

**PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF  
WELLWORTH SECURITIES LIMITED**

(Regd. Office: 5, Jatindra Mohan Avenue, Kolkata- 700 006)

This Public Announcement ("PA") is being issued by VC Corporate Advisors Pvt. Ltd., ("VCAPL" or "Manager to the Offer") on behalf of, Mr. Sandeep Jhaveri & Mrs. Rajul S. Jhaveri (herein after collectively referred to as the "Acquirers") pursuant to Regulation 11(2) and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "Regulations").

**1. THE OFFER:**

- a) This open offer ("Open Offer") is being made by Mr. Sandeep Jhaveri & Mrs. Rajul S. Jhaveri, both residing at Crest, 9<sup>th</sup> Road (N-S) No-21, Nutan Laxmi Society, 6<sup>th</sup> Floor, JVPD Scheme, Vile Parle (w), Mumbai- 400 049, Ph No.022-2625 4659/60, Fax No. 022-2624 0257 to the Equity Shareholders of Wellworth Securities Limited (hereinafter referred to as "Target Company" or "WSL").
- b) The Acquirers have entered into Share Purchase Agreements all, dated 28/02/2007 ("SPA" or "Agreement") to acquire in aggregate 1,75,000 (One Lakh Seventy Five Thousand) fully paid-up equity shares of Rs. 10/- each representing 5.69% of the total fully paid-up equity and voting share capital of WSL from Mr. Harish Kumar, residing at WZ 285B, Gali No. 11, Lajwanti Garden, P.O. Nanagalraya, New Delhi – 110 046 (75000 Equity Shares), Mr. Agnepat Dinesh residing at 13, Darling Apartment, Mini Land, Tank Road, Bhandup (W), Mumbai – 400078 (50000 Equity Shares) and Mr. Anil Somani residing at Plot No. 15, Venkatesh Gurukripa, Housing Society, Shanwarwadi, Aurangabad – 5 (50000 Equity Shares) (hereinafter collectively referred to as "Sellers") at a price of Rs.3/- per fully paid up equity share payable in cash ("Negotiated Price"). The total consideration for the shares acquired as mentioned above is Rs 5,25,000/- (Rupees Five Lakhs Twenty Five Thousands only). The sellers don't belong to the Promoter/Promoter group.
- c) The Acquirers are presently holding 21,21,000 Equity shares representing 68.97% fully paid up equity and voting share capital of the Target Company. Subsequent to entering into SPA, the Acquirers shall be holding 22,96,000 Equity Shares representing 74.66% of the total equity and voting share capital of the Target Company and that resulted the triggering of the Regulations. The Promoter group of the Target Company comprises of Acquirers only.
- d) The Acquirers have not acquired any equity shares of the Target Company during the twelve months preceding the date of this PA except those forming part of SPA.
- e) The Acquirers are now making this Open Offer to the shareholders of WSL (other than the parties to the Agreement) to acquire from them upto 6,15,000 fully paid-up Equity Shares of Rs.10/- each, representing 20% of the fully paid-up equity and voting share capital at a price of Rs.5/- per share ("Offer Price") payable in cash subject to terms and conditions mentioned hereinafter. WSL doesn't have any partly paid up shares as on date of this PA.
- f) The shares of WSL are listed on The Calcutta Stock Exchange Association Limited (CSE), The Gauhati Stock Exchange Association Limited (GSE) and The Ahmedabad Stock Exchange Limited (ASE). As per available information, the equity shares of WSL are infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations and therefore the Offer Price has been determined taking into account the following parameters: -
  - i. The Negotiated price under the Agreement is Rs.3/- per share.
  - ii. The Acquirers have not acquired any equity shares of WSL during the 26 weeks prior to the date of PA including by way of allotment in a public, rights or preferential issue.

- iii. Other parameters as per Audited Accounts for the year-ended 31.03.2006 such as the Earning per share and return on networth are negative. The book value per equity share as on 31.03.2006 is Rs. 9.74
- iv. The P/E multiple of the WSL considering the Offer Price of Rs.5/- per share works out to be infinite. The average industry P/E for the sector in which WSL operates is 18.4 (Source: Capital Market Journal Vol.XXI/23 January 15-28, 2007, Industry-Finance-Investments)

The last traded price of the equity shares on CSE was on 25.10.2000 at Rs.2.30 per share. (Source: CSE Official Quotation).

Mr. Sanjeev Kejriwal, proprietor of Kejriwal Sanjeev & Co. (Membership No. 061290) Chartered Accountants, having office at 34A, Metcalfe Street, 8<sup>th</sup> Floor, Kolkata – 700 013 Ph: (033) 4003 7479 Fax no. (033) -2211 0399 E-mail – sanjeevkejriwal@yahoo.com, have undertaken a valuation exercise to determine the value of the equity shares of WSL and furnished a report in this regard. The relevant extracts of the report dated 28/02/2007 is stated as under: -

- Net Asset Value: The Net Asset Value is Rs.9.74 per equity share as per the audited annual accounts for the year-ended 31.03.2006.
- Profit Earning Capacity Value (PECV): The average profit after tax for last 3 financial years ending on 31.03.2006 as per audited annual accounts are Rs. (-) 2.37 Lacs. Therefore, PECV of the Company is considered as NIL.
- Market based value: Average of the weekly high & low of the closing prices of the shares of WSL as quoted on CSE, ASE and GSE where the shares of the Company are infrequently traded during the last 26 weeks is Rs. Nil.

Considering the Supreme Court decision in the Hindustan Lever Employees Union vs. Hindustan Lever Limited, 1995 (83 Com. Case 30), wherein the Honorable Court had opined that the fair value of a listed company could be assessed based on the following weightages: Net Asset Value:1; Earnings Based Value: 2; Market Based Value:2

Given the NAV of Rs.9.74, PECV of Rs. NIL as assessed above and the average market price for the last 26 weeks Rs.Nil, if one were to apply this approach, the share price based on the weighted average would be Rs.1.95 per equity share.

Therefore, based on the fair value of Rs.1.95 per share as calculated above, the negotiated price under Agreement of Rs.3/- per share and the loss made by the company during the last financial year 2005-06, in the opinion of the Manager to the Offer and the Acquirers, the Offer price of Rs.5/- per share is justified in terms of Regulation 20(5).

- g) As on the date of PA, the Manager to the Offer does not hold any equity share in the Target Company. They declare and undertake not to deal in the shares of WSL during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.
- h) For the purpose of this Offer, there are no persons acting in concert as per the Provisions of Regulations 2(1)(e) of the Regulations.
- i) The Offer is not subject to any minimum level of acceptances from shareholders and is not a conditional Offer.
- j) The Acquirers will accept all the equity shares of WSL those are tendered in valid form in terms of this offer upto maximum 6,15,000 equity shares of Rs. 10/- each representing 20% of equity and voting share capital of WSL.

- k) This is not a competitive bid.
- l) The Acquirers have undertaken to comply with the Regulations and complete the Offer formalities irrespective of the compliance or fulfilment or outcome of the Agreement and its related conditions.
- m) Neither the Acquirers nor the Target Company has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.
- n) The Offer is not as a result of global acquisition resulting in indirect acquisition of WSL.

## **2. INFORMATION ABOUT THE ACQUIRERS:**

- a) **Mr. Sandeep Jhaveri**, aged about 47 years, residing at Crest, 9<sup>th</sup> Road (N-S) No-21, Nutan Laxmi Society, 6th Floor, JVPD Scheme, Vile Parle (w), Mumbai- 400 049 has more than 20 years of experience in Packaging & Steel Industry, Construction & Investment activities. His networth as on 31/03/2006 as certified by Mr. Sanjeev Kejriwal, proprietor of Kejriwal Sanjeev & Co. (Membership No. 061290) Chartered Accountants, having office at 34A, Metcalfe Street, 8<sup>th</sup> Floor, Kolkata – 700 013 Ph: (033) 4003 7479 Fax no. 033-2211 0399, vide their certificate dated 28/02/2007 is Rs.1195.00 Lacs. He is presently the Managing Director of Jhaveri Flexo India Limited.
- b) **Mrs. Rajul S. Jhaveri**, aged about 46 years is residing at Crest, 9<sup>th</sup> Road (N-S) No-21, Nutan Laxmi Society, 6th Floor, JVPD Scheme, Vile Parle (w), Mumbai- 400 049. She has done her graduation from Poddar College, Mumbai and has also done Diploma in Textile Designing. She has more than 12 years of experience in finance and investment related activities. Her networth as on 31/03/2006 as certified by Mr. Sanjeev Kejriwal, proprietor of Kejriwal Sanjeev & Co. (Membership No. 061290) Chartered Accountants, having office at 34A, Metcalfe Street, 8<sup>th</sup> Floor, Kolkata – 700 013 Ph: (033) 4003 7479 Fax no. 033-2211 0399, vide their certificate dated 28/02/2007 is Rs.566.00 Lacs. She is presently the Chairperson of Jhaveri Flexo India Limited.
- c) The Acquirers are husband & wife.
- d) As on the date of Public Announcement, Mr. Sandeep Jhaveri is on the Board of WSL. He undertakes not to participate in any matters concerning or relating to the Offer including any preparatory steps leading to the Offer.

## **3. INFORMATION ABOUT THE TARGET COMPANY (WSL):**

- a) WSL having its Registered Office at 5, Jatindra Mohan Avenue, Kolkata-700 006, was incorporated under the Companies Act, 1956 on 25/10/1994. The Company received certificate of commencement of business pursuant to Section 149(3) of the Companies Act, 1956 on 8/11/1994. The Shareholders of the Company have passed a special resolution through postal ballot for shifting of registered office from the state of West Bengal to state of Maharashtra and the postal ballot result were taken on record on 25/01/2006. The Target Company's petition is currently pending with Company Law Board, Kolkata Bench for approval.
- b) As on the date of this Public Announcement, the Issued, Subscribed & Paid-up Equity Share Capital of WSL is Rs.3, 07,50,000/- divided into 30,75,000 equity shares of Rs.10/- each fully paid up. As per the audited annual accounts for the year ended 31.03.2006, the Issued, Subscribed & Paid-up Equity Share Capital of WSL was Rs.3, 08,13,250/- divided into 31,00,000 equity shares of Rs.10/- each consisting of 30,75,000 fully paid up shares and 25,000 Partly paid up shares with call in arrear of Rs 1,86,750/-. The Board of Directors of

the Company in their meeting held on 28<sup>th</sup> January 2007 have forfeited the partly paid up equity shares. There are no partly paid up shares as on the date of PA.

- c) WSL is presently engaged in the business of investment in shares & securities and of providing loans and advances. WSL is a RBI registered non-banking financial company having Registration No.05.01354 dated 31.03.1998.
- d) The Equity Shares of WSL are listed at CSE, ASE and GSE. The Company has regularly complied with various clauses of the Listing Agreement. The shares of the Target Company are not admitted as permitted security in any other Stock Exchange.
- e) As per the audited financial results of WSL for the year-ended 31.03.2006, the total income and net loss of WSL was Rs.10.85 lacs and Rs. 6.49 lacs respectively. The networth and book value per share of WSL as on 31.03.2006 are Rs.300.16 Lacs and Rs.9.74 respectively. The Earning per share and return on networth are both negative.

#### **4. REASONS FOR THE OFFER AND FUTURE PLANS ABOUT TARGET COMPANY:**

- a) This Offer is made in compliance of and in accordance with Regulation 11(2) of the SEBI (SAST) Regulations, 1997 pursuant to the acquisition of shares as stated in para 1(b) above resulting in consolidation of holdings of the Acquirers in WSL.
- b) The Acquirers do not have any plans to dispose off or otherwise encumber any assets of WSL in the next two years except in the ordinary course of business of WSL and / or for the purposes of restructuring, rationalizing and / or streamlining various operations, assets, liabilities, investments, businesses or otherwise of WSL.
- c) The Acquirers undertake not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

#### **5. STATUTORY APPROVALS/ OTHER APPROVALS REQUIRED FOR THE OFFER:**

- a) The Offer is subject to receiving the necessary approval(s), if any, from Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring equity shares tendered by non-resident shareholders, if any.
- b) As on the date of this PA, to the best of the knowledge of the Acquirers, there are no other statutory approvals and / or consents required. However, the Offer would be subject to all-statutory approvals as may be required and / or may subsequently become necessary to acquire at any later date.
- c) In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of SEBI (SAST) Regulations, 1997. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 22(13) of the Regulations will also become applicable.
- d) No approval is required from any bank or financial institutions, of this Offer, to the best of the Knowledge of the Acquirer.

## **6. DISCLOSURE IN TERMS OF REGULATION 21 OF THE REGULATIONS**

In the event, pursuant to this offer, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirers will, in accordance with Regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the Stock Exchanges within the specified time and in accordance with the prescribed procedure under clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

## **7. FINANCIAL ARRANGEMENTS:**

- a) The Acquires have adequate financial resources and have made firm financial arrangement for the implementation of the Offer in full out of their own sources / networth and no borrowings from Banks/ FIs or Foreign sources is envisaged. Mr. Sanjeev Kejriwal, proprietor of Kejriwal Sanjeev & Co. (Membership No. 061290) Chartered Accountants, having office at 34A, Metcalfe Street, 8<sup>th</sup> Floor, Kolkata – 700 013 Ph: (033) 4003 7479 Fax no. 033-2211 0399 E-mail – sanjeevkejriwal@yahoo.com, vide certificate dated 28/02/2007 has certified that sufficient resources are available with the Acquirers for fulfilling the obligations under this “Offer” in full.
- b) The total fund requirement for the Offer is Rs.30, 75,000/- (Rupees Thirty Lacs Seventy Five Thousand Only). In accordance with Regulation 28 of the Regulations, the Acquirers have opened an Escrow account in Tamilnad Mercantile Bank Ltd., 58D, N.S.Road Branch, Kolkata-700001 and deposited therein Rs.8,00,000/- being more than 25% of the total consideration payable to the shareholders under the Offer.
- c) The Manager to the Offer, VC Corporate Advisors Private Ltd. has been duly authorized by the Acquirers to operate & realize the value of Escrow Account in terms of the Regulations.
- d) The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the offer obligations.

## **8. OTHER TERMS OF THE OFFER:**

- a) The Letter of Offer ("LO") together with Form of Acceptance cum Acknowledgement shall be mailed to those equity shareholders of WSL (other than the shareholders who are parties to the agreement) whose names appear on the Register of Members of WSL and to those beneficial owners of the Equity shares of WSL, whose names appear as beneficiaries on the records of the respective Depository Participant ("DP"), at the close of business hours on 16/03/2007 ("Specified Date"). The LO along with Form of Acceptance ("FoA") and Form of Withdrawal ("FoW") would also be available at SEBI's website: [www.sebi.gov.in](http://www.sebi.gov.in) from the date on which Offer opens. Eligible persons to the offer may download these forms for their use.
- b) Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant in favour of the Special Depository Account, to the Registrar to the Offer, in accordance with the instructions to be specified in the LO.
- c) Shareholders holding equity shares in physical form who wish to accept the Offer and tender their shares, will be required to send their (i) duly signed FoA, (ii) original share certificate(s), (iii) duly signed and executed transfer deed(s) and other documents to the Registrar to the Offer, in accordance with the instructions specified in the LO.

- d) All owners (registered or unregistered) of the shares of WSL (except parties to the Agreement) are eligible to participate in the Offer. Unregistered shareholders / Owner of shares who have sent shares for transfer can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, No. of shares offered, Distinctive Nos., Folio No., together with Original share certificate(s), valid share transfer deeds and a copy of contract note issued by the broker through whom they have acquired their shares. No indemnity is required from unregistered shareholders.
- e) In case of non-receipt of LO, the eligible persons may send their consent, to the Registrar to the Offer, on a plain paper stating the Name & address of the first holder, Name(s) & address(s) of joint holders(s) if any, Regd. Folio No., Share Certificate No., Distinctive Nos., No of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer i.e. 12/05/2007 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer on a plain paper stating the Name, Address, No. of shares held, No. of Shares offered, DP Name, DP ID No., Beneficiary account number and a photocopy of the delivery instruction in "Off Market" mode, duly acknowledged by the DP, in favour of special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer i.e. 12/05/2007.
- f) The Acquirers have appointed Niche Technologies Pvt Ltd. as the Registrar to the Open Offer ("Registrar"). The Registrar has opened a special depository account with Shilpa Stock Broker Pvt Limited in Central Depository Services (India) Limited ("CDSL") styled "Niche Technologies Pvt Ltd.-WSL-Escrow A/c". The DP ID is 25700 and Beneficiary Client ID is 1202570000023564. Shareholders having their beneficiary account in National Securities Depository Limited ("NSDL") have to use inter depository delivery instruction for the purpose of crediting their equity shares in favour of Special Depository Escrow Account with CDSL.
- g) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Escrow Account should be received on or before the closure of the Offer, else the application would be rejected.
- h) In case the shares tendered in the Offer by the shareholders of WSL are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provision of Regulation 21(6) of the Regulations on a proportionate basis. The marketable lot for both physical and demat shares is 1(One).
- i) The Registrar will hold in trust the share certificates, shares lying to the credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of WSL who have accepted the Offer, till the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are dispatched / returned.
- j) The consideration for the shares accepted by the Acquirers will be paid by crossed account payee cheques/ demand drafts. Such payments and documents in case of unaccepted shares will be returned by registered post / speed post at the shareholders / unregistered owners' sole risk. Shares held in dematerialised form to the extent not accepted will be credited back to the account of beneficial owner specified in the acceptance form. Communication of acceptance / rejection and the payment of consideration for the accepted shares will be made by the Acquirers in cash through cheque/ demand draft to the shareholders of accepted shares within 15 days from the date of the closure of the Offer.
- k) In terms of Regulation 22(5A), shareholders shall have the option to withdraw acceptance tendered upto three working days prior to the date of closure of the Offer by submitting the documents as specified below, so as to reach the Registrar to the Offer. The withdrawal can

be exercised by submitting FoA enclosed with Letter of Offer. In case of non-receipt of FoA, the withdrawal can be exercised by making plain paper application alongwith the following details:

- In case of physical shares: Name, address, distinctive numbers, folio nos., number of shares tendered / withdrawn.
  - In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of delivery instruction in “off market” mode or counterfoil of the delivery instruction in “off market” mode, duly acknowledged by the DP in favour of the Depository Escrow Account.
- l) The shares withdrawn by the shareholders, if any would be returned by registered post, in case of physical shares.
- m) The Acquirers undertake to pay interest pursuant to Regulation 22(12) to the shareholders for the delay, if any, in payment of consideration.
- n) A schedule of some of the major activities in respect of the Offer is given below:

<b>Activity</b>	<b>Date</b>	<b>Day</b>
Specified date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be sent)	16.03.2007	Friday
Date by which the Letter of Offer will be despatched to shareholders	16.04.2007	Monday
Date of Opening of the Offer	23.04.2007	Monday
Date of Closing of the Offer	12.05.2007	Saturday
Last Date for a Competitive Bid	26.03.2007	Monday
Last date for revising the Offer Price / No.of Shares	02.05.2007	Wednesday
Last Date for withdrawal of acceptance by shareholders who have accepted the Offer	08.05.2007	Tuesday
Date of communicating rejection / acceptance and payment of consideration for applications accepted.	26.05.2007	Saturday

## 9. GENERAL:

- a) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto 08/05/2007 i.e. three working days prior to the date of Closure of the Offer.
- b) If there is any upward revision in the Offer Price upto seven working days prior to the closure of the Offer i.e. 12/05/2007 or withdrawal of the Offer, the same would be informed by way of PA in the same newspapers where this PA appears and the revised Price would be payable to all the shareholders who have tendered their shares any time during the Offer.
- c) The Acquirers, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of the direction issued u/s 11B of the SEBI Act or under any other regulations made under the SEBI Act.

**d) If there is a competitive bid:**

♦ **The Open Offers under all the subsisting bids shall close on the same day.**

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

- e) There is no non-compete agreement.
- f) Pursuant to Regulation 13 of the Regulations, the Acquirers have appointed VC Corporate Advisors Private Ltd, Kolkata, as the Manager to the Offer.
- g) Niche Technologies Pvt Ltd. of 71, B. R. B.Basu. Road, D-511, Bagree Market, Kolkata – 700 001 Ph: (033) 2235-7271 Fax: (033) 2215 6823 Email: [seema@nichetechpl.com](mailto:seema@nichetechpl.com) is the Registrar to the Offer. The contact person is Ms. Seema Bhuwalka.
- h) The Acquirers accept full responsibility for the information contained in this Public Announcement and also for her obligations as laid down in the Regulations.
- i) This PA will be available on SEBI's website at [www.sebi.gov.in](http://www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the LO along with Form of Acceptance and Form of Withdrawal which will also be available on the SEBI's website from the Offer opening date i.e.23/04/2007 and apply in the same.
- j) For further details, please refer to the LO & Form of Acceptance.

**Issued by Manager to the Offer on behalf of the Acquirers:**

**Manager to the Offer:**



VC CORPORATE ADVISORS PRIVATE LIMITED

(Contact Person: Tanmay Kumar Saha)

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Place: Kolkata

Date : 05.03.2007