PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF
SHREE BHAWANI PAPER MILLS LIMITED

(Registered Office: 33, Dayanand Marg, Allahabad 211002, Uttar Pradesh)

This Public Announcement (the "Public Announcement" / "PA") is being issued by Antique Capital Markets Private Limited ("Manager to the Offer"/"Antique"), to the equity shareholders of Shree Bhawani Paper Mills Limited ("SBPML" or the "Target Company") on behalf of Mr. Omprakash Goenka, Mrs. Kiran Goenka, Mr. Gaurav Goenka, Mrs. Girija Goenka and Mirah Dekor Limited (hereinafter collectively referred to as the "Investor Acquirers" and individually referred to as the "Investor Acquirer") who are acting in concert with each other for the purpose of this open offer as well as Mr. Badri Vishal Tandon (Karta of Ram Mohan Das Tandon (HUF)) (hereinafter referred to as "Promoter Acquirer" and is part of the present Promoter Group (as defined later) of the Target Company), pursuant to and in compliance with Regulations 10, 11(2), 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto till the date of this PA (the "SEBI Takeover Code"). The Investor Acquirers and Promoter Acquirer are collectively termed as the "Acquirers".

I) **Background to the Offer**

1. At a meeting of the Board of Directors of the Target Company held on May 18, 2011, the Board of Directors approved the issue of 1,84,03,224 fully paid up equity shares of face value of Rs.10 each of the Target Company (the "**Equity Shares**"), on a preferential allotment basis at an issue price of Rs.10 per Equity Share (the "**Preferential Issue Price**") in compliance with the applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the "**SEBI ICDR Regulations**") and other applicable laws, aggregating Rs. 18,40,32,240, for consideration to be paid in cash and subject to the approval of the equity shareholders of the Target Company, to the following persons /entities:

a. Upto 22,50,000 Equity Shares to the Promoter Acquirer i.e Mr. Badri Vishal Tandon (Karta of Ram Mohan Das Tandon (HUF)) (the "**Promoter Preferential Issue**")

b. Upto 1,16,53,224 Equity Shares to the Investor Acquirers comprising of 46,93,224 Equity Shares to Mr. Omprakash Goenka, upto 17,40,000 Equity Shares each to Mrs. Kiran Goenka, Mr. Gaurav Goenka, Mrs. Girija Goenka and Mirah Dekor Limited (the "**Investor Acquirers Preferential Issue**")

c. Upto 15,00,000 Equity Shares each to certain other investors namely Mr. Mohit Chaturvedi, Mrs. Bina Chaturvedi and Ganges Leasing and Finance Company Private Limited (hereinafter collectively referred as the "**Financial Investors**") aggregating upto 45,00,000 Equity Shares (the "**Financial Investor Preferential Issue**")

The Promoter Preferential Issue, Investor Acquirers Preferential Issue and the Financial Investor Preferential Issue are together termed as the "**Preferential Issue**".

2. The Board of Directors of the Target Company convened an extraordinary general meeting of its shareholders on June 17, 2011 (the "**EGM**") to obtain their approval for the Preferential Issue under section 81(1A) of the Companies Act, 1956 (the "**Companies Act**") and to authorize the Board of Directors of the Target Company to issue and allot the equity shares to the Promoter Acquirer, Investor Acquirers and the Financial Investors.

3. The equity shareholders of the Target Company have, at their EGM approved the Preferential Issue.

4. The Board of Directors of the Target Company, in their meeting held on June 25, 2011, approved the following:

a) Execution of a Share Subscription and Shareholders Agreement (the "**SSA**") with Mr. Omprakash Goenka (for and on behalf of the Investor Acquirers), the Target Company and Mr. Girish Tandon for and on behalf of the members that constitute the promoter group of the Target Company (the present promoter group of the Target Company is hereinafter in the Public Announcement referred to as the "**Promoter Group**").

b) Consequent to the approval of the Preferential Issue at the EGM and on receipt of the in-principle approval for Preferential Issue from the Bombay Stock Exchange Limited, issue and allotment of 1,84,03,224 Equity Shares at the Preferential Issue Price to the Promoter Acquirer, Investor Acquirers and the Financial Investors.

5. The salient features of the SSA are as follows:

Capitalised terms not defined in the summary are the same as defined in the SSA

(i) The Investors have agreed to subscribe to, and Shree Bhawani Paper Mills Limited has agreed to issue, allot and deliver to the Investors, free and clear of all encumbrances, 1,16,53,224 Equity Shares at a price of Rs. 10 per Equity Share aggregating to Rs. 11,65,32,240/- (Rupees Eleven Crore Sixty Five Lakhs Thirty Two Thousand Two Hundred And Forty Only) (the "**Investors Subscription Amount**").

(ii) The Promoter Allottee has agreed to subscribe to, and Shree Bhawani Paper Mills Limited has agreed to issue, allot and deliver to the Promoter Allottee, free and clear of all encumbrances, 22,50,000 Equity Shares at a price of Rs. 10 per Equity Share aggregating to Rs. 2,25,00,000/- (Rupees Two Crore Twenty Five Lakhs Only) (the "**Promoter Subscription Amount**").

(iii) The Equity Shares are subject to lock-in in accordance with the provisions of the SEBI ICDR Regulations.

(iv) The Investors will be declared as promoters of the Target Company along with the Promoters and they will exercise joint control over SBPML.

(v) The Agreement provides for Tag Along rights to and provides a right of first refusal to the other party for the Equity Shares held in the Company.

(vi) The Agreement also provides that in the event of fresh issue of Equity Shares / Convertible Instruments to new investors, the Investors will get a right to subscribe to such new Equity Shares / Convertible Instruments to maintain their stake in the Company.

(vii) The Promoters and the Investors will be able to appoint equal number of directors on the Board of the Company. However, such appointments will be subject to compliance with applicable provisions of Takeover Regulations.

(viii) There are certain covenants, representations and warranties of the Promoters and of the Company which are intended to protect the rights of the Investors.

(ix) The obligations of the Company, the Promoters and the Investors to consummate the transactions contemplated under this Agreement are subject to the satisfaction of the Promoter Allottee and the Investors having completed, all its obligations under the Takeover Code (including obligation to make and duly complete the Open Offer process) and the issuance by the Merchant Banker, under Regulation 23(6) of the Takeover Code, of a certificate in writing in relation to the satisfaction of such obligations by the Acquirer.

(x) The Company shall co-operate to provide such assistance (including necessary information) as shall be required for the purpose of compliance with the Takeover Regulations and other applicable Laws, in relation to the Open Offer.

(xi) The Promoter Allottee undertakes to comply with regulation 22(9) of the Takeover Code and shall refuse himself and not participate in any matter(s) concerning or relating to the Open Offer including any preparatory steps leading to the Open Offer.

(xii) It is also provided that the SSA shall stand terminated upon extinguishment of the Investors rights or default either by the Company or the Promoters which has not been cured.

6. In addition to the SSA, to meet the funding requirements of the Target Company, Mirah Power Private Limited ("**MPL**"), an entity controlled by Investor Acquirers has entered into a loan agreement dated May 18, 2011 (the "**Loan Agreement**") with the Target Company pursuant to which MPL has advanced a loan of Rs. 9 crores to the Target Company.

7. Out of the present issued share capital of the Target Company, there are 39,073 equity shares which are only Rs.5 paid up i.e. partly paid-up equity shares. The calls-in-arrears per equity share is Rs. 6.25 (comprising of Rs. 5 towards the face value and Rs. 1.25 towards the share premium).

8. Consequent to the Preferential Issue, the total equity share capital of the Target Company will be 3,48,27,224 equity shares ("**Emerging Equity Shares**") comprising of 3,47,88,151 fully paid-up equity shares ("**Emerging Voting Shares**") and 39,073 partly paid-up equity shares of which, the Investor Acquirers shall be holding an aggregate of 1,16,53,224 Equity Shares representing 33.46% of the Emerging Equity Shares, the Promoter Group shall be holding an aggregate of 1,16,51,724 Equity Shares representing 33.46% of the Emerging Equity Shares. The aggregate holding of the Investor Acquirers and the Promoter Group will be 2,33,04,948 Equity Shares representing 66.92% of the Emerging Equity Shares. Of the Emerging Voting Shares, the Investor Acquirers and the Promoter Group will be holding 33.50% and 33.49% respectively.

9. Prior to the Preferential Issue, (a) the Investor Acquirers do not hold any Equity Shares of the Target Company; (b)Mr. Badri Vishal Tandon (Karta of Ram Mohan Das Tandon (HUF)) holds 14,11,347 Equity Shares which represents 8.59% of the pre-Preferential Issue equity shares and 4.05% of the Emerging Equity Shares; the Promoter Group collectively holds 94,01,724 Equity Shares which represents 57.24% of the Pre-Preferential Issue equity shares and 27.00% of the Emerging Equity Shares and (c) the Financial Investors did not hold any Equity Shares of the Target Company.

II) **The Offer**

10. The Preferential Issue to the Investor Acquirers and the signing of the SSA will result in change in control of the Target Company. As per the SSA, the Investor Acquirers will be in joint control of the Target Company along with the Promoter Group. The Promoter Group through the Promoter Acquirer has also agreed to acquire Equity Shares in the Preferential Issue. Consequent to the same, the Investor Acquirers along with the Promoter Acquirer are making this offer (the "**Offer**") to the public shareholders of the Target Company excluding the Promoter Group and Investor Acquirers (hereinafter referred to as the "**Public Shareholders**") under Regulation 10, 11(2) and 12 of the SEBI Takeover Code.

11. The Offer is being made to the Public Shareholders to acquire upto 69,65,445 equity shares of the Target Company (the "**Offer Size**"), representing 20% of the Emerging Equity Shares and 20.02% of the Emerging Voting Shares at a price of Rs. 10 for each fully paid-up equity share and Rs.5 for each partly paid up equity shares (the "**Offer Price**"), payable in cash and subject to the terms and conditions mentioned hereinafter, which will also be a part of the letter of offer (the "**Letter of Offer**") to be circulated to the Public Shareholders of the Target Company. As per the provision of Regulation 20 (10) of the SEBI Takeover Code, the offer price for partly paid-up equity shares is calculated by reducing the amount outstanding on the partly paid-up shares payable towards the face value from the offer price of Rs.10 for each fully paid-up equity share.

12. As per the SSA, Article 69 of the Articles of Association of the Target Company does not entitle any shareholder to vote at any general meeting in respect of any shares in the Target Company unless all calls or other sums presently payable have been paid thereon. However, the Offer is made to all the Public Shareholders and the equity shares validly tendered in the Offer will be accepted subject to maximum of 69,65,445 equity shares.

13. Other than Mr. Omprakash Goenka, Mrs. Kiran Goenka, Mr. Gaurav Goenka, Mrs. Girija Goenka, Mirah Dekor Limited and Mr. Badri Vishal Tandon (Karta of Ram Mohan Das Tandon (HUF)) (part of the Promoter Group), and the other members of the existing Promoter Group of the Target Company, who are acting in concert with each other for the purpose of the Offer, no other person(s) are acting in concert with the Investor Acquirers and the Promoter Group for the purpose of the Offer. Due to the operation of Regulation 2(1)(e)(2) of the SEBI Takeover Code, there could be persons who could be deemed to be acting in concert with the Investor Acquirers and the Promoter Group. However, such persons are not persons acting in concert for the purposes of this Offer.

14. Except for the acquisition through the Preferential Issue, the Investor Acquirers and the Promoter Acquirer as well as the Promoter Group have not acquired any Equity Shares in the twelve-month period prior to the date of this Public Announcement.

15. The Acquirers will acquire all the equity shares tendered and accepted under the Offer, subject to certain conditions and other terms and conditions set out in Section X of this Public Announcement and in the Letter of Offer to be sent to the Public Shareholders of the Target Company. The distribution of the acquisition, for the equity shares validly tendered and accepted in the Offer, amongst the Acquirers will be decided by the Acquirers subsequently.

16. The Offer is not conditional on any minimum level of acceptance by the Public Shareholders and the Acquirers will acquire all the equity shares of SBPML that are validly tendered in terms of this Offer, up to a maximum of 69,65,445 equity shares at the Offer Price of Rs. 10 per fully paid-up equity share and Rs. 5 per partly paid-up equity share.

17. This is not a competitive bid

18. As of the date of this Public Announcement, the Manager to the Offer does not hold any equity shares in the Target Company. The Manager to the Offer will not deal in the Equity Shares of the Target Company until the expiry of fifteen days from the Offer Closing Date.

III) **Offer Price**

19. The Equity Shares of the Target Company are listed on the Bombay Stock Exchange Limited (the "**BSE**"). Based on the information available, the Equity Shares are infrequently traded on the BSE within the meaning of explanation (i) to Regulation 20 (5) of SEBI Takeover Code. In terms of the SEBI Takeover Code the Offer Price - Rs. 10 per Equity Share and Rs.5 for partly paid-up equity share, is justified in view of the following:

(a)	Negotiated Price	:	Not Applicable
(b)	Highest Price paid by the Investor Acquirers and the Promoter Acquirer, including by way of allotment in a public or rights or preferential issue during the 26 weeks period prior to the date of Public Announcement	:	Rs. 10 per Equity Share
	Other Parameters		
	Return on Net worth – FY 2011(%) [1]	:	(934)%
	Book Value per Equity Share as on Mar 31, 2011 (Rs.) (for fully paid up equity shares) [2]	:	0.70
	Book Value per Equity Share as on Mar 31, 2011 (Rs.) (for partly paid up equity shares) [3]	:	Nil
	Earnings per Equity Share(EPS) – FY 2011(Rs.) [4]	:	(6.38)
	Industry Average P/E Multiple for Paper Industry [5]	:	8.6
	Offer Price P/E Multiple [6]	:	NA

Notes:

1) Return on networth is calculated as Profit /(Loss) After Tax divided by Networth of the Target Company after adjusting the miscellaneous expenditure, if any
2) Book Value per equity share (fully paid) = Total equity capital + Reserves & Surplus divided by Total number of equity shares.
3) For calculating the Book Value for partly paid-up equity shares, the Book Value arrived above is reduced by the amount outstanding towards the face value. Since the number cannot be negative, its mentioned as Nil
4) Earnings per share is arrived at by dividing the Profit/(Loss) after Tax by total number of equity shares
5) Source: Capital Market Journal Vol XXVI/09 dated Jun 27 - Jul 10, 2011 Industry: Paper. Calculated as Market Price divided by EPS of trailing twelve months. The Industry PE is not strictly comparable as the Industry segment covered by the Capital Market consists of companies, which have varied and different businesses compared to the Target Company and also vary widely in terms of financial parameters with Target Company.
6) Calculated as Offer Price / EPS of FY 2011. Since EPS is negative, the same is not applicable.

The above pricing is arrived at in terms of Regulation 20(5), Regulation 20(10) read with Explanation (ii) to Regulation 20(11) of the SEBI Takeover Code.

Further, M/s. S.Kakkar & Co., Chartered Accountants (Firm registration no. 000407C) through their Partner Rajat Kapoor, Membership no. 076434 having their office at 17/33 C, M.G.Marg (1st Floor), Near Indian Coffee House, Civil Lines, Allahabad-211001, Tel: 2427248, have vide their report dated June 25, 2011 stated that based on the decision of the Honourable Supreme Court of India in the case of Hindustan Lever Employees Union v/s Hindustan Lever Limited, 1995 (83 Com Case 30), the value per Equity Share of the Target Company would be Rs. 0.35 per Equity Share.

In view of the above, the Offer Price is justified.

20. If the Acquirers acquires any Equity Shares after the date of this PA and up to 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the equity shares accepted under the Offer.

IV) **Information about the Acquirers**

21. **Promoter Acquirer: Mr. Badri Vishal Tandon (Karta of Ram Mohandas Tandon (HUF))**

Mr. Badri Vishal Tandon (Karta of Ram Mohan Das Tandon (HUF)) is part of the existing Promoter Group of the Target Company residing at 33, Dayanand Marg, Allahabad 211002, India. As on the date of the PA, the Promoter Acquirer holds 36,61,347 Equity Shares comprising of 14,11,347 Equity Shares preceding the Promoter Preferential Issue and 22,50,000 Equity Shares acquired through the Promoter Preferential Issue. As per Certificate dated June 25, 2011, from M/s. S.Kakkar & Co., Chartered Accountants (Firm registration no. 000407C) through their Partner S. C. Kakkar, Membership no. 12119 having their office at 17/33 C, M.G.Marg (1st Floor), Near Indian Coffee House, Civil Lines, Allahabad-211001, Tel: 2427248, the Networth of the Promoter Acquirer as on March 31, 2011 is Rs. 3,076 lacs .

22. **Investor Acquirers**

a. **Mr. Omprakash Goenka**, aged 62 years, residing at 101, 10th Floor, Somerset House, Sophia College Lane, Warden Road, Mumbai – 400 026, is a B.A, DBM by qualification. He is the promoter and Chairman of Mirah Group of Companies including Mirah Dekor Limited. He has over 40 years of business experience in various industries including Real Estate development, Hospitality, Travels, Wind Energy Generation, Computer Education, Textiles, Corporate Gifts and International Trading. As on the date of this PA, except for 46,93,224 Equity Shares acquired through the Investor Acquirers Preferential Issue, Mr. Omprakash Goenka in not holding any other equity shares of SBPML. Further, he is not a director in any listed company.

b. **Mrs. Kiran Goenka**, aged 56 years, residing at 101, 10th Floor, Somerset House, Sophia College Lane, Warden Road, Mumbai – 400 026, is the wife of Mr. Omprakash Goenka. She has over 20 years of experience in administration and human resource development. As on the date of this PA, except for 17,40,000 Equity Shares acquired through the Investor Acquirers Preferential Issue, Mrs. Kiran Goenka in not holding any other equity shares of SBPML. Further, she is not a director in any listed company.

c. **Mr. Gaurav Goenka**, aged 28 years, residing at 101, 10th Floor, Somerset House, Sophia College Lane, Warden Road, Mumbai – 400 026, is the son of Mr. Omprakash Goenka. He is a Master in Economics & Social Studies. He looks after the Hospitality segment of the Mirah Group and is in-charge of the strategic decisions of Mirah Group. As on the date of this PA, except for 17,40,000 Equity Shares acquired through the Investor Acquirers Preferential Issue, Mr. Gaurav Goenka in not holding any other equity shares of SBPML. Further, he is not a director in any listed company.

d. **Mrs. Girija Goenka**, aged 28 years, residing at 101, 10th Floor, Somerset House, Sophia College Lane, Warden Road, Mumbai – 400 026, is the wife of Mr. Gaurav Goenka. She is a graduate in commerce and has over 5 years of experience in administration and human resource development. As on the date of this PA, except for 17,40,000 Equity Shares acquired through the Investor Acquirers Preferential Issue, Mrs. Girija Goenka in not holding any other equity shares of SBPML. Further, she is not a director in any listed company.

As per Certificate dated June 25, 2011, from CA. Suresh C. Shah, (Membership Number: 37266), Proprietor, S. Chandulal & Co., Chartered Accountants (Firm Registration no. 101701W), 6/D/80, Sonawala Building, Tardeo, Mumbai – 400 007, Tel: 23445847, the Networth of the individuals forming part of the Investor Acquirers as on March 31, 2011 is as follows: Mr. Omprakash Goenka, Rs. 189.45 lacs ; Mrs. Kiran Goenka, Rs. 1,349.78 lacs; Mr. Gaurav Goenka, Rs. 1,136.93 lacs; Mrs. Girija Goenka, Rs. 83.98 lacs.

e. **Mirah Dekor Limited** ("**MDL**") is a closely held company limited by shares. The registered and corporate office is situated at 208, Parvati Industrial Estate, Sun Mill Compound, Lower Parel (West), Mumbai – 400 013, Tel no. +91 22 4050 2900, Fax no. +91 22 4050 2901. MDL was incorporated on January 25, 1985 under the Companies Act, 1956 as Mirah Dekor Private Limited and subsequently converted into a public limited company vide special resolution dated December 9, 1998 and obtained a fresh Certificate of Incorporation consequent to change of name on January 25, 1999. The issued and paid up equity share capital of MDL consists of 35,30,980 equity shares of Rupees 10 each. MDL is controlled by Mr. Omprakash Goenka, Mrs. Kiran Goenka, Mr. Gaurav Goenka and Mrs. Girija Goenka. MDL is an ISO 9001:2000 certified organization, and is the flagship Company of Mirah Group engaged into trading and sourcing of all types of activities ranging from pin to plane for various reputed manufacturers. The board of directors of MDL are Mr. Omprakash Goenka, Mrs. Kiran Goenka, Mr. Gaurav Goenka and Mr. Anand Shetty. As per the audited accounts for the year ended March 31, 2010, MDL recorded total income of Rs. 116.68 Crore (Rs. 80.70 Crore for the corresponding period ended March 31, 2009), total expenditure of Rs. 104.53 Crore (Rs. 73.79 Crore for the corresponding period ended March 31, 2009), profit before tax of Rs. 12.15 Crore (Rs. 6.90 Crore for the corresponding period ended March 31, 2009) and profit after tax of Rs. 8.07 Crore (Rs. 4.41 Crore for the corresponding period ended March 31, 2009). The paid-up equity share capital is Rs. 3.53 Crore (Rs. 3.53 Crore for the corresponding period ended March 31, 2009) and networth is Rs. 28.96 Crore (Rs. 21.20 Crore for the corresponding period ended March 31, 2009). For the year ended March 31, 2010, the earnings per share was Rs. 22.85 (Rs.12.49 for the corresponding period ended March 31, 2009), return on networth was 27.86% (20.81% for the corresponding period ended March 31, 2009) and book value per equity share was Rs. 82.00 (Rs. 60.03 for the corresponding period ended March 31, 2009). As per Certificate dated June 25, 2011, from CA. Suresh C. Shah, (Membership Number: 37266), Proprietor, S. Chandulal & Co., Chartered Accountants (Firm Registration no. 101701W), 6/D/80, Sonawala Building, Tardeo, Mumbai – 400 007, Tel: 23445847, for the nine months ended December 31, 2010, MDL recorded total income of Rs. 104.71 Crore, total expenditure of Rs. 94.69 Crore, profit before tax of Rs. 10.01 Crore and profit after tax of Rs. 6.08 Crore.

f. Relation, if any, between the Investor Acquirers: As mentioned above, Mr. Omprakash Goenka is the promoter and Chairman of Mirah Group of Companies. Mrs. Kiran Goenka is the wife, Mr. Gaurav Goenka is the son and Mrs. Girija Goenka is the daughter-in-law of Mr. Omprakash Goenka. MDL is part of the Mirah Group of Companies and is controlled by Mr. Omprakash Goenka and his family members.

V) **Information about the Target Company**

(*The disclosures mentioned under this section have been sourced from publicly available sources)*

23. The Target Company was incorporated as a public limited company on July 6, 1979, under the Companies Act, 1956 and having its registered office at 33, Dayanand Marg, Allahabad 211002. The Target Company obtained its certificate of commencement of business on 9th August, 1979. SBPML is currently engaged, inter alia, in the business of manufacturing all kinds and classes of paper, board, cardboard and pulp in all branches, including mechanical or chemical pulp rayon, pulp wood, straw wood, bamboo pulp, fibrous pulp of all descriptions and calloused pulp. The name of the Company has not changed since its incorporation.

24. As on the date of this Public Announcement, the authorized share capital of the Target Company is Rs. 35,25,00,000/- (Rupees Thirty Five Crores Twenty Five Lakhs Only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares and 2,50,000 (Two Lakhs Fifty Thousand Only) preference shares of face value Rs. 10/- each. The issued and subscribed share capital of the Target consist of 3,48,27,224 equity shares of face value Rs.10/- each aggregating Rs.34,82,72,240. The paid-up share capital of the Target Company consists of Rs.34,80,76,875 comprising of 3,47,88,151 equity shares fully paid-up and 39,073 equity shares paid-up to Rs.5. The Board of the Target Company has passed a resolution that the authority granted by the shareholders for making a rights issue will not be exercised till the completion of the Offer. Hence, there are no outstanding securities that are convertible into equity shares.

25. The Equity Shares of the Target Company are currently listed on the BSE. The Equity Shares have been voluntarily delisted from the Uttar Pradesh Stock Exchange and the Delhi Stock Exchange.

26. Mr. Girish Tandon alongwith his family members and their relatives are the current promoters of the Target Company and have 3 persons representing them on the Board of Directors of the Target Company. The Investor Acquirers do not hold any directorship on the Board of Directors of the Target Company.

27. As per the information disclosed to the BSE, the audited financial highlights of the Target Company for the past 3 years are as given below:

(All figures in Rs. Lacs except EPS)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Total Income	12,509	12,804	11,713
Net Profit After Tax	(1,048)	(464)	(748)
Equity Capital (Paid-up)	(1,640)	(1,640)	(1,640)
Reserves and Surplus (net of misc. expenditure not written off and excl. revaluation reserve)	333	333	1,171
Profit & Loss Account (Dr. balance)	(1,861)	(813)	(1,188)
Earnings Per Share ('EPS') (Basic)	(6.38)	(2.82)	(4.56)
Earnings Per Share ('EPS') (Diluted)	(6.38)	(2.82)	(4.56)

VI) **Reasons for Acquisition and Offer / Objects of the Offer and Future Plans**

28. The Offer is being made in compliance with Regulation 10, 11(2), 12 and other applicable provisions of the SEBI Takeover Code, for the purposes of substantial acquisition of equity shares and voting rights, as disclosed earlier, accompanied with change in control and management of the Target Company thereby enabling the Investor Acquirers to exercise joint control over the Target Company along with the Promoter Group, inter-alia, through the right to appoint directors or through joint control over management or policy decisions, by virtue of their shareholding and the provisions of the SSA. Further, subject to the compliance of the applicable provisions of the SEBI Takeover Code, the Companies Act, 1956 and applicable provisions of other applicable laws, the Investor Acquirers may appoint directors on the board of the Target Company after completion of 21 days from the date of the Public Announcement. The Investor Acquirers reserves the right to seek reconstitution of the board of directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. The Investor Acquirers along with the Promoter Group may also consider changing the name of the Target Company at a later date. Consequent to the Preferential Issue and the SSA, the Investor Acquirers will be declared as promoters of the Target Company along with the Promoter Group.

29. The Investor Acquirers would continue to support the existing business of the Target Company and also support the Target Company's Board of Directors in their endeavour to develop the business. The Target Company proposes to use the proceeds of the Preferential Issue to meet its capital expenditure, repayment/reduction of borrowings, general corporate purposes and maintain adequate liquidity for the future requirements in line with the growth strategy of the Target Company. The Investor Acquirers intend to help grow the existing business of the Target Company and strengthen its position in the industry.

30. The Investor Acquirers and Target Company are not in the same line of business. The Promoter Acquirer is part of the Promoter Group of the Target Company and has been involved in the operations of the Target Company. The Acquirers, if advised, in the ordinary course of business of the Target Company and / or to the extent required for the purposes of any arrangement / reconstruction, restructuring, merger / demerger, and/or for the purpose of streamlining of various operations, assets, liabilities, businesses or otherwise of the Target Company, dispose off or otherwise encumber any assets of the Target Company including and / or carry out merger (including but not limited to merger with the MDL and /or it's subsidiaries of the Target Company and / or the holding companies of the Acquirers and /or other subsidiaries /associates of the Acquirers)/ demerger or any arrangement / reconstruction with any group company of the Acquirers or any other entity. As part of its business diversification of the Target Company, the Acquirers may consider installing power units of the Target Company either through its own or alongwith partners either for captive power consumption and / or distributing the surplus power as may be permitted under the applicable laws. The Acquirers may also consider encumbering the assets of the Target Company and / or its subsidiaries to
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with the procedure as set out in this PA. The collection centre mentioned herein would be open during the Offer period on all working days (except Sundays and Bank Holidays) during business hours i.e. from Monday to Saturday: 9:30 AM to 5:30 PM. Shareholders are advised to ensure that the FOA and other documents are complete in all respects; otherwise the same are liable to be rejected.

59. Shareholders who cannot hand-deliver their documents at any of the collection center referred above may send the same by registered post / speed post, at their own risk, to the Registrar to the Offer at their office SKYLINE FINANCIAL SERVICES PRIVATE LIMITED, D-153A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi – 110 020 Tel: +91 11 3085 7575, Fax: +91 11 3085 7562 Contact Person: Virender Rana, Email: virenr@skylinerta.com, and not to any other collection centre so that the same are received before the close of business hours on the Offer Closing Date.

60. In case of non-receipt of the Letter of Offer / FOA / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may download the same from SEBI's website http://www.sebi.gov.in or obtain a copy of the same by writing to the Registrar to the Offer at the collection centre set out in paragraph 58 of this PA clearly marking the envelope "Shree Bhawani Paper Mills Limited - Open Offer" by providing suitable documentary evidence of acquisition / ownership of shares.

61. In case of non-receipt of the Letter of Offer / FOA / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may also submit their acceptance on plain paper, as follows: • Shareholders holding equity shares in physical form should state their name, address, folio number, number of shares held, distinctive numbers, number of equity shares offered, bank particulars along with original share certificate(s), duly signed & witnessed transfer form(s). The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered owners should also enclose original broker contract note and valid share transfer deed(s) as received from market. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders. • Beneficial owners should state their name, address, DP name, DP ID, beneficiary account number, number of equity shares held, number of equity shares offered, bank particulars, photocopy of the delivery instructions in "Off-market" mode or a counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the special depository account, as may be relevant.

62. The acceptance should be signed by all the shareholders as per the registration details available with SBPML / Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked "Shree Bhawani Paper Mills Limited - Open Offer" on or before the close of business on the closing date of the Offer.

63. In case any person has submitted equity shares in physical form for dematerialisation and such dematerialisation has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by the shareholder's DP. Such shareholders should ensure that the process of getting the equity shares dematerialised is completed well in time so that the credit of the equity shares to the special depository account is completed on or before the close of business hours on the closing date of the Offer, failing which such an acceptance would be rejected. A copy of delivery instructions acknowledged by the Depository Participant in favour of the special depository account should be forwarded to the collection centre where the FOA and other documents were tendered, before the close of business on the closing date of the Offer.

64. In case any person has lodged equity shares of SBPML for transfer and such transfer has not yet been effected, the concerned person may apply as per the instructions to be contained in the Letter of Offer, together with the acknowledgement of the lodgement of equity shares for transfer. Such persons should also instruct SBPML and/ or its registrar & transfer agents to send the transferred equity share certificate(s) directly to the Registrar at the address mentioned in paragraph 59. The person should ensure that the share certificate(s) reach the designated collection centre on or before the close of business hours on the closing date of the Offer.

65. While tendering equity shares under the Offer, shareholders are requested to provide their Permanent Account Number ("PAN") at the appropriate place in the FOA.

66. While tendering equity shares under the Offer, NRIs/OCBs/foreign and other non resident shareholders will be required to submit the RBI approvals, if any (specific or general) that they would have obtained for acquiring shares. Further, OCB shareholders, if any, are also required to submit approval from RBI for tendering equity shares in the Offer. In case the RBI approvals are not submitted, the Acquirers reserve the right to reject the equity shares tendered. While tendering their equity shares under the Offer, NRIs, OCBs and other non resident shareholders will be required to submit a NOC / TCC / Certificate for deduction of tax at lower rate indicating the rate of tax to be deducted by the Acquirers before remitting the consideration and any interest, from Income Tax authorities under the Income Tax Act. In case the aforesaid NOC / TCC is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders, on the entire consideration amount and any interest payable to such shareholders. The Acquirers also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid NOC / TCC is not submitted. As per the extant provisions of the Income Tax Act, no deduction of tax at source shall be made before remitting the consideration for equity shares tendered under the Offer by FIIs as defined in the Income Tax Act for shares held under "Investment / Capital Account" by FIIs. This exemption is not available for payment of consideration in respect of equity shares held by FIIs under their "Trade Accounts". However interest payment for delay in payment of consideration, if any, will not be exempt from tax.

67. If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirers shall accept equity shares on a proportionate basis from the valid acceptances, as per Regulation 21(6) of the SEBI Takeover Code.

68. Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post / Speed Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder (in case of joint shareholders). Equity shares held in dematerialised form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the FOA or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted equity shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Shareholders holding equity shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

69. Shareholders, while tendering their equity shares in the Offer may indicate an option to receive the payment of Offer consideration through electronic form by indicating in the space provided in the FOA. The payment consideration for equity shares accepted under the Offer, in such cases, may be made through NECS, Direct Credit, RTGS or NEFT, as applicable, at specified centres where clearing houses are managed by the Reserve Bank of India, wherever possible. In other cases, payment of consideration would be made through cheque / demand draft / pay order sent by Registered post / Speed Post. Shareholders who opt for receiving consideration through electronic form are requested to give the authorization for electronic mode of transfer of funds in the FOA, provide the MICR / IFSC code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the FOA. In case of joint holders, payments will be made in the name of the first holder/ unregistered owner.

70. For the purposes of electronic transfer, in case of shareholders opting for electronic payment of consideration and for purposes printing on the cheque / demand draft / pay order for the other cases, the bank account details will be directly taken from the Depositories' database, wherever possible. A shareholder tendering equity shares in the Offer, is deemed to have given consent to obtain the bank account details from the Depositories, for this purpose. Only if the required details cannot be obtained from the depositories' database then the particulars provided by the shareholders would be used. It is advised that shareholders provide bank details in the FOA, so that the same can be incorporated in the cheque/demand draft/pay order, if the same data is not available from the Depositories' database. It will be the responsibility of the tendering shareholders to ensure that correct bank account details are recorded with the Depositories and mentioned in the FOA.

71. For shareholders, who do not opt for electronic mode of transfer and for those shareholders, whose payment consideration is rejected / not credited through NECS/Direct Credit/RTGS/NEFT, due to any technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post/Registered Post. Such consideration payment will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.

72. In terms of Regulation 22(5A) of the SEBI Takeover Code, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the prescribed documents as per the instructions below, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted on or before August 29, 2011.

a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with SBPML for shareholders in case of physical holdings/ with the Depository in case of electronic holdings, so as to reach the Registrar to the Offer at the collection centre where the original tender was submitted, on or before August 29, 2011.

b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted FOA in case delivered by Registered A.D. and a photocopy of delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

c) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an withdrawal on plain paper along with the following details:

I. In case of physical shares: Name, address, distinctive numbers, folio number and number of equity shares tendered, number of equity shares withdrawn.

II. In case of dematerialised shares: Name, address, number of equity shares tendered, number of equity shares withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in favour of the special depository account.

d) Shareholders who have tendered equity shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. equity shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with SBPML and duly witnessed at the appropriate place.

e) The withdrawal of equity shares will be available only for the share certificates/ equity shares that have been received by the Registrar to the Offer/ special depository account.

f) The intimation of returned equity shares to the shareholders will be at the address as per the records of SBPML or the Depositories as the case may be.

g) In case of partial withdrawal of equity 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 SBPML.

h) Partial withdrawal of tendered equity shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier FOA will stand revised to that effect.

i) Shareholders holding equity shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

73. The Registrar to the Offer will hold in trust the shares/share certificates, equity shares lying in credit of the special depository account, FOA, and the transfer form(s), if any, on behalf of the shareholders of SBPML who have accepted the Offer, until the Acquirers completes the Offer obligations in accordance with the SEBI Takeover Code.

74. Securities transaction tax will not be applicable to the equity shares accepted in the Offer.

75. A schedule of the activities pertaining to the Offer is given below:-

Activity	Date and Day
Specified Date *	Friday, July 08, 2011
Last date for a competitive bid	Tuesday, July 19, 2011
Date by which Letter of Offer to be dispatched to the shareholders	Monday, August 08, 2011
Date of opening of the Offer	Wednesday, August 17, 2011
Offer Closing Date	Monday, September 05, 2011
Last date for revising the Offer Price / Offer Size	Tuesday, August 23, 2011
Last date for withdrawing acceptance from the Offer	Monday, August 29, 2011
Last date of communicating rejection/ acceptance and payment of consideration for accepted tenders / return of unaccepted equity shares	Tuesday, September 20, 2011

** Specified Date is only for the purpose of determining the names of the shareholders of the Target Company as on such date to whom the Letter of Offer would be sent. All eligible owners (registered or unregistered including beneficial owners) of the equity shares of the Target Company, other than the Investor Acquirers, Promoter Acquirer and the Promoter Group can participate in the Offer any time before the Offer Closing Date.*

XI) General

76. The Acquirers can revise the Offer Price or the Offer Size upwards upto seven working days prior to the Offer Closing Date. If there is any upward revision in the Offer Price by the Acquirers till the last date of revision viz. August 23, 2011 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which this PA has appeared. The Acquirers would pay such revised price for all the equity shares validly tendered any time during the Offer and accepted under the Offer.

77. **If there is a competitive bid:**

a. **The Open Offers under all the subsisting bids shall close on the same date.**

b. **As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the Offers / bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

78. The Investor Acquirers and Promoter Acquirer have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act, 1992 or any other regulations made under the SEBI Act, 1992. Based on the information presently available publicly, the Target Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992.

79. Pursuant to Regulation 13 of the SEBI Takeover Code, the Investor Acquirers and the Promoter Acquirer has appointed Antique Capital Markets Private Limited as Manager to the Offer. Antique Capital Markets Private Limited does not hold any equity shares of the Target as on the date of this PA. Further, Skyline Financial Services Private Limited has been appointed as the Registrar to the Offer.

80. The Acquirers and their respective directors, where applicable, severally and jointly accept the responsibility for the information contained in this PA. The Investor Acquirers and the Promoter Acquirer are responsible for the fulfillment of its obligations under the SEBI Takeover Code.

81. This Public Announcement and the Letter of Offer will also be available on the SEBI's website (www.sebi.gov.in). For applying in this Offer, eligible persons to the Offer may also download a copy of the Letter of Offer, Form of Acceptance and Form of Withdrawal, which will also be available on SEBI's website and apply using the same.

Issued on behalf of the Acquirers by Manager to the Offer

ANTIQUE CAPITAL

ANTIQUE

Antique Capital Markets Private Limited
6th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
Tel: +91 22 4031 3300, Fax: +91 22 2202 2691
Email: sbpml.openoffer@antiquelimited.com
Website: www.antiquelimited.com
Contact Person: Kashyap Choksi / Sandeep Sharma

Place : Mumbai
Date : June 28, 2011

CONCEPT

Size: 32.9 x 20 sq.cm