# KLG CAPITAL SERVICES LIMITED

Registered Office: 204, Deep Market, 32, Wazirpur Community Centre, Ring Road, Delhi - 110052

# CASH OFFER OF RS. 37.50 PER SHARE FOR ACQUISITION OF UPTO 640,480 **EQUITY SHARES FROM SHAREHOLDERS/BENEFICIAL OWNERS (OFFER)**

This Public Announcement ("PA") is being issued by the  $\bf Networth \, Stock \, Broking \, Limited$ (hereinafter referred to as "the Manager to the Offer" or "NSBL), on behalf of the Awaita Properties Private Limited (hereinafter referred to as the "Acquirer"), pursuant to and in compliance with among others. Regulation 10 read with Regulation 12 of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "SEBI (SAST) Regulations, 1997"). No other person/individual/entity are acting in concert with the Acquirer for the purposes of this Offer. This is not a competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of KLG Capital Services Limited (hereinafter referred to as "Target Company"

Name of shareholder

- 1.1 Awaita Properties Private Ltd, a company incorporated under the provisions of the Companies Act, 1956, and having its registered Office at 8 J, North Stand, Vinno Mankand Gate, Wankhede Stadium, Churchgate, Mumbai – 400 020 (hereinafter referred to as "Acquirer" or "APPL") is making an Open Offer pursuant to Regulation 10 and Regulation 12 and in compliance with the SEBI (SAST) Regulations, 1997 to the hope before of KI of Capital Logical Limited. shareholders of KLG Capital services Limited, a company incorporated under the Companies Act, 1956 having its registered office at 204, Deep Market, 32, Wazirpur Community Centre, Ring Road, Delhi – 110052, (hereinafter referred to as "Target Company" or "KCSL").
- 1.2 The Acquirer have acquired 1,936,075 equity shares ("Sale Shares") of the Target Company representing 60.45% of total paid up equity share capital of KCSL which resulted into the triggering of SEBI (SAST) Regulations, 1997. These shares have acquired from the open market on Bombay Stock Exchange (hereinafter referred to as "BSE") by way of share transfer on the BOLT as follows:

| Date of acquisition   | No. of equity shares acquired | % w.r.t to the total<br>paid up capital of<br>the Target company | Price of each share (in Rs.) |
|---|-------------------------------|--|------------------------------|
| February 22, 2008   | 95,015                        | 2.97   | 33.65                        |
| February 25, 2008   | 129,773                       | 4.05   | 34.70                        |
| February 27, 2008*  | 1,711,287                     | 53.44  | 37.17                        |
| * w.r.t the shares acquired by APPL on February 27, 2008, the Acquirer has entered into |                               |  |                              |

- a Share Purchase Agreement with the Promoters and Promoter Group Individuals of the Target Company.
- 1.3 The Acquirer has entered in to Share Purchase Agreement dated February 27, 2008 and Deed of Indemnity dated February 27, 2008 (hereinafter collectively referred to as "SPA") with existing Promoters and Promoter Group of Target Company namely Mr. Kundan Lal Garg and other shareholders including individuals/ companies (more specifically setout in the below mentioned table), duly represented by Mr. Kundan Lal Garg (hereinafter collectively referred to as the "Sellers") for sale of Sellers' total existing holding of ,580,607 fully paid up equity shares representing 49.36% of the current paid-up equity share capital of Target Company for a total purchase consideration of Rs. 58,482,459/(Rupees fifty Eight million four hundred and eighty two thousand and four hundred fifty nine only) i.e. at a price of Rs. 37/- per share. (excluding applicable taxes) as follows

No. of Equity Shares | % w.r.t to the total

|   |   |           | paid up capital |  |  |
|---|---|-----------|-----------------|--|--|
|   | Mr. Kundan Lal Garg   | 165,140   | 5.16            |  |  |
|   | Mrs. Sushila Garg   | 209,310   | 6.54            |  |  |
|   | KL Garg HUF   | 342,535   | 10.7            |  |  |
|   | KLG Share Brokers Limited   | 320,000   | 9.99            |  |  |
|   | Schematic Securities Private Limited  | 299,920   | 9.37            |  |  |
|   | Mr. Vivek Garg  | 71,392    | 2.23            |  |  |
|   | Mr. Vineet Garg   | 61,000    | 1.9             |  |  |
|   | Mrs. Shakuntala Devi  | 46,200    | 1.44            |  |  |
|   | Mr. Ram Pratap Aggarwal   | 40,000    | 1.25            |  |  |
|   | Mr. Yogesh Bansal   | 25,110    | 0.78            |  |  |
|   | Total   | 1,580,607 | 49.36           |  |  |
| 4 | The Negotiated Price per Sale Share shall be paid in the form of cash. Acquirer has |           |                 |  |  |

- not paid any other monetary consideration, whether by way of any non-compete fee or otherwise, or pursuant to any non-compete agreement for acquisition of the shares of the Target Company. The Acquirer shall acquire the title and interest of the Sellers in and unto the said Sale Shares together with all benefits and rights and obligations attaching thereto only upon the completion of the Offer.
- 1.5 The Acquirer has not acquired directly or through any person, any equity shares in the Target Company during the twelve months preceding the date of this PA except as per the details given above. The Acquirer has not acquired any Equity Shares during the last 26 weeks period prior to the date of this PA by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment except as per the details given above. The Acquirer does not hold any equity shares carrying voting rights in the Target Company as on the date of this PA.
- 1.6 The Acquirer does not have any representatives on the board of the Target Company as on the date of this PA. However, the Acquirer proposes to reconstitute the board of directors of the Target Company upon completion of Open Offer formalities.
- 1.7 As on the date of this PA, the paid up equity share capital of the Target Company is Rs. 32,024,000/ represented by 3,202,400 equity shares of Rs. 10/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 6,404,800/- comprising of 640,480 equity shares of Rs. 10/- each is considered in terms of Regulation 21(5) of SEBI (SAST) Regulations, 1997 which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned.
- 1.8 As the aggregate equity stake of the Acquirer in the paid up equity share capital of the Target Company, after the transfer of shares covered in the SPA will be more than the stipulated threshold of 15%, in compliance with Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997, the Acquirer is hereby making a public announcement of (SAS) regulations, 1997, the Adulter is hereby making a public ammounteement the Offer to acquire upto 640,480 equity shares of Rs. 10/- each, representing 20.00% of the issued, subscribed and paid-up equity share capital of the Target Company, from the public shareholders of the Target Company, at a price of Rs. 37:50/- per share ("Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter. Equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon the closure of the Open Offer.
- 1.9 The Offer is not conditional on any minimum level of acceptance and the Acquirer will be obliged to acquire all the equity shares tendered in response to the Offer, subject to a maximum of 640,480 equity shares that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in this PA and the Letter of Offer ("LOF") to be mailed to the equity shareholders of the Target Company.
- 1.10 The Acquirer may purchase additional shares of the Target Company from the payer market or through negotiation or otherwise, after the date of this PA in accordance with Regulation 20(7) of SEBI (SAST) Regulations, 1997 and the details of such acquisition will be disclosed by the Acquirer within 24 hours of such acquisition to the Stock Exchanges where the equity shares of the Target Company are listed and to the Manager to the Offer in terms of Regulation 22(17) of Takeover Regulations.
- 1.11 Due to the operation of Regulation 2(1) (e) of SEBI Takeover Regulations, there may be persons who could be deemed to be persons acting in concert. However, they are not acting in concert with the Acquirer for the purpose of this Offer.

# Equity shares of the Target Company are listed on the BSE.

- 1.13 There are no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of the Target Company. 1.14 The acquirer are holding 1,936,075 equity shares representing 60.45 % of the total paid up/voting share capital of the Target Company as on the date of Public
- 1.15 Neither the Acquirer nor the Target Company nor the Seller have been prohibited by the Securities and Exchange Board of India (hereinafter referred to as "SEBI") from dealing in securities, in terms of direction under Section 11B of the Securities and ge Board of India Act, 1992 (hereinafter referred to as "SEBI Act") or under any of the Regulations made under the SEBI Act.
- 1.16 As the aggregate equity stake of the Acquirer in the paid up equity share capital of the Target Company, after the transfer of shares covered in the SPA will be more than the stipulated threshold of 15%, in compliance with Regulation 10 and 12 of the Takeover Regulations, the Acquirer is hereby making a public announcement of the Open Offer in terms of the SEBI (SAST) Regulations, 1997 to acquire upto 6,40,480 equity shares of Rs. 10/- each, representing 20.00 % of the total issued, subscribed and paid up capital / voting share capital of "KCSL" from the public shareholders of the Target Company, at a price of Rs. 37.50/- per share (Rupees Thirty Seven Rupees Repaise fifty only), calculated as per Regulation 20 (4) of SEBI (SAST) Regulations 1997 payable in cash subject to the terms and conditions mentioned hereinafter Equity shares that would be tendered in the valid form in terms of this Offer will be rred in favour of the Acquirer upon the closure of the Open Offe

# THE OFFER PRICE

- The shares of "KCSL" are at present listed on BSE. The shares of KCSL have been traded frequently on BSE where they are listed/ permitted to be traded during the preceding six calendar months prior to the month of this Public Announcement within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997.
- 2.2 The Annualized Trading turnover based on the trading volume in the shares of the Target Company on BSE during the period August, 2007 to January, 2008, the six

| calendar months p             | preceding the date of this PA  | is as follows | : *   |
|-------------------------------|--|---------------|---|
| Name of the<br>Stock Exchange | Total number of shares<br>traded during August, 2007<br>to January, 2008 |               | Annualized trading<br>turnover<br>(as % of total<br>number of listed<br>shares) |
| BSE                           | 382273   | 3202400       | 23.87   |
| (Source: www.bseindia.com)    |  |               |   |

2.3 As the annualized trading turnover is more than 5% of the total number of listed shares on BSE, the equity shares are deemed to be frequently traded on BSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations. Consequently, the minimum Offer Price in terms of Regulation 20(4) of the SEBI (SAST) Regulations, 1997 has been determined taking into account the following parameters

1. The negotiated price under the agreement referred to in

sub-regulation (1) of regulation 14

| 2. | Highest price paid by the Acquirer or the PACs for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks period preceding the date of PA.  | Rs. 37.17/-<br>per share |
|----|---|--------------------------|
| 3. | The average of the weekly high and low of the closing prices of the Equity Shares of KCSL for the 26 weeks period ended on February 29, 2008 i.e., preceding the date of Public Announcement on the stock exchange, where the shares are most frequently traded i.e. BSE. | Rs. 22.66/-<br>per share |
| 1  | The average of the daily high and low of the prices   | Re 3/1 66/-              |

of the Equity Shares of KCSL for the 2 weeks period ended on February 29, 2008 preceding the date of the per share Public Announcement where shares are most frequently traded i.e. BSE. (Source: www.bseindia.com)

Therefore, the Offer Price of Rs. 37.50/- per share in terms of Regulation 20(4) of the SFRI (SAST) Regulations, 1997 applicable for companies whose shares are frequently traded

is justified in view of this price being more than the highest of the above parameters. The Acquirer have not acquired Shares/voting rights of the Target Company during the 12 months period prior to the date of Public Announces acquired through open Market purchases.

- 2.5 As on date of this Public Announcement, the Acquirer holds 1,936,075 equity shares of the target company.
- 2.6 The Offer is not subject to any minimum level of acceptance from the shareholders i.e. it is not a Conditional Offer.
- 2.7 The Manager to the Open Offer i.e. Networth Stock Broking Limited does not hold any requity shares in the Target Company as on the date of this Public Announcement. The Manger to the Offer undertakes not to deal in the equity shares of KCSL upto a period of fifteen days after closure of the Offer.
- 2.8 This PA is being released, as per Regulation 15(1) of the SEBI Takeover Regulations, in Financial Express [English national daily all editions], Janasatta [Hindi national daily – all editions] and Navshakti [Marathi regional language daily – Mumbai edition] - as the registered office of the Target Company is situated in New Delhi and the equity shares of the Target Company are listed and frequently traded on BSE.

### INFORMATION ABOUT THE ACQUIRER

- Awaita Properties Private Limited was incorporated as a Private Limited Company on January 4, 1995 under the provisions of the Companies Act, 1956 to carry on the business of dealing in and purchasing land, development rights and immoveable properties as well as to erect and construct buildings and to sell, lease, let, mortgage or otherwise dispose of the lands, houses and buildings. Presently the Acquirer is in the business of dealing in, leasing, letting out and mortgage of the immoveable properties. The Registered Office of the APPL is situated at 8 J North Stand, Vinno Mankand Gate, Wankhede Stadium, Churchgate, Mumbai – 400 020, Tel. No.: +91 022 -2281 36 21, Fax No.: +91 022 2281 1956. The Acquirer Company was promoted by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi who are in control of the Acquirer. The Acquirer Company forms part of the Nikhili Gandhi/ Bhavesh Gandhi group of companies/entities. As on the date of this PA, the paid up equity share capital of the Acquirer is Rs. 21,837,700/- represented by 2,183,770 Equity Shares of Rs. 10/- each and the entire paid up equity share capital held by the promoters.
- 3.2 The Board of Directors of APPL includes Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and Mr. Manoj Mehta.
- 3.3 The brief audited financial highlights of the Acquirer Company for the year ended 31st March, 2007 are given below:

| Particulars                        | (Rs. in Lacs, except per share figures As on 31st March, 2007 (Audited) |
|------------------------------------|---|
|                                    | , , , ,   |
| Total Income                       | 293.81  |
| Total Expenditure                  | 108.03  |
| Net Profit after Tax               | 127.75  |
| Paid up Equity Share Capital       | 218.38  |
| Reserves & Surplus                 | 160.87  |
| Secured Loans                      | Nil   |
| Unsecured Loans                    | Nil   |
| Net deferred Tax Liability         | 31.78   |
| Net Fixed Assets                   | 375.00  |
| Investments                        | Nil   |
| Current Assets, Loans and advances | 1816.94   |
| Current Liabilities and provisions | 1780.90   |
| Earnings per Share ("EPS")         | 5.84  |
| Book Value per Share ("BV")        | 17.36   |
| Return on Net Worth ("RONW")       | 33.68 %   |

- Exchange and therefore, price-earnings ratio is not ascertainable. 3.5 For the purpose of determination of EPS, BV and RONW, ratios used are (a) EPS = Profit
- After Tax / Number of equity shares. (b) Net worth = Paid up equity share capital + Free Reserves – Miscellaneous Expenditure (to the extent not written off or adjusted), (c) BV = Net worth / Number of Equity shares and (d) RONW = Profit After Tax/Net worth X 100. 3.6 As on the date of this PA, the shareholding pattern of APPL is as follows:

|     | Name of shareholder  | No. of Equity Shares | % w.r.t to the total paid up capital |
|-----|----------------------|----------------------|--------------------------------------|
|     | Mr. Nikhil Gandhi    | 1,087,885            | 49.82                                |
|     | Mr. Bhavesh Gandhi   | 1,087,885            | 49.82                                |
|     | Mr. Prataprai Gandhi | 8,000                | 0.37                                 |
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3.7 The provisions of Chapter II of SEBI (SAST) Regulations, 1997 are applicable to the Acquirer and have made timely disclosures to the stock exchange as well as to the

#### INFORMATION ABOUT THE TARGET COMPANY 4.1 KLG Capital Services Limited was incorporated as a Public Limited Company under the

- companies Act, 1956 vide Certificate of Incorporation dated February 15, 1994 issued by Registrar of Companies, Delhi, and obtained certificate of commencement of business on March 22, 1994. At present, the Target Company has its Registered Office situated at 204, Deep Market, 32, Wazirpur Community Centre, Delhi – 110052, Tel. No.: +91 011-27377110, 27377111, Fax No.: +91 011 27377112.
- 4.2 KCSL was promoted by Mr. K. L. Garg, who is fellow member of the Institute of Chartered Accounts of India and has over 19 years of experience in the areas of auditing, taxation, company law matters and corporate financing. 4.3 KCSL came out with its maiden public issue of 1,920,000 equity shares in 1995.
- 4.4 As on date of the PA, the Equity shares of KCSL are listed on the BSE. The Equity Shares were also listed on the Delhi Stock Exchange Association Limited ("DSE"). Pusuant to approval of its shareholders, vide a special resolution, for delisting of its Equity Shares from the DSE, KCSL has received delisting approval from DSE (with effect from
- 4.5 KCSL was incorporated for the purpose of sale of securities, and is registered with Reserve Bank of India ("RBI") as a Non-Banking Finance Corporation (NBFC) without accepting public deposits under section 45IA of the Reserve Bank of India Act, 1934 vide RBI Certificate number (No.B-14.00140) dated October 16, 2002. The Target Company has been mainly doing the business of sale of securities till now. 4.6 Presently, the Target Company is engaged in the business of investments and inter
- corporate deposits. The investment activities of the Target Company have been major source of income of the company. The investment activities relates mainly to primary market i.e. investment in new issues and giving loans and advances. 4.7 The Authorised Share Capital of KCSL as on the date of Public Announcement is Rs 35 million, comprising of 3,500,000 equity shares of Rs 10/- (Rupees Ten Only) each. The
- issued, subscribed and paid-up equity share capital as on date of Public Announcement stood at Rs 32,024,000 comprising of 3,202,400 equity shares of Rs 10/- (Rupees Ten Only) each.
- 4.8 As on the date of this PA, the Board of Directors of KCSL includes Mr. Kundan Lal Garg, Mrs. Sushila Garg, Mr. Narinder Pal and Mr. Pawan Aggarwal
- 4.9 As on the date of this PA, KCSL has no subsidiary.
- 4.10 There are no partly paid up shares in the Target Company. The brief audited financial

| (Rs. in Lacs, except per share figures |                                  |  |
|--|----------------------------------|--|
| Particulars                            | As on 31st March, 2007 (Audited) |  |
| Total Income                           | 6.21                             |  |
| Total Expenditure                      | 3.88                             |  |
| Profit after Tax                       | 1.72                             |  |
| Equity Share Capital                   | 320.24                           |  |
| Reserves & Surplus                     | 50.61                            |  |
| Secured loans                          | Nil                              |  |
| Unsecured loans                        | Nil                              |  |
| Net Fixed Assets                       | 0.01                             |  |
| Investments                            | Nil                              |  |
| Current Assets                         | 371.34                           |  |
| Current Liabilities                    | 0.58                             |  |
| Earnings per Share                     | 0.06                             |  |
| Book Value per Share                   | 11.58                            |  |
| Return on Net Worth                    | 0.46%                            |  |

For the purpose of determination of EPS, BV and RONW, ratios used are (a) EPS = Profit After Tax/ Number of equity shares, (b) Net worth = Paid up equity share capital + Free Reserves – Debit balance in Profit & Loss account, (c) BV = Net worth / Number of Equity shares and (d) RONW = Profit After Tax/Net worth.

# REASONS FOR THE ACQUISITION, RATIONALE FOR THE OFFER AND FUTURE

- 5.1 The Acquirer is interested in taking over the management and control of KCSL. Thus, substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition of equity stake in the paid up equity share capital of the Target Company by the Acquirer as strategic investment is the object and purpose of this acquisition. Therefore, this offer is being made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997
- 5.2 The Offer to the Public shareholders of KCSL is for acquiring 20.00% of the total paid up capital / voting rights. After the proposed Offer, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.
- 5.3 Pursuant to substantial acquisition, the Acquirer will be in control of the management of the Target Company. The Acquirer does not currently have any plans to dispose of or otherwise encumber any assets of KCSL in the two years from the date of the closure of this Offer except to the extent required for the purpose of restructuring and/or rationalization of assets, operations, investments, liabilities, or otherwise of the Target Company for commercial reasons and operational efficiencies. The Acquirer hereby undertakes not to sell, dispose of or otherwise encumber any substantial asset of KCSL except with the prior approval of the shareholders of KCSL. The Acquirer would take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with apport wities or changes in the assessment. line with opportunities or changes in the economic scenario, from time to time.
- $5.4 \quad \text{The Acquirer propose to reconstitute the board of directors of the Target Company upon} \\$ completion of Open Offer formalities and the Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.
- 5.5 The Acquirer has an intention to diversify into property development/management and infrastructure related projects STATUTORY APPROVALS/OTHER APPROVALS REQUIRED FOR THE OFFER

# The Offer is subject to the approval of RBI, if any, under the Reserve Bank of India Act,

- 1934 and under the Foreign Exchange Management Act, 1999, and subsequent amendments thereto, for acquiring Equity Shares tendered by non resident shareholders, if any. KCSL shall make the application for the RBI approval, if any, after the closure of 6.2 As on the date of the PA, to the best of the Acquirer' knowledge, no other statutory
- approvals are required to be obtained for the purpose of this Offer. However, the Offer would be subject to all statutory approvals as may be required and/or may subsequently become necessary, to acquire Equity Shares at a later date, before completion of the  $6.3 \ \ To the best of the Acquirers' knowledge, (a) no approval from banks/financial institutions of the Company is required for the Acquirer to make this Offer and (b) other than the$
- approvals mentioned aforesaid, no other statutory or regulatory approval is required for the Acquirer to proceed with the offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirer will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1) (b) of the Regulations.
- 6.4 In case of delay in receipt of statutory approvals, as explained above, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to eligible

- shareholders of the Target company, 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, 1997, if there is any delay in receipt of statutory approval. If, however, the delay in obtaining the requisite approval takes place on account of any willful default by the Acquirer, then provisions contained in Regulation 22 (13) of the SEBI (SAST) Regulations, 1997 will also become applicable.
- 6.5 The Acquirer shall withdraw this offer if the statutory approval(s) required as above is refused as provided in Regulation 27 of the SEBI (SAST) Regulations, 1997.
- Continuous Listing/Option in terms of Regulation 21(2)
  - The minimum public shareholding required for continuous listing of the equity shares of the Target Company is 25% (twenty five) of the total issued equity share capital. The Acquirer entered into a SPA with the existing promoters of the Target Company to acquire their entire shareholding i.e. 49.36% of the current paid-up equity share capital and making this offer to acquire upto 20% of the paid up equity share capital. Post Open Offer, if the public shareholding falls to a level below the minimum public holding required for continuous listing, the Acquirer have undertaken to take necessary steps to facilitate compliance of KCSL with the relevant provisions thereof in terms of the provisions of regulation 21(2) of SEBI (SAST) Regulations (i.e., to enable KCSL to raise the level of public shareholding, to the levels specified for continuous listing specified in the listing agreement with the BSE, within the prescribed period). Therefore, pursuant to this Offer, there will be no violation of Clause 40A of the listing agreement of KCSL ith BSE on which its equity shares are listed and the equity shares will continue to

### FINANCIAL ARRANGEMENTS

The total fund requirement for the acquisition of up to 640,800 shares at Rs. 37.50/- per share is Rs. 24,018,000/- (Rupees Twenty Four Million Eighteen Thousand Only)

- 8.2 The Acquirer has opened a cash escrow account with Standard Chartered Bank, in their capacity as the Escrow Banker, having their office at, 270, D.N. Road, Fort, Mumba under the name and style of "NSBL-Escrow-KCSL-Open Offer" and bearing No. 22205371287 and deposited Rs. 6,005,000/- (Rupees Six Million and Five Thousand Only) being more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid offer price in accordance with Regulation 28 of the Takeover Regulations. The Acquirer has confirmed that the funds lying in the above mentioned cash escrow account will be utilized exclusively for the purpose of the Offer. The Acquirer has authorized the Manager to the Offer to operate the cash escrow account in compliance with Regulation 28 of the Takeover Regulations. The Acquirer and the Escrow Banker have marked a lien on the fixed deposit created from the funds in the account in favour of the Manager to the Offer. The Manager to the Offer is empowered to realise the value of the Escrow Account in terms of the Takeove Regulations.
- 8.3 The Acquirer has adequate resources to meet the financial requirements of the Offer The Acquirer has made firm financial arrangements for the Offer by means of internal accruals as well as realization of Loans & Advances & other receivables of the acquirer.

  Mr. Bharat Shah (Partner: B. G. Shah and Associates, Chartered Accountants, Membership no. 32281) have confirmed vide their certificate dated February 29, 2008, that the Acquire has adequate financial resources available for meeting its obligations under the Regulations for a value upto the maximum consideration
- 8.4 On the basis of the aforesaid financial arrangements and based on the Accountants' certificate, the Manager to the Offer, Networth Stock Broking Limited, hereby confirms the ability of the Acquirer to implement the Offer in accordance with the Takeover Regulations as firm financial arrangements are in place to fulfill the Offer obligations

#### 9. OTHER TERMS OF THE OFFER

- 9.1 A letter of offer ("Letter of Offer") specifying the detailed terms and conditions of the Offer together with a Form of Acceptance cum Acknowledgement ("Acceptance Form") and Transfer Deed (for shareholders holding shares in physical forms) will be mailed to the shareholders KCSL other than the Acquirer whose names appear on the Register of Members of KCSL and to the beneficial owners of the equity shares of KCSL whose names appear as beneficiaries on the records of the respective depositories i.e., National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), at the close of business hours on March 28, 2008, (the "Specified Date"). Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
- All owners (other than Acquirer) of equity shares, registered or unregistered, are eligible to participate in the Offer anytime before closure of the Offer.
- 9.3 The shareholders of KCSL are eligible to participate in the Offer anytime before the closure of the offer by sending their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and Transfer Deed(s) duly signed, to the Registrar to the Offer viz. Intime Spectrum Registry Limited having its office is at C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078 or their authorised bidding centres to be specified in Letter of Offer either by Registered Post, Courier or Hand Delivery (Between 10.00 a.m to 5.00 p.m on all working days), on or before the date of closure of the offer i.e. Friday, May 16, 2008 in accordance with the instructions specified in the Letter of Offer & Application Form (the "Registrar"). 9.4 Beneficial owners and shareholders who hold Shares in the physical form and wish to
- offer the Shares for sale pursuant to the Offer shall be required to send the Form of Acceptance-cum Acknowledgement, original share certificate(s) and transfer deed(s) and other documents as may be specified in the LOF, duly signed to the Registrar to the Offer viz. Intime Spectrum Registry Limited having its office is at C-13. Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078 or their authorised bidding centres to be specified in Letter of Offer either by Registered Post, Courier or Hand Delivery (Between 10.00 a.m to 5.00 p.m on all working days), on or before the date of closure of the offer i.e. Friday, May 16, 2008 in accordance with the instructions specified in the Letter of Offer & Application Form. 9.5 The Registrar to the Offer has opened a special depository account with Central Depository
- Services (India) Limited ("CDSL") for receiving equity shares during the Offer from eligible shareholders who hold equity shares in demat form.
- 9.6 Beneficial owners and shareholders who hold shares in the dematerialised form, will be required to send their Form of Acceptance-cum-Acknowledgement and other documents as may be specified in the LOF to the Registrar to the Offer viz. Intime Spectrum Registry Limited having its office is at Intime Spectrum Registry Limited having its office is at C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078 or their authorised bidding centres to be specified in Letter of Offer either by Registered Post, Courier or Hand Delivery (Between 10.00 a.m to 5.00 p.m on all working days), on or before the date of closure of the offer i.e Friday, May 16, 2008 along with a photocopy of the delivery instructions in "off-market" mode or counter foil of the delivery instructions in "off market" mode, or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Depository Participant ("DP"), in favour of the "Escrow Account-

| Depository       | : | Central Depository Services (India) Limited |
|------------------|---|---|
| DP Name          | : | Stock Holding Corporation of India Limited  |
| DP ID Number     | : | 16010100                                    |
| ISIN             | : | INE929C01018                                |
| Mode             | : | Off Market                                  |
| Client ID Number | : | 00361751                                    |

("NSDL") have to use inter depository delivery instructions slip for the purpose of

- crediting their equity shares in favour of the special depository account with CDSL. All owners (registered or unregistered) of shares of KCSL [except the parties to SPA viz (i) the Acquirer and (ii) the Sellers i.e. the Promoters of KCSL1 who own/hold equity hares at any time before the date of closure of the Offer are eligible to participate in
- 9.8 Unregistered owners of shares of KCSL can send their applications in writing to the Registrar on a plain paper stating (i) the name, address, number of shares held, number of shares offered, distinctive numbers and folio number(s), together with the original share certificate(s), and valid transfer deeds in the case of equity shares held in physical form or (ii) DP name, DP ID and client ID (collectively called "Shareholding Details") together with photocopy or counterfoil of the delivery instruction slip in "off-market" mode in the case of equity shares held in dematerialized form (iii) and the original contract note issued by the broker through whom they acquired their shares.
- 9.9 Owners of shares who have sent their equity shares for transfer should enclose Form of Acceptance-cum-Acknowledgement duly completed and signed copy of the letter sent to KCSL for transfer of shares, acknowledgement received thereon and valid share transfer form(s). Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the aforesaid special depository account should be received on or before 5.00 P.M up to the date of Closure of the Offer, i.e. Friday, May 16, 2008 else the application would be rejected.
- 9.10 Shareholders of KCSL who have lodged equity shares for transfer may either download the LOF and Acceptance Form from the SEBI's site (www.sebi.gov.in) or request for the Acceptance Form from the Registrar. The Acceptance Form, duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper stating the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number shall be sent to the Registrar along with the acknowledgement, if any, received from KCSL for having lodged the equity shares for transfer. Shareholders of KCSL who are attaching the acknowledgment are requested to direct KCSL in writing to retain the share certificates for onward submission 9.11 The Registrar will hold, in trust, the share certificates, equity shares lying to the credit
- of the special depository account, the Acceptance Form, if any and the transfer form/s on behalf of the shareholders of KCSL who have accepted the Offer, till the cheques drafts for the consideration and/or the unaccepted equity shares/share certificates are dispatched/returned
- 9.12 In case of non-receipt of the LOF, the eligible persons/shareholders of KCSL may send their consent, to the Registrar, on a plain paper stating the name, address, number of equity shares held, distinctive numbers, folio numbers, number of Shares offered, along with the documents to prove their title to such equity shares such as brokers note succession certificate/ original letter of allotment and valid equity shares transfer deed (one per folio), duly signed by all the shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with KCSL) and witnessed (if possible) by the Notary Public or a Bank Manager or the Member of the stock exchange with membership number, as the case may be, so as to reach the Registrar to the Öffer on or before 5.00 P.M upto the date of Closure of the Offer, i.e. by Friday, May 16, 2008. 9.13 In case of shareholders who have not received the LOF and holding equity shares in
- the dematerialized form may send their consent in writing to the Regist on a plain paper stating the name, addresses, number of Shares held, number of Shares offered, Depository name, Depository ID, Client ID along with a photocopy of the deliven instruction in "Off-market" mode or counterfoil of the delivery instruction in the "Offmarket" mode, duly acknowledged by the Depository Participant as specified in Para 8.7 above, so as to reach the Registrar to the Offer, on or before 5.00 P M upto the date of Closure of the Offer, i.e. by Friday, May 16, 2008. 9.14 Such equity shareholders can also obtain the LOF from the Registrar by giving an
- application in writing. 9.15 The equity shares are traded in dematerialized mode hence, the minimum marketable
- lot is one equity share. 9.16 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 of directions/orders from competent authority regarding these shares are not received together with the shares tendered under the Offer. The LOF, in such cases, would be forwarded to the concerned competent authority for further action at their end. In case the equity shares are in the name of tainted persons or the transfer of the equity shares was kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, such shares will not be accepted until the equity shares are cleared by the Special Court appointed for this purpose.
- 7 The following collection centre would be accepting the documents by Hand Delivery/ Regd Post/ Courier as specified above, both in case of physical and dematerialized form. The centre mentioned herein below would be open on all working days as follows Name & Address Intime Spectrum Registry Limited

Ms. Awani Thakkar

Contact Person

022-25960320 Contact Number Fax Number 022-25960329 klg.openoffer@intimespectrum.com E-mail

9.18 In terms of Regulation 22(5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOF, so as to reach Registrar to the Offer upto three working days prior to the date of Closure of the Offer i.e Friday, May 16, 2008. The withdrawal option can also be exercised by submitting the documents as per the instructions given below so as to reach the Registrar at the collection centre mentioned above as per the mode of delivery indicated therein on or

Business Hours: Mondays to Eridays between 10,00 a.m. to 5,00 n.m. Saturday between

10.00 a.m. to 1.00 p.m. The centres will be closed on Sunday and any other public

- before Friday, May 16, 2008. 9.19 The withdrawal option can be exercised on submitting (a) the form of withdrawal which will be sent to shareholders of KCSL along with the LOF and (b) the copy of the acknowledgment received from the Registrar while tendering the acceptances together with (a) name, address, distinctive numbers, folio number, and number of equity shares tendered in respect of equity shares held in the physical form and (b) name, address, number of equity shares tendered, DP name, DP ID, beneficiary account number i.e., client ID and photocopy of the delivery instruction in "off market" mode duly acknowledged by DP, in respect of dematerialized equity shares.
- 9.20 In case of non-receipt of the form of withdrawal, the above withdrawal application can be made on a plain paper. The consideration for equity shares accepted by the Acquirer will be paid by crossed account payee cheques/demand drafts. 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
- 9.21 Consideration up to Rs. 1,500/- 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. The payment of consideration for the accepted equity shares will be made by the Acquirer by cheque/ demand draft to the shareholders of the accepted equity shares within 15 days from the date of closure of the Offer i.e. Friday, May 16, 2008.
- 9.22 The Letter of Offer along with Form of Acceptance cum acknowledgement/ withdrawal would also be available at SEBI's website http://www.sebi.gov.in/ and shareholders can also apply by downloading such forms from the website 10. PROCEDURE FOR ACCEPTENCE AND SETTLEMENT
- 10.1 The Offer is not conditional on any minimum level of acceptance. In the event that the shares tendered in the Offer by the shareholders of KCSL are more than the shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.
- 10.2 Shareholders who have offered their equity shares under the Offer would be informed about acceptance or rejecting of the Offer within 15 days from the date of Closure of the Offer. The payment of consideration to those shareholders whose Shares or share certificates and / or other documents are found complete, valid and in order will be made by way of a crossed account payee cheque, demand draft or pay order only in favour of the first holder of equity shares. Such consideration or unaccepted Share Certificates(s), transfer deed (s) and other documents, if any, will be returned by registered post at the shareholders/unregistered owner's sole risk. For shares, which are tendered in electronic form, the Bank account as obtained from the beneficiary position provided by the Depository will be considered and the payment will be issued with the said bank particulars. Shares held in dematerialized form to the extent not accepted or shares withdrawn will be credited back to their beneficial owner's depository account with their respective depository participants as per the details furnished by their beneficial owners in the Form of Acceptance-cum-Acknowledgement and the intimation of the same will be send to the respective shareholders. The Acquirer is required to deduct tax on source as may be applicable.
- 10.3 All Shares tendered in the Offer shall be free from lien, charges and encumbrances of any kind whatsoever.
- 10.4 The Registrar to the Offer will hold in trust the equity shares/ share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form (s) on behalf of the shareholders of KCSL who have accepted the Offer, until the cheques/drafts/ pay orders for the consideration and/or the unaccepted shares/ share certificates are dispatched/ returned.

### 11. TIME SCHEDULE OF THE OFFER

11.1  $\underline{A}$  schedule of the activities pertaining to the Offer is given below:

| Activities   | Schedule                  |
|--|---------------------------|
| Public Announcement Date   | Monday, March 3, 2008     |
| Specified Date*  | Friday March 28, 2008     |
| Last date for competitive bid  | Friday April 18, 2008     |
| Last Date by which Letter of Offer will be dispatched to the Shareholders of KCSL  | Monday April 07, 2008     |
| Date of Opening of the Offer   | Friday April 25, 2008     |
| Last date for revising the Offer Price / Offer size  | Friday May 09, 2008       |
| Last date of withdrawal of tendered application by the Shareholders of KCSL  | Tuesday May 13, 2008      |
| Date of Closing of the Offer   | Friday May 16, 2008       |
| Date of communicating acceptance/rejection and<br>payment of consideration for accepted Shares<br>and/or return of Share/Share Certificates for<br>applications rejected | Friday May 30, 2008       |
| *Specified Date is only for the purpose of determining th  | e names of shareholders o |

KCSL as on such date to whom the letter of offer would be sent

### 12. GENERAL CONDITIONS

- 12.1 While tendering equity shares under the Offer, non resident shareholders (Non Resident Indians/Overseas Corporate Bodies/Foreign shareholder) will be required to submit the previous RBI approval (specific or general) that they would have been required to submit to acquire the shares of KCSL. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such shares tendered. While tendering the shares under the Offer, NRI/OCBs/foreign shareholders will be required to submit a Tax Clearance Certificate from Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income-tax Act, 1961 (the "Income Tax Act") before remitting the consideration. In case the aforesaid Tax Clearance Certificate ("TCC") is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder
- 12.2 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ("FII") as defined in section 115AD of the Income Tax Act. However, the interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, Fils shall also have to provide their TCC, indicating the amount of tax to be deducted. In absence of the same, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of shareholder under the Income Tax Act, 1961.
- 12.3 Securities transaction tax will not be applicable to the shares accepted in this Offer. 12.4 In case of resident shareholders of KCSL, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the current prevailing rates, as applicable, if applicable. If the resident shareholder of KCSL requires that no tax is to be deducted or x is to be deducted at a lower rate than the prescribed rate, he will be required to submit No Objection Certificate from the income tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirer Shareholders of KCSL eligible to receive interest component exceeding Rs. 5.000/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 becoming liable to pay interest for delay in release of purchase consideration 12.5 The Acquirer reserves the right to withdraw the Offer pursuant to Regulation 27 of the SEBI (SAST) Regulations, 1997. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which this public announcement
- 12.6 In accordance with Regulation 2(5A) of the SEBI (SAST) Regulations, 1997, shareholders who have accepted the Offer by tendering the requisite documents in terms of the public announcement / Letter of Offer can withdraw the same up to three working days prior to the date of Closure of the Offer i.e upto Friday May 16, 2008. 12.7 The withdrawal of shares will be available only for the Share certificates/ Shares that
- have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account. 12.8 The intimation of returned shares to the Shareholders will be sent at the address as per the records of KCSL/Depository as the case may be.
- 12.9 The Acquirer can revise the Offer price upwards up to 7 working days prior to the closure of the Offer i.e. Friday, May 18, 2008 and if there is any upward revision in the Offer Price up to 7 (seven) working days prior to the date of closure of the Offer, the same would be informed by way of a public announcement in the same newspapers where this PA appears and the revised price would be payable to all shareholders of KCSL who have tendered their equity shares anytime during the Offer.
- 12.10 If there is a competitive bid:
- (a) The Public Offer under all the subsisting bids shall close on the same date.
- (b) As the Offer Price cannot be revised during the seven working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of shareholders to wait until the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.
- 12.11 The Acquirer and the Directors of the Acquirer accept full responsibility for the information contained in this Public Announcement (except for the information regarding the Target Company which has been compiled from the publicly available information) and also for the obligations of the Acquirer as laid down in the Takeover Regulations and subsequent amendments made thereof.
- 1212 Pursuant to Regulation 13 of the SEBI (SAST) Regulations, 1997, the Acquirer has appointed Networth Stock Broking Limited as Manager to the Offer. As on the date of this announcement, the Manager to the Offer does not hold any shares in KCSL.
- 1213 Some financial data contained in this Public Announcement has been rounded off to the nearest Lacs, million or crore (as the case may be), except where stated otherwise. 1214 For further details please refer to the Letter of Offer and the Form of Acceptance-cum-
- 12.15 This Public Announcement is being issued on behalf of the Acquirer by the Manager to the Offer, Networth Stock Broking Limited and manager to the Offer does not hold any equity shares of the Target Company SEBI web site

This PA would also be available on SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of the LOF and Acceptance Form which will be available on SEBI's website from the date of opening of the Offer i.e., April 25, 2008 and send their acceptances by filling in the same. REGISTRAR TO THE OFFER MANAGER TO THE OFFER

#### Networth NETWORTH STOCK BROKING LIMITED INTIME SPECTRUM REGISTRY LTD. 143, Mittal Court, 'B' Wing, 14" Floor, C-13, Pannalal Silk Mills Compound 224. Nariman Point L.B.S. Marg, Bhandup (West), Mumbai - 400 021. Mumbai-400 078 Tel. No.: +91-22-3028 6389 Tel No :022-25960320 Fax No.: +91-22-2283 6313 Fax No.:022-25960329 Contact Person: Shri Anil Mehta Contact Person :Ms. Awani Thakkar Email: kcsl\_appl@nsbl.co.in Email: klg.openoffer@intimespectrum.com SEBI Registration No.: INM000011013

### Issued on behalf of the Board of Directors of Acquirer by Manager to the Offer

Date: Monday, March 3, 2008 Place : Mumbai

SEBI Registration No.: INR000003761