as determined by the Investment Adviser. When available the Investment Adviser takes account of audited financial information in respect of the investments. Where no audited financial statements are available, the valuation is based upon management information provided by the investee companies.

In determining the valuation, the Investment Adviser takes into account developments since the acquisition of the investments, and other factors pertinent to the valuation of the investments generally. Notwithstanding the basis of valuation stated above, as the investments are held with the intention of realisation in the long term, the eventual proceeds will inevitably differ from the valuation and the differences may be significant.

Investments in subsidiaries and associates have not been consolidated or equity accounted as required by Financial Reporting Standards No.2 and No.9 respectively on the basis that the Investment Adviser considers that these investments are held as part of the portfolio with a view to the ultimate realisation of capital gains.

The investments in the accounts have been recognized as available for sale, In accordance with UK GAAP. Available-for-sale Investments are valued at fair value and the resulting temporary unrealised gains/ (losses) are reported as a separate component of equity as "Investment Revaluation Reserve", until the underlying investment is sold or permanently written off, when total realised gains/ (losses) are included in the profit and loss statement.

c. **Interest Income:** Interest income is recognised on an accrual basis.

d. **Foreign Currency Translation:** Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars ("USD"), which is the functional currency of the Company.

   The directors determine the functional currency of the Company to be USD. In making this judgement, the directors evaluate among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of the Investors.

   Foreign currency transactions are translated using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

e. **Reporting Currency**: The financial statements are presented in USD. The Company is licensed under the Financial Services Development Act 2001 which requires that the Company's business or other activity is carried on in a currency other than the Mauritian Rupee.

f. **Start-up costs:** Start-up costs are written off to the Profit and Loss Account when incurred.

g. **Investment Adviser's fee:** The investment adviser's fee is recognised on an accruals basis.

h. **Cash Flow Statement**: Under the provisions of Financial Reporting Standard No.1, the Company is exempt from the requirement to prepare a cash flow statement on the basis of its size.

i. **Cash and Cash Equivalent:** Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

j. **Split of Profit or Loss amongst the Series:**
   Pursuant to the Shareholders agreement and the executed side letters, shareholders have the right to withdraw participation from a particular investment if the same does not comply with their investment guidelines. To enable better management and control over the Investment activities, separate series of Class A Shares have been issued to such shareholders viz. Class A-1, A-2, A-3, A-4, A-5. Consequently, the financial statements for the period have been prepared Series wise.

   The expenses Incurred, income earned, assets and liabilities of the Company have been allocated to the different series in proportion to their respective Capital Commitment and where these differ from actuals, the same have been allocated on the actual basis.

## 6. UNDERTAKING BY THE ACQUIRER AS PUBLIC SHAREHOLDING WILL REDUCE BELOW THE LIMIT SPECIFIED IN THE LISTING AGREEMENT

As the Offer may result in public shareholding being reduced to a level below the limit specified in the listing agreement with the stock exchanges for the purpose of listing on a continuous basis, the Acquirer undertakes to raise the level of public shareholding to the levels specified in the listing agreement within a time period and in the manner as stipulated under clause 40A of the Listing Agreement, as amended from time to time. The Acquirer/ PAC have confirmed their intent not to delist the Target Company atleast for the next three years and would undertake all the necessary steps to ensure compliance by the Target Company in respect of the minimum public shareholding requirement as per the listing agreement

## 7. DETAILS OF THE TARGET COMPANY

7.1 In the year 1992, Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony founded JRG Associates as a partnership firm. The firm was converted into a private limited company, JRG Associates Private Limited on October 17, 1994 vide Certificate of Registration No.08265 of 1994, issued by the Registrar of the Companies, Kerala. The name of the Target Company was changed to JRG Securities Private Limited on August 26, 2003 and on September 22, 2003, the Target Company was converted into a public limited company and the name of the Target Company was changed to the present name "JRG Securities Limited".

7.2 Details of Registered and Corporate offices:

| **Registered Office:** | **Corporate Office:** |
|---|---|
| Velliappallil Buildings, | JRG House, Ashoka Road, |
| T.B. Road, Pala - 686575 | Kallor, Kochi - 628017 |
| Kerala | Kerala |
| Tel: 91-0482-2210547 | Tel: 91-0484-2409900 |
| Fax: 91-0482-2215809 | Fax: 91-0484-2409922 |

7.3 The Target Company is engaged in the business of broking of equities on the leading exchanges in India, depository services and portfolio management services. The Target Company operates in India with major areas of operation in the states of Tamil Nadu, Karnataka and Kerala.

7.4 The Target Company has 71 branches throughout India (Tamilnadu-18, Andhra Pradesh-8, Gujarat-3, Karnataka-8, Kerala-25, Maharashtra-7, Punjab -1 and Uttar Pradesh-1).

7.5 The Details of share capital of Target Company are as under-
Present Authorized Share Capital of the Target Company as on December 31, 2007 is 40,00,00,000/- divided into 4,00,00,000 Equity Shares of Rs.10/- each. The present issued, subscribed and paid up capital of the Target Company is Rs.23,17,44,960 comprising of 2,31,74,496 equity shares of Rs.10/- each fully paid up. There are no calls in arrears and no partly paid up shares in the Target Company.

| Sr. No. | Paid up equity share capital of the company | No. of shares/voting rights | % of shares /voting rights |
|---|---|---|---|
| 1. | Fully paid up equity shares | 2,31,74,496 | 100 |
| 2. | Partly paid up equity shares | Nil | Nil |
| 3. | Total paid up equity shares | 2,31,74,496 | 100 |
| 4. | Total voting rights in Target Company | 2,31,74,496 | 100 |

7.6 There have been no mergers/ de-mergers/ spin-offs in respect of Target Company in the last 3 years.

7.7 There are no outstanding convertible instruments (warrants, fully convertible debentures, partly convertible debentures) of the Target Company as on the date of this Letter of Offer.

7.8 The shares of the Company are listed on the Bombay Stock Exchange (BSE) and are frequently traded.

7.9 The Target Company has following Subsidiary/ Associate companies:

| Subsidiary / Associate Company | Relationship | Activity |
|---|---|---|
| JRG Wealth Management Limited (Member of MCX, NCDEX, NMCE & Regional Exchange IPSTA) | 81.67% equity held by JRG | Broking of Commodity Derivatives |
| JRG Insurance Broking (P) Limited | 100% Subsidiary of JRG Wealth Management Limited | Insurance broker of Life and General Segment |
| JRG Metals and Commodities DMCC (Member of DGCX) | 40% equity held by JRG | Broking of Commodity Derivatives |
| JRG Stocks & Shares Private Limited | Company under the same group | Presently, an inactive company. The AMFI Registration Number of JRG Stocks & Shares Pvt Ltd was transferred to Arteries Investor Services Ltd. |
| Commodity Online India Limited | Majority of Common Directors /Promoters. | Online Services related to Commodities through a web portal commodityonline.com |

The Company has received a Provisional License to incorporate a Joint Venture Company in Saudi Arabia by name 'JRG Al Fahhad International Financial Services Ltd' with the local partner, M/s. United International Trading Company Ltd. in Saudi Arabia.

7.10 The details of the built up of the current capital structure of the Target Company since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations/ other applicable regulations under the SEBI Act 1992 and other statutory requirements as applicable, is given as under-

| Date of Allotment | Shares Issued | | | Cumulative Paid up Capital | Mode of Allotment | Identity of Allottees |
|---|---|---|---|---|---|---|
| | Nos | Face value | % | | | |
| 17/10/1994* | 600 | 100 | 0.05 | 60,000 | Cash | Subscribers to the Memorandum |
| 5/1/1995* | 11,400 | 100 | 0.89 | 12,00,000 | Cash | Allotment to the promoter group** |
| 17/03/1997* | 3,000 | 100 | 0.24 | 15,00,000 | Cash | Allotment to the promoter group** |
| 30/11/1998* | 7,200 | 100 | 0.56 | 22,20,000 | Cash | Allotment to the promoter group** |
| 30/06/1999* | 54,800 | 100 | 4.28 | 77,00,000 | Cash | Allotment to the promoter group** |
| 30/06/1999* | 77,000 | 100 | 6.02 | 1,54,00,000 | Bonus | Allotment to the promoter group** |
| 30/06/2000 | 35,000 | 10 | 0.27 | 1,57,50,000 | Cash | Allotment to the promoter group** |
| 24/03/2003 | 6,30,000 | 10 | 4.92 | 2,20,50,000 | Cash | Allotment to the promoter group** |
| 30/09/2005 | 5,00,000 | 10 | 3.91 | 2,70,50,000 | Cash | Allotment to the promoter group** |
| 30/09/2005 | 54,10,000 | 10 | 42.29 | 8,11,50,000 | Bonus | Allotment to the promoter group** |
| 28/10/2005 | 10,50,000 | 10 | 8.21 | 9,16,50,000 | Cash | Allotment to the promoter group** |
| 13/05/2006 | 36,27,322 | 10 | 28.36 | 12,79,23,220 | Public Issue | Allotment to the Public |
| 30/10/2007 | 1,03,82,174 | 10 | 44.80 | 23,17,44,960 | Preferential Issue | Allotment to the Acquirer |
| **Total** | 2,31,74,496 | **10** | **100.00** | 23,17,44,960 | | |

* On January 15, 2000 Equity Share of face value Rs.100/- each was split into ten equity shares of face value Rs.10/- each. Prior to this date each equity share issued was off Face value of Rs.100/- each.
** Promoter Group here refers to erstwhile Promoters who were the shareholders in the JRG prior to its Initial Public Offer in April 2006.

7.11 There was change in the shareholding pattern of the Promoter Group** due to the release of Lock-in of shares on May 12, 2007, consequent to which 79 shareholders who were classified as 'Friends and Associates' of promoters and clubbed under the Promoter Group Category were reclassified to the Public Shareholding Category as they are not associated with the Target Company. The reclassification has resulted in a change in the shareholding pattern with Promoter Group holding reducing from 71.64% to current 45.41% as reflected in Clause 35 Report submitted to BSE for Quarter ended June 30, 2007.

7.12 The Target Company and the major shareholders have duly complied with the provisions of Chapter II of the Regulations from time to time. There has been no change in the shareholding of the Promoter Group of the Target Company.

7.13 There was one interse transfer of shares after the Initial Public Offer in April 2006. The details of the transaction are as under:

| | |
|---|---|
| Date of Transfer | 30/11/2006 |
| Name of Transferor | ROY K E |
| Name of Transferee | K K PRADEEP |
| No. of shares involved | 27,400 |
| Price per share | Rs.32/- |

This transfer was among the individuals who were considered as part of the Promoter Group because of their pre IPO shareholding in the Target Company. Other than the capital that was locked in as promoter's contribution for 3 years, the entire pre-issue capital was locked in for a period of 1 year from the date of allotment of the Issue. Both these shareholders have now been reclassified under Public Category which is reflected in Clause 35 report submitted to BSE for the Quarter ended June 30, 2007.

7.14 Pre & Post Offer Equity Shareholding pattern of the Target Company is as follows

7.14.1 Shareholding Pattern after Preferential Issue of Equity Shares and Open Offer:

| **Shareholders Category** | **Shareholding & voting rights prior to the agreement/ acquisition and offer** | | **Shares/Voting rights agreed to be acquired which triggered off the Regulation** | | **Shares/ voting rights to be acquired in open offer *** | | **Shareholding/ voting rights after the acquisition and offer** | |
|---|---|---|---|---|---|---|---|---|
| | (A) | | (B) | | (C ) | | (A)+(B)+( C)= (E) | |
| | **Nos** | **% Stake** | **Nos** | **% Stake** | **Nos** | **% Stake** | **Nos** | **% Stake** |
| **(1) Promoter Group** | | | | | | | | |
| (a) Parties to agreement, if any | 49,16,150 | 38.43 | - | - | - | - | 49,16,150 | 21.21 |
| (b) Promoters other than 1(a) | 8,92,350 | 6.98 | - | - | - | - | 8,92,350 | 3.85 |
| **Total (1) [(a) + (b)]** | 58,08,500 | 45.41 | - | - | - | - | 58,08,500 | 25.06 |
| **(2) Acquirers** | | | | | | | | |
| (a) Main Acquirer | - | - | 1,03,82,174 | 44.80 | 46,34,900 | 20.00 | 1,50,17,074 | 64.80 |
| (b) PAC | | - | - | - | - | - | - | - |
| **Total (2) [(a) + (b)]** | - | - | 1,03,82,174 | 44.80 | 46,34,900 | 20.00 | 1,50,17,074 | 64.80 |
| **(3) Parties to Agreement other than (1)(a) & (2)** | - | - | - | - | - | - | - | - |
| **(4) Public (other than parties to the agreement, Acquirer and PAC)** | | | | | | | | |
| (a) FI's/ MF's/ FII's/ Banks, SFIs | 1,30,000 | 1.02 | - | - | (46,34,900) | (20.00) | 23,48,922 | 10.14 |
| (b) others | 68,53,822 | 53.57 | - | - | | | | |
| **Total (4) [(a) + (b)]** | 69,83,822 | 54.59 | - | - | (46,34,900) | (20.00) | 23,48,922 | 10.14 |
| **Grand Total (1+2+3+4)** | **1,27,92,322** | **100.00** | **1,03,82,174** | **44.80** | **-** | **-** | **2,31,74,496** | **100.00** |

* *Assuming full acceptance under the Open Offer*

Notes:

1. *Other than Column A all percentages appearing under Column B, C & E have been calculated on the expanded voting capital.*
2. *The number of public shareholders as on the specified date i.e August 20, 2007 is 6552*

7.14.2 Shareholding Pattern post Open Offer and considering Conversion of Warrants:

| **Shareholders Category** | **Shareholding/ voting rights after the acquisition of equity shares and offer*** | | **Shares/ voting rights to be added on conversion of Warrants** | **Shareholding/ voting rights post conversion of Warrants and Open offer** | |
|---|---|---|---|---|---|
| | (A) | | (B) | (A) + (B) = (C) | |
| | **Nos** | **% Stake** | **Nos** | **Nos** | **% Stake** |
| **(1) Promoter Group** | | | | | |
| (a) Parties to agreement, if any | 49,16,150 | 21.21 | 16,57,237 | 65,73,387 | 17.22 |
| (b) Promoters other than 1(a) | 8,92,350 | 3.85 | - | 8,92,350 | 2.34 |
| **Total (1) [(a) + (b)]** | 58,08,500 | 25.06 | 16,57,237 | 74,65,737 | 19.56 |
| **(2) Acquirers** | | | | | |
| (a) Main Acquirer | 1,50,17,074 | 64.80 | 1,33,33,333 | 2,83,50,407 | 74.28 |
| (b) PAC | - | - | - | - | - |
| **Total (2) [(a) + (b)]** | 1,50,17,074 | 64.80 | 1,33,33,333 | 2,83,50,407 | 74.28 |
| **(3) Parties to Agreement other than (1)(a) & (2)** | - | - | - | | - |
| **(4) Public (other than parties to the agreement, Acquirer and PAC)** | | | | | - |
| (a) FI's/ MF's/ FII's/ Banks, SFIs | | | | | |
| (b) others | 23,48,922 | 10.14 | - | 23,48,922 | 6.16 |
| **Total (4) [(a) + (b)]** | 23,48,922 | 10.14 | - | 23,48,922 | 6.16 |
| **Grand Total (1+2+3+4)** | **2,31,74,496** | **100.00** | **1,49,90,570** | **3,81,65,066** | **100.00** |

***** *Assuming full acceptance under the Open Offer*

Note:

*1. All percentages appearing under Column A, B & C have been calculated on the expanded voting capital*

7.15 The composition of the Board of Directors as on the date of issue of the Public Announcement (July 30, 2007) is as follows:

| Name of Director & Designation | Residential Address | Qualification | Date of Appointment | Experience |
|---|---|---|---|---|
| Mr. T M Venkatraman , Chairman | Flat No. D, Venkat Darshan, 8, Second Canal Cross Road, Gandhi Nagar, Adyar, Chennai-600020 | B.Com, C.A.I.I.B | October 28, 2005 | Has over 43 years of Banking experience and was formerly Chairman & CEO of The Dhanalakshmi Bank Ltd |
| Mr. Regi Jacob, Managing Director | Mangalam Towers, NH 47 By Pass, Kochi - 682028 | Post graduate in Journalism and Mass Communication, M.A. in English Literature | October 17, 1994 | 15 years of experience in capital market broking, 5 yrs in commodity broking and 3 yrs in insurance broking. |
| Mr. Giby Mathew, Executive Director | 5B, Skyline Marbel Arch, Kaloor Kochi - 686017 | Post graduate in Journalism and Mass Communication and B.Sc Botany | October 17, 1994 | 15 years of experience in capital market broking, 5 years in commodity broking and 3 years in insurance broking. |
| Mr. Jiji Antony, Director | Mathothu House, Arunapuram PO, Pala -686574 | B. Com | June 30, 1999 | 15 years of experience in capital market broking, 3 years in commodity broking and 2 years in insurance broking. |
| Mr. S. K. K. Nair, Director | 879,Abhyam, Janata Road, Vyattila, Kochi - 682019 | B.Sc (Engineering) Mechanical and MBA (Marketing) | October 28, 2005 | 35 years of experience in supervisory and senior management in various fields such as the Public Works Department, Kerala State Road Transport Corporation, Kerala State Industrial Development Corporation etc. |

7.16 Mr. Jiji Antony, Director on the Board of JRG has resigned from his directorship w.e.f. October 30, 2007

7.17 The Audited brief financials of JRG Securities Limited are as under:

**Profit & Loss Statement**

(Rs. Lakhs)

| Particulars | Year ended on March 31, 2005 | Year ended on March 31, 2006 | Year ended on March 31, 2007 |
|---|---:|---:|---:|
| Income from operations | 995.98 | 1,685.64 | 2,696.64 |
| Other income | 8.67 | 9.34 | 26.71 |
| Total Income | 1,004.65 | 1,694.98 | 2,723.35 |
| Total Expenditure | 735.87 | 1,319.69 | 2,063.29 |
| Profit Before Depreciation, Interest and Tax | 268.78 | 375.29 | 660.06 |
| Depreciation | 22.72 | 32.53 | 57.25 |
| Interest | 13.24 | 7.96 | 3.54 |
| Profit Before Tax | 232.82 | 334.80 | 599.27 |
| Provision for Tax | 84.89 | 118.71 | 203.72 |
| Profit After Tax | 147.93 | 216.09 | 395.55 |

**Balance Sheet**

(Rs. Lakhs)

| **Particulars** | **Year ended on March 31, 2005** | **Year ended on March 31, 2006** | **Year ended on March 31, 2007** |
|---|---|---|---|
| **Sources of Fund** | | | |
| Paid Up Share Capital | 220.50 | 916.50 | 1,279.23 |
| Reserves and Surplus (excluding revaluation reserve) | 142.21 | 71.43 | 1,330.67 |
| Less: Miscellaneous Expenditure not written off | - | 82.20 | 118.28 |
| Net Worth | 362.71 | 905.73 | 2,491.62 |
| Secured Loans | 82.46 | 50.14 | 0.00 |
| Unsecured Loans | 0.00 | 0.00 | 0.00 |
| Deferred Tax Liability | 41.29 | 56.90 | 92.19 |
| **Total** | **486.46** | **1,012.77** | **2,583.81** |
| **Uses of Funds** | | | |
| Net Fixed Assets | 177.35 | 325.18 | 601.98 |
| Intangible Assets | 45.64 | 87.51 | 100.23 |
| Investments | 61.53 | 63.99 | 383.56 |
| Net Current Assets | 201.94 | 536.09 | 1,498.04 |
| **Total** | **486.46** | **1,012.77** | **2,583.81** |

**Other Financial Data**

| **Particulars** | **Year ended on March 31, 2005** | **Year ended on March 31, 2006** | **Year ended on March 31, 2007** |
|---|---|---|---|
| Dividend (%) | 10.00% | 10.00% | 15.00% |
| Earning Per Share (Rs.) | 1.94 | 2.63 | 3.17 |
| Return on Net Worth (%) | 40.79% | 23.86% | 15.88% |
| Book Value Per Share (Rs.) | 16.45 | 9.88 | 19.48 |

7.18 As on March 31, 2007 The Target company has contingent liability of Rs.23,00,00,000 (Rupees Twenty three crore only) towards the Guarantees issued by Banks

7.19 Reasons for the rise in the total income and profit after tax over the years is attributed to several reasons such as growth in overall business activities, expansion into new regions and areas by opening up new branches, customer friendly measures, increased awareness among the public about capital market operations and overall booming economy at large.

7.20 **Significant accounting policies of the Target Company for the year ended March 31, 2007 are given below:-**

The financial statements are prepared on historical cost convention and in accordance with accounting standards applicable in India and the relevant requirements of The Companies Act, 1956.

7.20.1 **Fixed Assets:** Fixed assets are stated at historical cost as reduced by accumulated depreciation.

7.20.2 **Depreciation:** Depreciation is provided on fixed assets under Straight Line Method at the rates and in the manner given under schedule XIV of The Companies Act 1956.

7.20.3 **Amortization of Intangible Assets:** Computer Software is written off over a period of five years.

7.20.4 **IPO Expenses:** The company made an Initial Public Offering (IPO) of 36,25,000 equity shares in April 2006, the expenses of which amounting to Rs.1,47,85,680 are written off over a period of five years.

7.20.5 **Investments:** Long Term unquoted investments are stated at cost less provision for permanent diminution in their values, if any.

7.20.6 **Revenue Benefits:** Income from Stock Broking & Depository services is recognized at the point of completion of agreed service.

7.20.7 **Retirement Benefits:** The Company is member of LIC's group gratuity scheme. Annual contributions to the same are charged off to revenue.

7.20.8 **Taxes on Income:** Current tax is determined on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized to the extent there is reasonable certainty of realization in future.

7.21 The Target Company has Divested its stake in the following companies:

7.21.1 On July 27, 2006, the Target Company divested its 60% stake in its wholly owned subsidiary JRG Metals & Commodities DMCC, formed in Dubai in November 09, 2005 to a UAE national Mr. Hazza Mohd Yahya Mohd Al Dahmi.

7.21.2 On January 30, 2007, the Target Company divested its 25.99% stake in its Subsidiary, Commodity Online (India) Ltd, which was incorporated on November 29, 2006. Out of the aforesaid stake, 18% stake was divested in favour of Mr. George Iype and the balance 7.99% was divested in favour of Mr. Binu K Alexander, both of whom are Directors of Commodity Online (India) Ltd. The remaining 74% stake was divested in favour of Cognizant Tradelinks (P) Ltd on June 18, 2007.

7.21.3 The Target Company has divested its entire 49.99% stake in Arteries Investor Services Ltd in favour of M/s. Keynote Capitals Ltd by passing a Board Resolution by circulation on September 14, 2007. Mr. Regi Jacob and Mr. Giby Mathew who were representing the Target Company as Directors on the Board of Arteries Investor Services Ltd. have resigned from their Directorship w.e.f. September 14, 2007. The Board of Directors of JRG have violated Regulation 23(1)(a) of SEBI (SAST) Regulations by divesting its stake in Arteries Investor Services Ltd during the Offer period without taking the shareholder's approval. SEBI may initiate action against the Board of Directors of JRG for the said violation.

7.22 JRG has obtained the registration certificate (AMFI Registration Number-53315) from AMFI on September 22, 2007 in order to carry on the mutual fund business, post divestment of its entire stake in Arteries Investor Services Ltd.

7.23 **JRG has formed a NBFC the details of which are as follows:**

7.23.1 JRG Fincorp Limited (JFL), an NBFC has been incorporated as a public limited company by JRG on September 06, 2007. JFL has been granted the Certificate of Registration dated February 4, 2008 by RBI to commence and carry on the business of Non-Banking Financial Institution without accepting public deposits.

7.23.2 The above investment in JFL is in line with the expansion plans of JRG as mentioned under Para 5.1.23 above.

7.23.3 The paid up capital of JFL is Rs.2.10 crores divided into 21,00,000 equity shares of Rs.10 each and JRG has subscribed to 20,99,994 equity shares of Rs.10 each in the capital of JFL. The other shareholders are Regi Jacob, Giby Mathew, Jiji Antony, Mathew Jacob, Jerry Mathew and Jose Thomas, each holding 1 share of Rs10 each.

7.24 **Status of Corporate Governance**

The Target Company is committed to the concept and philosophy of Corporate Governance as a means of ensuring transparency, accountability and professionalism in all their activities and creating effective management to provide optimum benefits to all shareholders and to protect interest of all stakeholders. JVR & Associates, Chartered Accountants have certified vide their letter dated June 18, 2007 that "JRG Securities Limited" has complied with all mandatory conditions of Clause 49 of the listing agreement as of March 31, 2007.

**The name and details of the Compliance Officer of the Target Company are as under-**

**Name:** **Ms. Seena Sankar**
Qualification: Associate Company Secretary
Designation: Company Secretary
Address: JRG Securities Limited
Velliappallil Buildings, T.B. Road, Pala, Kerala- 686575
Tel: 91-482-2210547 (Off.), 91-484-2809411 (Res.)
Fax: 91-482-2215809
Email Id: seena@jrg.co.in

7.25 **Details of Pending Litigations as of February 13, 2008:**

7.25.1 Litigations filed against the Company are as follows:

| **Sr No** | **Case No** | **Court/ Forum** | **Details of Litigation/ Name of Plaintiff** | **Amount (Rs)** | **Present Status** |
|---|---|---|---|---|---|
| 1 | O.S.No.227/06 | Sub Court Alappuzha | K. Jayakumar | 4,79,000 | Dismissed since balance court fee was not remitted by Mr.Jayakumar |
| 2 | A.M.No.CM/C -0052/07 | NSE | Unnikrishnan T.K | 76,361.92 | Award passed dismissing the claim of Mr.Unnikrishnan TK |
| 3 | Ref. No. 97 of 2007 | BSE (Arbitration) | Vikash Mittal ( Arbitration Case) | 10,00,000 | Finally heard and reserved for passing award. |

7.25.2 Litigations Filed by the Company are as follows:

| Sr. No | Case No | Court/ Forum | Details of Litigation/ Name of Defendant | Amount (Rs) | Present Status |
|---|---|---|---|---|---|
| 1 | OP244/2003 | VI Additional District Court Ernakulam | Arbitration case filed by us and award passed in our favour | 16,56,781 | Arbitration award passed in favour of us is under challenge. The case was dismissed for default in favor of our company and the restoration application filed by the respondents in the arbitration case is pending consideration. |
| 2 | 2225/01 | JFCM-I EKM | Muhammed Mushtaq | 36,000 | Long Pending |
| 3 | 2323/01 | JFCM-EKM | Muralidharan P.A | 2,00,000 | Long Pending |
| 4 | C.C2350/05 | JFCM-I-EKM | Shaji Joseph (Elikulam, Kottayam) | 1,40,000 | Non Bailable warrant pending |
| 5 | S.T2068/07 | JFCM-I-EKM | Sukumar M.V (Vadakara, Calicut) | 6,000 | Posting Awaited |
| 6 | C.C433/06 | JFCM-I-EKM | Sivadasan V.O (Govindapuram, Calicut) | 1,00,000 | Posted for return of summons |
| 7 | C.C.432/06 | JFCM-I-EKM | Subramanniam (Balusseri, Calicut) | 8,500 | Posted for return of summons |
| 8 | C.C.3780/05 | JFCM-I-EKM | Abdul Azeez (Perinthalmanna) | 48,500 | Posted for return of summons |
| 9 | C.C3377/05 | JFCM-I-EKM | Jose Abraham (Elikulam) | 30,000 | Non Bailable warrant pending |
| 10 | S.T2306/06 Renumbered as CC.1517/07 | JFCM-II-EKM, transferred to JFCM-IV, Kochi | C.S. Elangovan | 60,000 | Posting Awaited |
| 11 | S.T2224/06 Renumbered as ST.1193/;07 | JFCM-I-KOCHI transferred to JFCM-III, Kochi | C.S. Elangovan | 1,00,000 | For return of summons |
| 12 | S.T.232/07 | JFCM-IV-KOCHI | Benny. V. V., Triprayar | 1,50,000 | Issue fresh summons by furnishing Correct Address |
| 13 | C.C.1094/07 | JFCM-I-EKM | Narsimha Reddy, Nargonde, Andrapradesh | 3,00,000 | For return of summons |
| 14 | M.P.774/07 | JFCM-I EKM | Arun Premchand, Bangalore | 50,000 | For return of summons |
| 15 | M.P.978/07 | JFCM-I-EKM | Shanmugha Perumal, Chennai | 1,80,000 | For return of notice |
| 16 | M.P.1124/07 | JFCM-I-EKM | Srimali Amilineni, Hyderabad | 62,000 | For return of notice |

| | | | | | |
|---|---|---|---|---|---|
| 17 | S.T.233/07 | JFCM-IV-KOCHI | Humayun Salim, Bangalore | 50,000 | Non Bailable warrant pending |
| 18 | CC.3138/07 | JFCM-I, EKM | Ashokan A.A, Calicut | 50,000 | Posted for issuance of summons |
| 19 | CC.3139/07 | JFCM-I, EKM | K.A. Shamsudeen, , Cochin | 2,00,000 | Posted for issuance of summons |
| 20 | CC.3141/07 | JFCM-I, EKM | R. Ramachandran Nair, Chennai, Tamilnadu | 25,000 | Posted for issuance of summons |
| 21 | CC.3147/07 | JFCM-I, EKM | Mukesh Gang, , Hyderabad, Andrapradesh | 22,700 | Posted for issuance of summons |
| 22 | CC.3143/07 | JFCM-I, EKM | N. Arichandran, , Tirupur | 5,000 | Posted for issuance of summons |
| 23 | CC.3144/07 | JFCM-I, EKM | Bharat Kumar S., Chennai | 4,6000 | Posted for issuance of summons |
| 24 | CC.2841/07 | JFCM-I, EKM | Biju T.O., Tiruvalla | 27,500 | For return of Summons |
| 25 | CC.4150/06 | JFCM-I, EKM | Mariya Sindhu Antony, Kozhikode | 1,23,363 | Claim amount paid by the accused, For withdrawal |
| 26 | CC.4151/06 | JFCM-I, EKM | Thankachan P.A, Kozhikode | 1,79,909 | Claim amount paid by the accused, For Withdrawal |
| 27 | CC.2534/07 | JFCM-I, EKM | Bhakthavalsalan L, Coimbatore | 30,000 | For return of summons |
| 28 | C.C.3780/05 | JFCM-1, Ernakulam | Abdul Azeez P, , Malapuram | 48,500 | For return of summons |
| 29 | C.C.1517/07 | JFCM-IV, Kochi | C.S. Elangovan, , Tamilnadu | 20,000 & 40,000 | For return of summons |

7.26 The Target Company vide its letter dated July 28, 2007 has confirmed that it has complied with the listing requirements as of date and there are no punitive action taken against it by the Stock Exchange.

7.27 None of the persons representing the Acquirer and PAC were on the Board of Director of the JRG until the Preferential Issue. However, Mr. Munish Dayal and Mr. Rahul Bhasin representing the Acquirer/ PAC have been appointed as Additional Directors of JRG in their Board Meeting held on October 30, 2007 in accordance with second provision to Regulation 22(7) of the SEBI (SAST) Regulations.

7.28 None of the directors of the Target Company have been prohibited from dealing in securities in terms of section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

## 8. JUSTIFICATION OF OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 8.1. JUSTIFICATION OF OFFER PRICE

8.1.1 The equity shares of JRG are listed on the Bombay Stock Exchange (BSE) and are frequently traded. The annualized trading turnover based on the trading volume of the shares of JRG on the above mentioned stock exchanges during January 2007 to June 2007 (6 calendar months preceding the month in which the PA is made) is as under:

| Name of Stock Exchange | Total no. of shares traded during the 6 calendar months prior to the month in which PA is made | Total No. of Listed shares | Annualized Trading Turnover (as a % to total listed shares) |
|---|---|---|---|
| BSE | 27,08,914 | 1,27,92,322 | 42.35 |

(Source: www.bseindia.com)

8.1.2 The Offer Price of Rs.49/- (Rupees Forty Nine only) per equity share is justified in terms of Regulation 20(4) of SEBI (SAST) Regulations in view of the following:

| Particulars | Price |
|---|---|
| a) Negotiated Price under the SWSA referred to in Sub Regulation 1 of Regulation 14 of SEBI (SAST) Regulations | Rs.48.00 |
| b) Highest Price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights issue of preferential issue during the 26 week period preceding the Board Meeting Date | - |
| c) the average of weekly high and low of the closing prices of the shares of JRG on stock exchange, where it is most frequently traded, during the 26 week preceding the Board Meeting Date | Rs.34.49 |
| d) the average of daily high and low of the prices of the shares of JRG on stock exchange, where it is most frequently traded, during the 2 week preceding the Board Meeting Date | Rs.48.98 |

8.1.3 Average of the weekly high and low of the closing prices and volume data in BSE (Where the equity shares of the Target company listed and traded most frequently) for the 26 weeks period ended July 26, 2007 i.e. date preceding the date of Board Meeting of the Target Company:

| Week No. | Ending Week | Weekly High (Rs.) | Weekly Low (Rs.) | Weekly Average (Rs.) | Volume Traded (No.) |
|---|---|---|---|---|---|
| 1 | February 1, 2007 | 35.35 | 33.55 | 34.45 | 1,36,377 |
| 2 | February 8, 2007 | 34.95 | 33.85 | 34.40 | 88,413 |
| 3 | February 15, 2007 | 33.10 | 31.20 | 32.15 | 72,546 |
| 4 | February 22, 2007 | 32.15 | 31.20 | 31.68 | 39,159 |
| 5 | March 1, 2007 | 31.65 | 30.70 | 31.18 | 55,996 |
| 6 | March 8, 2007 | 30.50 | 29.45 | 29.98 | 76,060 |
| 7 | March 15, 2007 | 33.15 | 29.25 | 31.20 | 92,680 |
| 8 | March 22, 2007 | 32.50 | 30.45 | 31.48 | 1,40,077 |
| 9 | March 29, 2007 | 31.05 | 30.00 | 30.53 | 49,289 |
| 10 | April 5, 2007 | 30.90 | 29.95 | 30.43 | 31,510 |
| 11 | April 12, 2007 | 31.45 | 30.65 | 31.05 | 31,957 |
| 12 | April 19, 2007 | 31.00 | 30.65 | 30.83 | 26,319 |
| 13 | April 26, 2007 | 32.20 | 30.95 | 31.58 | 68,740 |
| 14 | May 3, 2007 | 31.60 | 31.05 | 31.33 | 9,982 |
| 15 | May 10, 2007 | 30.10 | 29.95 | 30.03 | 37,622 |
| 16 | May 17, 2007 | 31.65 | 30.05 | 30.85 | 81,062 |
| 17 | May 24, 2007 | 34.20 | 32.80 | 33.50 | 1,96,700 |
| 18 | May 31, 2007 | 34.40 | 31.30 | 32.85 | 1,92,438 |
| 19 | June 7, 2007 | 34.25 | 31.30 | 32.78 | 1,20,507 |
| 20 | June 14, 2007 | 36.20 | 34.90 | 35.55 | 2,30,041 |
| 21 | June 21, 2007 | 36.00 | 35.00 | 35.50 | 71,991 |
| 22 | June 28, 2007 | 42.30 | 35.45 | 38.88 | 6,33,976 |
| 23 | July 5, 2007 | 40.30 | 38.90 | 39.60 | 2,18,061 |
| 24 | July 12, 2007 | 42.45 | 41.50 | 41.98 | 5,67,292 |
| 25 | July 19, 2007 | 49.25 | 42.85 | 46.05 | 8,82,380 |
| 26 | July 26, 2007 | 65.20 | 48.90 | 57.05 | 13,01,391 |
| **26 weeks average** | | | | **Rs.34.49** | **2,09,714.08** |

(Source: www.bseindia.com )

8.1.4 Average of daily high and low prices for the 2 weeks period ended July 26, 2007 i.e. date preceding the date of Board Meeting of the Target Company:

| Relevant Date | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume Traded (No.) |
|---|---|---|---|---|
| July 13,2007 | 43.05 | 41.75 | 42.40 | 90,790 |
| July 16, 2007 | 44.25 | 42.50 | 43.38 | 55,321 |
| July 17, 2007 | 44.80 | 41.05 | 42.93 | 1,67,627 |
| July 18, 2007 | 46.00 | 43.00 | 44.50 | 2,90,830 |
| July 19, 2007 | 49.95 | 45.65 | 47.80 | 2,77,812 |
| July 20, 2007 | 51.95 | 48.60 | 50.28 | 1,85,692 |
| July 23, 2007 | 54.50 | 48.00 | 51.25 | 2,50,908 |
| July 24, 2007 | 57.00 | 52.00 | 54.50 | 1,86,609 |
| July 25, 2007 | 55.00 | 50.25 | 52.63 | 1,02,839 |
| July 26, 2007 | 65.20 | 55.10 | 60.15 | 5,75,343 |
| **Average of last two weeks (Rs)** | | | **48.98** | **21,83,77** |

(Source: www.bseindia.com )

8.1.5 In view of the above, the Offer Price of Rs.49.00 per share offered by Duckworth Limited to the shareholders of JRG under the proposed Open Offer is justified in terms of Regulation 20(4) of the Regulations.

8.1.6 In the opinion of the Manager to the Offer, the Offer Price of Rs.49.00 per fully paid-up Equity Share of JRG is justified in terms of Regulation 20(11).

8.1.7 The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Equity Shares of JRG from the date of the Public Announcement upto 7 working days prior to the date of closing of the Offer i.e. **March 18, 2008**.

8.1.8 There is no non-compete agreement.

8.2 **FINANCIAL ARRANGEMENTS**

8.2.1 The maximum purchase consideration payable by the Acquirer/ PAC in case of full acceptance of the Offer for the acquisition of up to 46,34,900 fully paid equity share of Rs.10/- each at Rs.49/- (Rupees forty nine only) per share is Rs.22,71,10,100/- (Rupees Twenty two crore seventy one lakhs ten thousand and one hundred only).

8.2.2 In accordance with the provision of Regulation 28 of the Regulations, the Acquirer/ PAC have deposited Rs.22,92,77,000/- (Rupees Twenty two crore ninety two lakhs seventy seven thousand only), towards Escrow amount in Escrow account No.052763927001 designated as "Duckworth Limited - Open Offer - Escrow Account", opened with Hongkong and Shanghai Banking Corporation (HSBC), Barakhambha Road, New Delhi-110001. Tel No. 011 – 43522633; Fax No. 011 – 41012624. The Escrow amount exceeds the 100% consideration required for the said Offer i.e. Rs.22,71,10,100/- (Rupees Twenty two crore seventy one lakhs ten thousand and one hundred only), assuming full acceptance of the Offer. The Acquirer and the PAC have confirmed that the funds so deposited in the Escrow account will be exclusively utilized for the purpose of this Offer and the Manager to the Offer has been authorized to operate this Account.

8.2.3 The Escrow Bank has confirmed that the Acquirer / PAC have deposited Rs.22,92,77,000/- in the designated Escrow Account on July 30, 2007.

8.2.4 PAC is funding the entire acquisition of shares under the Open Offer. However, the shares accepted under this Open Offer will be transferred in the name of the Acquirer. PAC is an Investment Holding Company and has Development Financial Institutions, Banks, HNIs and other Institutional Investors as investors/ shareholders. These shareholders provide the Fund with necessary capital for investment in different companies. The Total Capital Commitment of the Fund is USD 176.76 mn as of June 30, 2007 and this investment in JRG forms a part of the same.

8.2.5 KPMG, having its office at KPMG Centre, 30 St George Street, Port Louis, Mauritius, Tel No.:(230) 2078888; Fax No.:(230) 2078855; have certified vide letter dated July 28, 2007 (Signed by a member of ACCA; Membership

No.4039996), that the Acquirer alongwith PAC has adequate financial arrangements to finance the proposed acquisition of shares to the extent of Acquirer's obligations under this Offer.

8.2.6 Manager to the Offer, on basis of the above, has satisfied itself that the Acquirer and the PAC have adequate and firm financial arrangements to implement the Offer in accordance with the SEBI (SAST) Regulations.

## 9. TERMS AND CONDITIONS OF THE OFFER

9.1 The Acquirer made a Public Announcement on July 30, 2007 for the Offer. This Offer is being made to all the equity shareholders of JRG (other than the Acquirer, PAC and the Promoters of JRG) whose names appear on the register of members of JRG or on the beneficial record of the respective depositories, at the close of business on August 20, 2007 (the "Specified Date") and to also those persons (other than the Acquirer, PAC and the Promoters of JRG) who own the equity shares at any time prior to closure of the Offer but are not registered shareholders.

9.2 The Letter of Offer together with the Form of Acceptance, Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) is being mailed to those shareholders of JRG whose names appear on the register of members of JRG and to the beneficial owners of the equity shares of JRG whose names appear as beneficiaries on the beneficial record of the respective Depositories, at the close of business on the Specified Date. Owners of equity shares but not registered as shareholder(s) are also eligible to participate in the Offer at any time prior to the closure of the Offer. No Letter of Offer together with a Form of Acceptance, Form of Withdrawal and Transfer Deed will be mailed to the Acquirer / PAC and the Promoters of JRG.

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

9.4 The Offer will open on February 28, 2008 and close on March 18, 2008

9.5 The Offer is not subject to any minimum level of acceptance.

9.6 The acceptance of the Offer is entirely at the discretion of the equity shareholders of JRG. Each shareholder of JRG to whom the Offer is being made, is free to offer his shareholding in JRG, in whole or in part while accepting the Offer.

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

9.8 Equity shares tendered in the Offer by the shareholders of JRG shall be free from lien, charges and encumbrances of any kind whatsoever.

9.9 **Shareholders of JRG who accept the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer can withdraw the same up to 3 working days prior to the date of closure of the Offer i.e. March 18, 2008**.

9.10 If the Acquirer and PAC decides to make upward revisions in the Offer Price / number of equity shares to be acquired, in accordance with Regulation 26 of the Regulations, such upward revision will be made not later than seven working days prior to the date of closure of the Offer i.e **March 18, 2008**. Such revisions/amendments would be affected by making an announcement thereof in the same newspapers in which the Public Announcement was made. In case of an upward revision in the Offer Price, the revised price will be payable to all the shareholders (who have validly tendered their shares in the Offer Period) to the extent of their shares being accepted.

9.11 The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and other documents during transit. The equity shareholders of JRG are therefore advised to adequately safeguard their interest in this regard.

9.12 The instruction, authorization and provisions contained in the Acceptance Form constitute an integral part of the terms of this offer.

9.13 **There has been no competitive bid.**

9.14 The Offer is subject to following Statutory Approvals:

9.14.1 Preferential allotment of equity shares to the Acquirer which is subject to the approval of the shareholders of JRG under Section 81(1A) of the Companies Act, 1956 and Listing Approval from the Stock Exchange.

9.14.2 Approvals from the Reserve Bank of India, if required, shall be procured as and when required.

9.14.3 Approvals from BSE, NSE, CSE, NSDL, CDSL, MCX, NCDEX, NMCEIL, IPSTA, IRDA, AMFI, FMC, SEBI or any other regulatory bodies if required, shall be procured as and when required.

9.14.4 The applications for obtaining the above mentioned approvals shall be made by the Target Company as required.

9.14.5 The Target Company has obtained following statutory approvals that were required for the Preferential Issue/ Offer:

a. At the Extra Ordinary General Meeting (“EGM”) on August 24, 2007, the shareholders of the Target Company authorized the Preferential Issue by way of a special resolution under Section 81(1A) of the Companies Act, 1956.

b. As the Target Company is a member of BSE, NSE and CSE, it has obtained following approvals from SEBI as notified to the stock exchanges:
   i. Approval from SEBI vide letter dated October 09, 2007 issued to BSE
   ii. Letter from NSE dated October 24, 2007 intimating the receipt of SEBI approval
   iii. Approval from SEBI vide letter dated October 29, 2007 issued to CSE

c. Listing approval from BSE in respect of 1,03,82,174 equity shares allotted to the Acquirer under the Preferential Issue vide letter dated January 24, 2008

d. Other Approvals:
   i. In-principle approval from listing department of BSE vide letter dated September 14, 2007 prior to the Preferential Issue.
   ii. Approval from NCDEX vide letter dated August 23, 2007
   iii. Approval from NMCEIL vide letter dated August 30, 2007
   iv. Approval from MCX vide letter dated September 12, 2007
   v. Approval from IPSTA vide letter dated September 20, 2007
   vi. Approval from CDSL vide letter dated October 10, 2007

9.14.6 Since the investment in the target company by the acquirer comes under the FDI Automatic Route, no approvals are required from FIPB (Foreign Investment Promotion Board) or any other statutory body to acquire shares under the Preferential Issue, acquisition of equity shares pursuant to this Offer and consequent to conversion of warrants.

9.14.7 Besides this, as on the date of this Letter of Offer, no other statutory approval is required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer and PAC will not proceed with the Offer in the event any statutory approval indicated herein is not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

9.14.8 In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to the Acquirer and PAC for payment of consideration to the shareholders subject to the Acquirer agreeing to pay interest for the delayed period as 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 and PAC in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable.

9.14.9 Any consent required from Banks and Financial Institutions, pursuant to any outstanding loan agreements shall be obtained before the Offer Opening Date.

## 10 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

10.1 Shareholders who hold shares in physical form and wish to tender their shares will be required to send the Form of Acceptance, original share certificate(s) accompanied with blank transfer deed(s) duly signed to the Registrar to the Offer, Bigshare Services Private Ltd., (hereinafter referred to as the "Registrar") E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072, either by hand delivery during normal business hours or by Registered Post so as to reach on or before Closure of the Offer, i.e. **March 18, 2008** in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.

10.2 The Registrar has opened a special depository account with **IDBI Bank Limited.** Beneficial owners and Shareholders holding shares in dematerialized form, will be required to send their Form of Acceptance to the Registrar by hand delivery during normal business hours or by Registered Post so as to reach on or before the close of the Offer, i.e. **March 18, 2008** along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), if favor of "**BIGSHARE SERVICES PVT. LTD. ESCROW A/C – JRG SECURITIES LTD - OPEN OFFER**" ("Depository Escrow Account") and duly filled in as per the instructions given below:

| | |
|---|---|
| Depository | National Securities Depository limited |
| Depository Participant | IDBI Bank Limited |
| Depository Escrow Account | BIGSHARE SERVICES PVT. LTD. - ESCROW A/C - JRG SECURITIES LTD. - OPEN OFFER |
| DP ID Number | IN 300450 |
| Account No. | 13504769 |
| ISIN No. | INE347H01012 |

For shares which are tendered in electronic form, the bank account details of the beneficiary as provided by the Depository will be considered and the payment consideration will be issued with the said bank particulars.

10.3 Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects; otherwise the same is liable to be rejected. In case of dematerialized Equity Shares, the Shareholders are advised to ensure that their Equity Shares are credited in favour of the Depository Escrow Account before the Closure of the Offer. The Form of Acceptance of such dematerialized Equity Shares, not credited in favour of the Depository Escrow Account before the Closure of the Offer, will be rejected.

**10.3.1 For Equity shares held in physical form**:

a. **Registered Shareholders shall enclose:**

i. Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all Shareholders whose names appear on the share certificates.

ii. Original Share Certificate(s).

iii. Valid Share Transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "JRG" and duly witnessed at the appropriate place. A blank Share Transfer Form is enclosed along with this Letter of Offer.

b. **Unregistered owners should enclose**:

i. Form of Acceptance duly completed and signed in accordance with the instructions contained therein.

ii. Original Share Certificate(s).

iii. Original broker contract note.

iv. Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

10.3.2 **For Equity Shares held in dematerialized form**:
**Beneficial owners should enclose**:

a. Form of Acceptance duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
b. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
c. For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

10.4 As mentioned in paragraph 10.1, the Shareholders of JRG, who wish to avail and accept the Offer can deliver the Form of Acceptance alongwith all the relevant documents at the address of the registrar to the offer as mentioned below :

| Name and Address of the Registrar | Tel. No. | Fax. No. | Contact Person | Mode of Delivery |
|---|---|---|---|---|
| Bigshare Services Private Ltd., E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072 | 91-022-28470652 / 28470653 | 91-22-2847 5207 | Mr. N. V. K. Mohan | By Registered Post or By Hand Delivery |

**Business Hours**: Mondays to Fridays between 10:00 A.M. to 5.00 P.M.;
Saturdays: between 10:00 A.M. to 1.00 P.M.
**Holidays** : Sundays and Bank Holidays

10.5 The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar of Offer and not to the Manager to the Offer, the Acquirer, PAC or the Target Company.

10.6 All owners of shares, registered or unregistered, who own the shares at any time prior to the closure of the Offer, are eligible to participate in the Offer. Unregistered owners and Shareholders who do not receive a copy of the Letter of Offer can send their application in writing to the Registrar, on a plain paper stating their Name, Address, Number of shares held, Number of shares offered, Distinctive Numbers, Folio No. together with the original share certificate(s), valid, transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. Alternatively, such shareholders, if they so desire, may apply on the form of acceptance cum acknowledgement obtained form the website (www.sebi.gov.in). No indemnity is required from the unregistered owners.

10.7 In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to the Registrar, on a plain paper stating their Name, Address, Number of shares held, Number of shares offered, along with documents as mentioned above, so as to reach the Registrar on or before the close of the Offer, i.e., March 18, 2008. **Unregistered owners should not sign the Transfer Deed and the Transfer Deed should be valid for transfer**.

10.8 As per the provisions of regulation 21(6) of SEBI (SAST) Regulations, in case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirer, the Acquirer shall accept all valid applications received from the shareholders on a proportional basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots.

10.9 The marketable lot of the equity shares of the company is one share.

10.10 The Registrar will hold in trust the shares/share certificates tendered in physical form and shares lying in credit of the special depository account, Form of Acceptance and the transfer form(s), if any, on behalf of the Shareholders of JRG who have accepted the Offer, until the cheques/ drafts for the consideration and/or the unaccepted shares/share certificates are dispatched/returned.

10.11 Applications in respect of shares that are the subject matter of litigation wherein the Shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these shares pending transfer are not received together with the shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

10.12 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Registrar's special depository account should be received on or before the date of closure of the offer, i.e. **March 18, 2008**, else the application would be rejected.

10.13 In case of delay in receipt of statutory approvals, interest will be payable for the delayed period in terms of Regulation 22(12). Further, if the delay occurs on account of willful default by the Acquirer and PAC in obtaining the requisite approvals, Regulation 22(13) will also become applicable.

10.14 The payment of consideration for the accepted equity shares will be made by the Acquirer/ PAC by crossed account payee cheque/demand draft to the shareholders of the accepted Equity Shares within 15 days from the date of closure of the Offer. Such payments and documents i.e., share certificates etc. in case of unaccepted Equity Shares will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk. Consideration up to Rs.1500/- will be dispatched "Under Certificate of Posting". Equity Shares held in dematerialized form to the extent not accepted will be credited back to the account of the beneficial owner specified in the Acceptance Form.

10.15 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the Shareholders'/unregistered owners at the sole risk to the sole or first Shareholder / unregistered owner. Shares held in dematerialized form to the extent not accepted will be credited back to the same depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance.

10.16 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing their acceptance tendered by them in the Offer may do so up to three working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents only to the Registrar to the Offer as per the instructions below, so as to reach the Registrar to the Offer at above mentioned address as per the mode of delivery indicated therein on or before, **March 18, 2008**.

10.16.1 **For Equity shares held in demat form:**

a. **Beneficial Shareholders shall enclose**:

i. Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).

ii. Acknowledgement slip in original/ Copy of the submitted Form of Acceptance in case delivered by Registered AD.

iii. Photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the DP.

10.16.2 **For Equity shares held in physical form:**

a. **Registered Shareholders shall enclose:**

i. Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).

ii. Acknowledgement slip in original/ Copy of the submitted Form of Acceptance in case delivered by Registered A.D.

iii. In case of partial withdrawal, valid Share Transfer Form(s) duly signed by transferors, by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with JRG and duly witnessed at appropriate place.

b. **Unregistered Shareholders shall enclose:**

i. Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).

ii. Acknowledgement slip in original/Copy of the submitted Form of Acceptance in case delivered by Registered A.D.

iii. 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.

iv. In case of physical shares: Name; Address; Distinctive Numbers; Folio Number; Number of Shares tendered and

v. In case of dematerialized shares: Name; Address; Number of Shares offered; DP name; DP 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 DP, in favor of the special depository account.

10.17 The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

10.18 The intimation of returned shares to the Shareholders will be at the address as per the records of JRG/Depository as the case may be.

10.19 In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from JRG.

10.20 Partial withdrawal of tendered shares can be done only by the Registered Shareholders/ Beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

10.21 Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

10.22 **While tendering the shares under the offer, NRIs/ OCBs/ foreign shareholders, will be required to submit the RBI approvals (specific or general) obtained by them for acquiring the shares of JRG, and a No Objection Certificate / Tax Clearance Certificate from the Income Tax authorities under the Income Tax Act, 1961, indicating the rate at which the tax is to be deducted by the Acquirer/ PAC before remitting the consideration. In case such RBI approvals are not submitted, the Acquirer/ PAC reserve the right to reject the tendered shares. In case the aforesaid No Objection Certificate / Tax Clearance Certificate is not submitted, the Acquirer/ PAC will deduct tax at the rates as may be applicable to the category of the shareholder under the IT Act, 1961 on the entire consideration amount payable to such shareholder(s).**

10.23 **In case of resident shareholders of JRG, the Acquirer/ PAC will be deducting the Tax on interest component exceeding Rs.5000/- at the current prevailing rates, if applicable. If the resident shareholder of JRG requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit a No Objection Certificate from the income tax authorities or a self declaration in Form 15G/ 15H, as may be applicable indicating the rate at which tax is to be deducted by the Acquirer/ PAC. Shareholders of JRG eligible to receive interest component exceeding Rs.5000/- would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of Interest will become applicable only in the event of the Acquirer and PAC becoming liable to pay interest for delay in release of purchase consideration.**

10.24 The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent. Such documents may include, but are not limited to:

10.24.1 duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single Shareholder) if the original Shareholder is deceased;

10.24.2 duly attested Power of Attorney if any person apart from the Shareholder has signed the application form and/or transfer deed(s);

10.24.3 no objection certificates from the charge holder/ lender, if the shares in respect of which the application is sent, are under any charge, lien or encumbrance;

10.24.4 in case of companies, the necessary corporate authorization (including Board Resolutions);

10.24.5 any other relevant documentation.

## 11. DOCUMENTS FOR INSPECTION

**Copies / Certified copies of the following documents will be available for inspection at the office of Meghraj SP Corporate Finance (P) Ltd., Manager to the Offer, at the address – 3rd Floor, Khanna Construction House, 44, Dr RG Thadani Marg, Worli, Mumbai – 400018 during the offer period between 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays:**

11.1 Certificate of Incorporation of the Acquirer.

11.2 Certificate of Incorporation on change of name of the Acquirer.

11.3 Constitution of the Acquirer

11.4 Certificate of Incorporation and Constitution of the PAC.

11.5 Certificate of KPMG, Mauritius, vide their letter dated July 28, 2007, certifying that the Acquirer and the PAC have adequate financial arrangements to finance the proposed acquisition of shares to the extent of Acquirer's obligations under this Offer.

11.6 Confirmation from the Escrow Bank (HSBC) that the Acquirer/ PAC have deposited an amount of Rs.22,92,77,000/- on July 30, 2007 in the designated escrow account.

11.7 Certificate of Incorporation, Memorandum and Articles of Association of JRG.

11.8 Annual reports containing audited financial results of the Acquirer for the years ending December 31, 2005, December 31, 2006 and 6 month period ending June 29, 2007.

11.9 Copy of Share and Warrant Subscription Agreement dated July 27, 2007.

11.10 Annual reports containing audited financial results of the PAC for the years ending December 31, 2005, December 31, 2006 and of the 6 month period ending June 30, 2007.

11.11 Annual reports containing audited financial results of the Target Company for the years ending March 31, 2003 to 2007.

11.12 Copy of the Board Resolution of the Acquirer and the PAC authorizing their respective Directors to issue Power of Attorney in favour of their representatives.

11.13 Copy of Power of Attorney in favour of Mr.Vikram Gera and Mr.B.R. Menon severally by Duckworth Limited authorizing them to act on behalf of the Acquirer for their investment in JRG.

11.14 Copy of Power of Attorney in favour of Mr.Vikram Gera and Mr.B.R. Menon severally by Baring India Private Equity Fund II Limited authorizing them to act on behalf of the PAC for their investment in JRG.

11.15 A published copy of Public Announcement issued on July 30, 2007.

11.16 Copy of MOU dated July 28, 2007 between the Acquirer and Bigshare Services Pvt. Ltd. for appointment of Registrar for the Offer.

11.17 Letter dated July 28, 2007 issued by the Registrar to the Offer confirming the opening of the Depository Escrow Account with IDBI Bank Limited as the Depository Participant for the purpose of the Offer.

11.18 Copy of the agreement entered into with the depository participant for opening a special depository account for the purpose of this Offer.

11.19 Copy of undertaking from Acquirer to maintain minimum public shareholding for the purpose of listing on a continuous basis as referred to in section 6 of this Letter of Offer.

11.20 Due diligence certificate by the Manager to the Offer.

11.21 Certificate by Mr. Jomon K. George, Partner (Membership No. 202144) of JVR & Associates, Chartered Accountants, vide letter dated July 26, 2007, certifying that the price of Rs.48/- per equity share/warrant under the Preferential Issue is as per the SEBI (DIP) Guidelines.

## 12. DECLARATION BY THE ACQUIRER AND PAC

The Acquirer and the PAC and their respective Directors severally and jointly accept full responsibility for the information contained in this Draft Letter of Offer, Form of Acceptance and Form of Withdrawal and for ensuring compliance with, and fulfillment of their obligations under the SEBI (SAST) Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

The Manger to the Offer has ensured that Mr B.R. Menon, Attorney on behalf of the Acquirer and the PAC, is duly and legally authorized to sign this Letter of Offer.

**For and On Behalf of the Acquirer and PAC**
**Through Constituted Power of Attorney**

Place: New Delhi
Date: February 20, 2008

**B. R. Menon**

Enclosed:

a. Form of Acceptance
b. Form of Withdrawal
c. Transfer Deed for shares held in physical form

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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- *Please send this Form with enclosures to the Registrar to the Offer at their address given overleaf*
- *Please read the enclosed Letter of Offer carefully before filling this Acceptance Form.*
- *All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.*
- *Each Shareholder of "JRG Securities Limited" (JRG) to whom this offer is being made, is free to offer his Shareholding in "JRG" in whole or in part while accepting the Offer.*

| OFFER SCHEDULE | |
|---|---|
| OPENS ON : | Thursday, February 28, 2008 |
| CLOSES ON : | Tuesday, March 18, 2008 |

## FORM OF ACCEPTANCE - CUM - ACKNOWLEDGEMENT

From:

Folio No./DP ID No./ Client ID No.:

Name:

Status: Resident/ Non-Resident

Full Address:

Tel No.: Fax No.: E-mail:

To,

**Bigshare Services Private Ltd.,**
**[Unit: JRG Securities Limited]**
E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072

Dear Sir,

**Sub: Offer for purchase of up to 46,34,900 fully paid equity share of Rs.10/- ("Equity Shares") each, representing 20% of the voting paid up equity share capital of "JRG Securities Limited" ("JRG"/ "Target Company"), at an offer price of Rs.49.00 (Rupees Forty Nine only) per fully paid-up equity share by Duckworth Limited (Acquirer) and PAC payable in cash.**

I/We refer to the letter of Offer dated February 20, 2008 constituting an offer to acquire the equity shares held by me / us in JRG Securities Limited. I/We the undersigned, have read the Letter of Offer, understood the contents and accept unconditionally its contents including the terms and conditions as mentioned therein.

☐ **For Equity Shares held in Physical Form**

I/We accept the offer and enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my/our shares as detailed below:

| Sr.No | Ledger Folio No | Certificate No | Distinctive Nos | | No of fully paid-up Shares |
|---|---|---|---|---|---|
| | | | From | To | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | Total number of Shares | |

*Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.*

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer and PAC complete the Offer obligation under the SEBI Takeover Regulation as mentioned in the Letter of Offer. I/We, also note and understand that the Acquirer and PAC will pay the purchase consideration only after verification of the documents and signature.

☐ **For Equity Shares held in Demat Form**

I/We, hold equity shares in demat form, accept the Offer and enclose a photocopy of the delivery Instruction Slip duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

| DP Name | DP ID | Client ID | No. of equity shares | Name of Beneficiary |
|---|---|---|---|---|
| | | | | |

------------------------------ TEAR ALONG THIS LINE ------------------------------

### ACKNOWLEDGEMENT SLIP

**Folio No./DP ID** **Client ID** **Sr. No.**

Received from Mr./M/s. ____________________________________________

Residing at ____________________________________________

A form of acceptance cum acknowledgment for offer of ___________Shares of JRG along with:

☐ Copy of depository instruction slip

☐ Share certificate(s)___________________________ along with transfer deeds

| STAMP OF COLLECTION CENTER | SIGNATURE OF OFFICIAL & DATE OF RECEIPT |
|---|---|
| | |

I/We have done an Off Market transaction for crediting the equity shares to the Depository Escrow Account named **"BIGSHARE SERVICES PVT. LTD. ESCROW A/C – JRG SECURITIES LTD - OPEN OFFER"** with the following particulars:

| DP Name | DP ID | Client ID | ISIN |
|---|---|---|---|
| IDBI Bank Limited | IN300450 | 13504769 | INE347H01012 |

☐ A delivery instruction from my account with NSDL ☐ An inter-depository delivery instruction from my account with CDSL

I/We note and understand that the equity shares would lie in the Special Depository Account until the time the Acquirer and PAC makes payment of the purchase consideration (including interest) as mentioned in the Letter of Offer.

☐ **For NRIs/OCBs/FIIs/Foreign Shareholders:** I/we have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.

☐ RBI approvals for holding the shares of JRG Securities Limited hereby tendered in the Offer.

**For FII Shareholders:** I/We confirm that the equity shares of JRG Securities Limited are held by me/us on

☐ Investment/Capital Account OR ☐ Trade Account. (whichever is applicable in your case)

**<u>For NRIs/OCBs Shareholders</u>:**

(1) I/We confirm that the equity shares of JRG Securities Limited are held by me/us on

☐ Investment/Capital Account OR ☐ Trade Account.

(2) I/We confirm that the equity shares of JRG Securities Limited are held by me/us as

☐ Long Term Capital Asset OR ☐ Short Term Capital Asset. (whichever is applicable in your case)

<u>Following document should be enclosed wherever applicable</u>

☐ Power of attorney ☐ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

☐ Corporate authorization in case of companies along with board/ general meeting resolution and specimen signature of authorized signatories

☐ Others (please specify)________________

I/We confirm that the equity shares of JRG Securities Limited which are being tendered herewith by me/us under this Offer are free from lien, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and to the extent that the equity shares tendered by me/us are not acquired (in terms of and subject to the Letter of Offer), I/We further authorize the Acquirer to return to me/us, equity shares/share certificate(s) and in the case of dematerialized equity shares, to credit such equity shares to my/our depository account, in each case at my/our sole risk and without specifying the reasons thereof.

I/We authorize the Acquirer or PAC or the Manager to the Offer or the Registrar to the Offer to send by registered post, the draft / cheque in settlement of the amount, to the sole / first holder at the address mentioned below.

Yours faithfully,
Signed and Delivered

| | Full name(s) of Shareholder(s) | Specimen Signature(s) | PAN/ GIR No. |
|---|---|---|---|
| **First/Sole Shareholder** | | | |
| **Joint Shareholder 1** | | | |
| **Joint Shareholder 2** | | | |
| **Joint Shareholder 3** | | | |

*Note: In case of joint holdings, all holders must sign. A body corporate must affix its company stamp.*

Address of First/Sole Shareholder where the purchase consideration / share certificates are to be dispatched__________________________________

______________________________________________________________________________________________

______________________________________________________________________________________________

Place: Date:

**Bank details:** So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For equity shares that are tendered in electronic form, the bank account as obtained from the beneficiary position provided by the Depository will be considered and the warrants/bank drafts will be issued with the said bank particulars.

| | | | |
|---|---|---|---|
| **Name of Bank** | | **Branch** | |
| **Account Number** | | **Current/ Savings/Others (Please specify)** | |

---------------------------------------------------------------------------------------- TEAR ALONG THIS LINE ----------------------------------------------------------------------------------------

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

**Bigshare Services Private Ltd.,**
**(Unit: JRG Securities Limited)**
E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072
Tel no. 022-28470652 / 28470653 • Email: mohan@bigshareonline.com
SEBI Regn. No.: INB010708833
Contact: Mr. N. V. K. Mohan

# FORM OF WITHDRAWAL

| You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this Offer any time up to three working days prior to the date of closure of Offer. In case you wish to withdraw your acceptance please use this form | OFFER SCHEDULE | | |
|---|---|---|---|
| | OFFER OPENS ON | : | February 28, 2008 |
| | LAST DATE FOR WITHDRAWAL | : | March 13, 2008 |
| | OFFER CLOSES ON | : | March 18, 2008 |

From:

Name :

Address :

Tel. No. : Fax No.: E-mail:

To,

**Bigshare Services Private Ltd.,**

**[Unit: JRG Securities Limited]**

E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072
Tel.: 91-22-28470652 / 28470653; Fax : 91-22-28475207 Email: mohan@bigshareonline.com

Dear Sir,

**Sub: Offer for purchase of up to 46,34,900 fully paid equity share of Rs.10/- ("Equity Shares") each, representing 20% of the voting paid up equity share capital of "JRG Securities Limited" ("JRG"/ "Target Company"), at an offer price of Rs.49.00 (Rupees Forty Nine only) per fully paid-up equity share by Duckworth Limited (Acquirer) and PAC payable in cash.**

I/We refer to the Letter of Offer dated February 20, 2008 for acquiring the equity shares held by me/us in JRG. I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/we further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centre mentioned in the Letter of Offer or as mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. March 13, 2008.

I/We note that the Acquirer/ PAC/ Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depositories from time to time.

**SHARES IN PHYSICAL FORM**

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

| Sr.No | Ledger Folio No | Certificate No | Distinctive Nos | | No. of Shares |
|---|---|---|---|---|---|
| | | | From | To | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | Total number of Shares | |

*Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.*

------------------------------------------------------------------------------------ TEAR ALONG THIS LINE ------------------------------------------------------------------------------------

## ACKNOWLEDGEMENT SLIP

**Folio No./DP ID** **Client ID** **Sr. No.**

Received From Mr./ Mrs. ____________________________________________

Add:____________________________________________

____________________________________________

Form of Withdrawal in respect of ________________ Number of Shares

Certificate representing ________________Number of Shares

| SIGNATURE OF OFFICIAL AND DATE OF RECEIPT | STAMP OF REGISTRAR |
|---|---|
| | |

**SHARES IN DEMAT FORM**

I/We hold the following equity shares in dematerialized Form and tendered the Equity Shares in the Offer and had done an off-market transaction for crediting the Shares to the **"BIGSHARE SERVICES PVT. LTD. ESCROW A/C – JRG SECURITIES LTD - OPEN OFFER"**, whose particulars are:

DP ID Number: IN300450; DP Name: IDBI Bank Limited; Client ID Number: 13504769; ISIN No.: INE347H01012; Depository: National Securities Depository Limited.

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Shares |
|---|---|---|---|---|
| | | | | |

Address of First/Sole Shareholder: ____________________________________________

____________________________________________

Tel. No.: ____________________ Fax No ____________________ E-mail : ____________________

I/We note that the equity shares will be credited back only to that Depository Account, from which the Equity Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialized Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

I/ We authorize the Registrar to the Offer to reject the shares so offered.

Yours faithfully,
Signed and delivered:

| | Full name(s) of Shareholder(s) | Specimen Signature(s) | PAN/ GIR No. |
|---|---|---|---|
| **First/Sole Shareholder** | | | |
| **Joint Shareholder 1** | | | |
| **Joint Shareholder 2** | | | |
| **Joint Shareholder 3** | | | |

***Note: In case of joint account, all holders must sign. A corporation must fix its common seal.***

Address of the First/ Sole Shareholder ____________________________________________

____________________________________________

____________________________________________

Place:

Date:

---------------------------------------- TEAR ALONG THIS LINE ----------------------------------------

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

**Bigshare Services Private Ltd.,**
**(Unit: JRG Securities Limited)**
E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072
Tel no. 022-28470652 / 28470653 • Email: mohan@bigshareonline.com
SEBI Regn. No.: INB010708833
Contact: Mr. N. V. K. Mohan

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