

## LETTER OF OFFER

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

This Letter of Offer is sent to you as shareholder(s) of the Bell Ceramics Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer, Centrum Capital Limited or the Registrar to the Offer, Link Intime India Private Limited. In case you have recently sold your equity shares in Bell Ceramics Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgment, Form of Withdrawal and Transfer Deed to the purchaser of the equity shares or the member of stock exchange through whom the said sale was effected.

#### CASH OFFER AT ₹25.00/- (RUPEES TWENTY FIVE ONLY) PER FULLY PAID UP EQUITY SHARE

Pursuant to regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

#### TO ACQUIRE

Up to **24,34,762** fully paid up equity shares of ₹ 10/- each representing 20% of the issued equity share capital from the existing equity shareholders of **Bell Ceramics Limited (“BCL/Target Company”)** having its registered office at Dora Village, Amod Taluka, Bharuch 392230  
Tel: 02641 – 235151/235153, Fax: 02641-235160

#### By

#### **Orient Ceramics and Industries Limited (“OCIL/Acquirer”)**

having its registered office at 8, Industrial Area, Sikandrabad – 203205, District Bulandshahr (U.P.)  
Tel: 05735-222203, Fax: 05735-222642

along with

#### **Mr. Mahendra K. Daga**

residing at D-1/6, Vasant Vihar, New Delhi – 110 057, Tel No: 011-47119203, Fax No.: 011-28521273

#### **Ms. Sarla Daga**

residing at D-1/6, Vasant Vihar, New Delhi – 110 057, Tel No: 011-47119203, Fax No.: 011-28521273

#### **Freesia Investment and Trading Company Limited**

having its registered office at Iris House, 16, Business Centre, Nangal Raya, New Delhi – 110 046,  
Tel No: 011-028520168, Fax No: 011-28521273

#### **and Morning Glory Leasing and Finance Limited**

having its registered office at Iris House, 16, Business Centre, Nangal Raya, New Delhi – 110 046,  
Tel. No:- 011-28520168, Fax No:- 011-28521273

(hereinafter collectively referred to as “Persons Acting in Concert” or “PACs”)

#### ATTENTION:

1. This Offer is being made pursuant to and in accordance with the regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto (“SEBI (SAST) Regulations” or “Regulations”).
2. The Offer is not subject to any minimum level of acceptance by the shareholders of BCL.
3. The Offer is subject to the Acquirer obtaining all approvals under foreign exchange laws including approval from Reserve Bank of India and the Foreign Investment Promotion Board, if any, for acquiring Shares in the Offer (described in the section XII below) or all statutory other approvals as may become applicable even at a later date.
4. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / the Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of the Offer i.e. December 13, 2010.
5. If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. December 02, 2010 the same would be informed by way of a public announcement in the same newspapers, where the original Public Announcement had appeared. The Acquirer would pay such revised price for all Equity Shares validly tendered at any time during the Offer and accepted under the Offer.
6. This is not a competitive bid. No competitive bid has been announced as of the date of this Letter of Offer.
7. If there is a competitive bid:
  - The public offers under all the subsisting bids shall close on the same date.
  - As the Offer Price cannot be revised during 7 (seven) working days prior to the Closing Date of the Offer, 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.
8. The Public Announcement and this Letter of Offer (including Form of Acceptance cum Acknowledgement and Form of Withdrawal) are/will be available on SEBI's website at [www.sebi.gov.in](http://www.sebi.gov.in)
9. If non-resident Shareholders, overseas corporate bodies and foreign shareholders had taken any Reserve Bank of India or Foreign Investment Promotion Board (“FIPB”) approval in respect of the equity shares held by them in the Target Company, they will be required to submit the previous RBI/ FIPB approvals that they would have obtained for holding the equity shares of the Target Company.
10. In case of delay in receipt of other requisite approvals in relation to the Offer, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the shareholders, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of regulation 22(12) of the SEBI (SAST) Regulations.

#### MANAGER TO THE OFFER



#### Centrum Capital Limited

Centrum House, CST Road, Vidyanageri Marg, Kalina, Santacruz (E),  
Mumbai – 400 098 Maharashtra, India  
Tel: +91-22-42159000; Fax: +91-22-42159707  
Investor Grievance Id: igmbd@centrum.co.in  
Email: [ocil\\_openoffer@centrum.co.in](mailto:ocil_openoffer@centrum.co.in)  
SEBI Regn: INM 000010445  
Contact person: Rachna Nawhal / Vikas Gulechha

#### REGISTRAR TO THE OFFER



(Formerly INTIME SPECTRUM REGISTRY LTD)

#### Link Intime India Pvt. Ltd.

Unit: Bell Ceramics Limited – Open Offer, C-13 Pannalal Silk Mills  
Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078  
Tel: +91 22-25960320; Fax: +91-22-25960329  
Email: [bstl.offer@linkintime.co.in](mailto:bstl.offer@linkintime.co.in)  
SEBI Regn: INR000004058  
Contact Person: Nilesh Chalke

**OFFER OPENS ON: Wednesday, November 24, 2010**

**OFFER CLOSES ON: Monday, December 13, 2010**

## SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Schedule	Revised Schedule
Public Announcement	Wednesday, September 22, 2010	Wednesday, September 22, 2010
Specified Date*	Friday, September 24, 2010	Friday, September 24, 2010
Last Date for Competitive Bid, if any	Wednesday, October 13, 2010	Wednesday, October 13, 2010
Last date by which Letter of Offer will be dispatched to shareholders of the Target Company	Wednesday, November 03, 2010	Friday, November 19, 2010
Date of opening of the Offer	Wednesday, November 10, 2010	Wednesday, November 24, 2010
Last date for revising the Offer Price / No. of equity Shares	Thursday, November 18, 2010	Thursday, December 02, 2010
Last date of withdrawal of tendered application by the shareholders of BCL	Wednesday, November 24, 2010	Wednesday, December 08, 2010
Date of closing of the Offer	Monday, November 29, 2010	Monday, December 13, 2010
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted Equity Shares / Share Certificate(s) will be dispatched.	Tuesday, December 14, 2010	Tuesday, December 28, 2010

*\* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom Letter of Offer will be sent. All owners (registered or unregistered) of the equity shares of the Target Company (except parties to the SPA) are eligible to participate in the Offer anytime before the closing of the Offer.*

Note: Duly Signed Form of Acceptance and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.30 p.m on December 13, 2010.

## **RISK RELATING TO THE TRANSACTION**

- The Offer is subject to the receipt of specific approval from RBI, as provided under section XII of this Letter of Offer for the acquisition of Shares by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of regulation 27 of the Regulations. Delay, if any, in the receipt of this approval may delay completion of the Offer. The Shares tendered in the Offer will be held in trust by the Manager to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares.
- The transaction is subject to the terms of the SPA entered into between the Acquirer and the Seller. In accordance with the SPA, the transaction shall be completed upon fulfillment of certain conditions precedent agreed between the Acquirer and the Seller.
- Where the number of equity shares offered for sale by the shareholders is more than the equity shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis in consultation with the Manager to the Offer, in accordance with regulation 21(6) of the SEBI (SAST) Regulations. Hence, there is no certainty that all equity shares tendered by the shareholders in the Offer will be accepted, in the event there is oversubscription of the Offer.
- In the event of regulatory approvals (if any) not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders whose equity shares have been accepted in the Offer, as well as the return of the equity shares not accepted by the Acquirer, may be delayed. Shareholders should note that after the last date for withdrawal of acceptances under the Offer (i.e. December 08, 2010), shareholders who have lodged the equity shares will not be able to withdraw them even on the acceptance of equity shares under the Offer and dispatch of consideration gets delayed. The tendered equity shares and documents will be held by the Manager to the Offer, until such time as the process of acceptance of such equity shares and the payment of consideration thereto is completed.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

## **RISK RELATING TO THE ACQUIRER**

- The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisements or other materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information, would be doing so at his/her/their own risk.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

## INDEX

<b>Sr. No.</b>	<b>Subject</b>	<b>Page No.</b>
I	Definition	4
II	Disclaimer Clause	5
III	Background of the Offer	5
IV	Details of the Proposed Offer	7
V	Rationale of the Acquisition / Offer and Future Plans	9
VI	Information about Orient Ceramics and Industries Limited (Acquirer)	9
VII	Information about PACs	17
VIII	Disclosures under regulation 21(2)	26
IX	Information about Target Company	26
X	Offer Price	38
XI	Financial Arrangements	39
XII	Statutory and Other Approvals Required For this Offer	40
XIII	Terms and Conditions of the Offer	40
XIV	Procedure for Acceptance and Settlement of the Offer	41
XV	Documents for Inspection	50
XVI	Declaration by the Acquirer	51

## I. DEFINITIONS

Acquirer, OCIL	Orient Ceramics and Industries Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Closing Date	The date of acquisition of the Sale Shares by the Acquirer in terms of the SPA
Companies Act	Companies Act, 1956, as amended
Depository Participant or DP	FCH Centrum Wealth Managers Limited
DSE	Delhi Stock Exchange Limited
Equity Share (s) / Share (s)	Fully paid up equity share(s) of face value ₹ 10 each of the Target Company
Escrow Bank	Yes Bank Limited
Escrow Agent	Yes Bank Limited
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time
FII(s)	Foreign Institutional Investors registered with SEBI
Form of Acceptance or FOA	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
Letter of Offer/ LOF	The letter of offer dated November 18, 2010 to be sent to the shareholders of the Target Company
Manager to the Offer	Centrum Capital Limited, appointed by the Acquirer pursuant to regulation 13 of the Regulations
NEFT	National Electronic Fund Transfer
Non-Resident Shareholder(s)	Persons resident outside India as defined under FEMA, holding equity shares of the Target Company
NRI(s)	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Bodies
Offer / Open Offer	To acquire up to 24,34,762 Shares from the Shareholders of the Target Company at the Offer Price payable in cash
Offer Period	From November 24, 2010 to December 13, 2010
Offer Price	₹ 25.00/- (Rupees Twenty Five only) per equity share of face value ₹ 10 each
Offer Size	Up to 24,34,762 equity shares of the Target Company of face value of ₹10 each representing in the aggregate upto 20% of the fully paid up equity share capital of the Target Company
Persons eligible to participate in the Offer	All owners (registered or unregistered) of equity shares of the Target Company, except the parties to the SPA, are eligible to participate in the Offer anytime before the closure of the Offer
PA/Public Announcement	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on September 22, 2010 which appeared in all the available editions of Financial Express, Jansatta and Aap Ane Ane in Bharuch
PACs	Persons Acting in Concert i.e. Mr. Mahendra K. Daga, Ms. Sarla Daga, Freesia Investment And Trading Company Limited and Morning Glory Leasing And Finance Limited
RTGS	Real Time Gross Settlement
RBI	The Reserve Bank of India
Registrar to the Offer	Link Intime Private Limited , the registrars and share transfer agents appointed by the Acquirer, having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078; Tel: +91 22-25960320; Fax: +91-22-25960329.
SEBI (SAST) Regulations / Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time

SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
Seller	Mr. Shiv Kumar Jatia
Shareholders	The shareholders of the Target Company
SPA	Share Purchase Agreement dated September 20, 2010
Specified Date	September 24, 2010 being the date for the purpose of determining the names of the Shareholders to whom this Letter of Offer will be sent
Special Depository Account	CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW
Stock Exchanges	Bombay Stock Exchange and National Stock Exchange
Target Company / BCL	Bell Ceramics Limited

*Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.*

## II. DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF BELL CERAMICS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE EQUITY SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, CENTRUM CAPITAL LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 06, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## III. BACKGROUND OF THE OFFER

1. This Open Offer is being made under regulations 10 and 12 of the Regulations, by Orient Ceramics and Industries Limited, the Acquirer along with Mr. Mahendra K. Daga, Ms. Sarla Daga, Freesia Investment and Trading Company Limited and Morning Glory Leasing and Finance Limited, the PACs to the equity shareholders of Bell Ceramics Limited, for the purpose of substantial acquisition of the Shares and change in control of the Target Company.
2. This offer is being made by the Acquirer under regulation 10 & 12 of the SEBI (SAST) Regulations pursuant to the following:
  - a. The Acquirer, vide share purchase agreement dated September 20, 2010 (the "SPA") executed amongst the Acquirer, the Target Company and Mr. Shiv Kumar Jatia residing at B-50 Gulmohar Park, New Delhi - 110049 (the "Seller"), agreed for the acquisition of 75,87,709 equity shares in the Target Company of face value ₹10 (Rupees Ten only) each (the "Sale Shares"), representing 62.33% of the existing share capital at a maximum price of ₹ 20.69 (Rupees Twenty and Sixty Nine Paise only) per

equity share (the “**Negotiated Price**”) for an aggregate purchase consideration of ₹ 15,69,89,699 (Rupees Fifteen Crores Sixty Nine Lakhs Eighty Nine Thousand Six Hundred and Ninety Nine only) (the “**Purchase Consideration**”) (hereinafter referred to as the “Acquisition”) payable in cash. Further, the Acquirer has agreed to acquire 72,216 equity shares, representing 0.59% of the existing share capital, post release of the pledge by IDBI Bank, at the price of ₹ 20.69 per equity share.

- b. The Acquirer and the Seller have also entered into an escrow agreement on September 20, 2010 with YES Bank Limited having its registered office at Nehru Centre, 9th Floor, Discovery of India Bldg., Dr. Annie Besant Road, Worli, Mumbai 400 018 (the “Escrow Agent”) and Centrum Capital Limited pursuant to which, the aforesaid Sale Shares will be held in an escrow account administered by the Escrow Agent, and will continue to remain in the escrow account until completion of the Offer formalities.
- c. The acquisition shall be at a price per equity share of ₹ 20.69/-. In addition to the consideration as mentioned above, the Acquirer will be paying an amount of ₹ 10,00,000/- (Rupees Ten Lakhs) to the Seller as and by way of a non-compete fee in consideration for the Seller.

3. Details of the proposed acquisition under the SPA are as follows:

Sr. No	Name of the seller and contact details	Shares held as on the date of SPA*	% of outstanding Equity share capital held as on the date of SPA in BCL	Total shares proposed to be sold under the SPA	% of fully paid up Equity share capital in BCL being sold to the Acquirer per the SPA
1.	Mr. Shiv Kumar Jatia residing at B-50 Gulmohar Park , New Delhi -110049	76,16,092	62.56	76,16,902	62.56
2.	Ms. Archana Jatia residing at B-50 Gulmohar Park , New Delhi -110049	43,833	0.36	43,833	0.36

\* includes 72,216 pledged shares which will be acquired post release of pledge.

4. The salient features of the SPA are as under:

- a. The Acquirer is entitled to appoint additional directors on board of the Target Company at any time after the expiry of 21 days from the date of the Public Announcement subject to compliance of regulation 22(7) of the SEBI (SAST) Regulations.
- b. Within 30 Business Days after the Completion Date and subject to the Seller furnishing the Bank Guarantee (unconditional and irrevocable guarantee, from a scheduled bank for an amount of ₹ 3 Crore, in favour of the Acquirer which will be provided by the Seller) in accordance with the SPA, the Target Company shall, subject to receipt of consent from the Lenders, repay the loan of ₹12,37,40,595, along with interest outstanding as on the date of repayment, to WEL Intertrade Private Limited in accordance with the terms of the Inter Corporate Loan Repayment Agreement.
- c. The Seller and the Seller’s relative have pledged an aggregate of 72,216 equity shares held by them in the Target Company to IDBI Bank. The Seller undertakes that upon IDBI Bank releasing its pledge over the pledged shares, the Seller shall procure the transfer of such shares to the Acquirer, free and clear of any encumbrance, for an amount of ₹ 20.69 per pledged share, to be paid by the Acquirer, simultaneous with such transfer.
- d. The addendum to the SPA contains a provision that the parties to the SPA shall not act upon the sale and purchase of the Sale Shares in the event of non-compliance with the provisions of the SEBI (SAST) Regulations by the parties.
- e. Seller shall deliver to the Acquirer no objection letters from the Lenders of the Target Company, stating that the Lenders have no objection to the transfer of the Sale Shares by the Seller to the Acquirer and to the

resulting change in control of BCL no later than 3 days following the expiry of a period of 21 days from the date of the Public Announcement.

- f. The Seller undertakes to procure that (except as otherwise agreed in writing with the Acquirer) no member of the Seller's group will either directly or indirectly and either solely or jointly with any other person (either on its own account or as the agent of any other person) and in any capacity whatsoever:
- for a period of 5 years from Completion carry on or be engaged or concerned or (except as the holder of shares in a listed company which confer not more than 5% of the votes which can generally be cast at a general meeting of the Target Company) interested in a business which competes with the type of business carried on by the Target Company at Completion in India;
  - for a period of 5 years from Completion solicit or otherwise deal with any person in respect of goods or services competitive with those manufactured or supplied by the Target Company for period of 5 months immediately prior to Completion, such person having been a customer of the Target Company in respect of such goods or services during such period;
  - for a period of 5 years from Completion solicit or endeavour to entice to leave the service or employment of the Target Company or employ, any person who during the period of 12 months immediately prior to Completion was an employee of the Target Company;
  - for a period of 5 years from Completion directly or indirectly, acquire or attempt to acquire any shares or security interest in the Target Company; or
  - use any Intellectual Property, trade or domain name (including the expression 'Bell') or e-mail address used by the Target Company either at Completion or at any time during 3 years immediately preceding the Completion or any other name intended or likely to be confused with any such Intellectual Property, trade or domain name or e-mail address
- g. The SPA also contains customary provisions including provisions in relation to representations, warranties and related indemnity obligations.

In view of the aforesaid substantial acquisition of shares in and change in control of the Target Company in terms of the SEBI (SAST) Regulations, this Offer is being made in compliance with regulations 10 and 12 read with other applicable provisions of the SEBI (SAST) Regulations.

5. The Board of Directors reserves the right to appoint the additional directors on the Board of the Target Company following the expiry of a period of 21 days from the date of the Public Announcement. As on the date of this Letter of Offer no additional directors are appointed on the Board of the Target Company by the Acquirer.
6. The Acquirer, the Target Company and the Seller have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act. SEBI in exercise of the powers conferred in terms of Section 19 of SEBI Act, 1992 read with Regulation 11 of SEBI Regulations, 2003 and Section 11 and 11B of the SEBI Act, in the matter of Infoquest Software Exports Ltd, prohibited the following members forming part of promoter or promoter group of the Target Company viz. Mr. Vinod Kumar Jatia, Mr. Shubhakaran Jatia, Ms. Shashi Jatia, Smt. Rampyari Devi Jatia, Ms. Smita Jatia, Ms. Archana Jatia & Ms. Nita Jatia from buying, selling or dealing in securities for a period of 18 (eighteen) months w.e.f from July 09, 2004 and said term was completed on January 09, 2006. As on date of this Letter of Offer, there are no proceedings pending before SEBI against Mr. Amritesh Jatia, Mr. Shiv Kumar Jatia, Mr. Ramesh Jatia, Mr. Adarsh Jatia, Ms. Shashi Jatia, Ms. Archana Jatia, JBS Investment Pte Ltd and TA Yang Enterprise Pte Ltd. Further, based on the information available on SEBI's website, there are no proceedings pending before SEBI against Mr. Vinod Jatia, Mr. Subhakaran Jatia, Ms. Smita Jatia, Ms. Nita (Neeta) Jatia, Mr. Vidip Jatia & Mr. Prateek Jatia.

#### **IV. DETAILS OF THE PROPOSED OFFER**

7. The Acquirer has made the Public Announcement on September 22, 2010 in accordance with regulation 15(1) of the Regulations in the following newspapers:



Name	Language	Edition
Financial Express	English	All
Jansatta	Hindi	All
Aap Ane Ame	Guajarati	Bharuch

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

8. Pursuant to this Offer, the Acquirer proposes to acquire up to 24,34,762 fully paid-up Equity Shares of the Target Company representing 20% of the issued equity share capital of the Target Company at a Offer Price of ₹ 25.00/- (Rupees Twenty Five only) per Share to be paid in cash in accordance with the Regulations.
9. This Offer is being made by the Acquirer as a result of proposed acquisition by the Acquirer of 62.92% of the issued and paid up equity share capital of the Target Company.
10. In view of the above, the Offer is a mandatory Open Offer under regulations 10 and 12 of the SEBI (SAST) Regulations.
11. The Offer is not conditional on any minimum level of acceptance by the Shareholders of the Target Company and does not have any differential pricing.
12. There are no partly paid up equity shares in the Target Company. The Shares to be acquired under this Letter of Offer are to be free from lock-in, liens, charges and encumbrances and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
13. The Letter of Offer is being sent to those Shareholders whose name(s) appeared in the register of members of the Target Company at the close of business hours on September 24, 2010, being the Specified Date as required under the Regulations.
14. This Offer is made to all Shareholders (except the parties to the SPA). The Acquirer will acquire all the shares of the Target Company that are validly tendered as per terms of the Offer subject to a maximum of 24,34,762 equity shares being 20% of the fully paid up equity share capital of the Target Company.
15. Offer is subject to the receipt of the statutory and other approvals mentioned in section XII of this Letter of Offer. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
16. This is not a competitive bid.
17. There are no competitive bids as on date of this Letter of Offer.
18. If there is any upward revision in the Offer Price/Offer Size by the Acquirer through the last date of revision (i.e., Thursday, December 02, 2010) or in case of withdrawal of the Offer, such upward revision or withdrawal would be disclosed to Shareholders by way of a public announcement in the newspapers in which the Public Announcement was published and in case of revision, such the revised price would be payable by the Acquirer to all Shareholders who validly tendered their Shares at any time during the Offer and which are accepted by the Acquirer, in each case under the terms of the Offer and in accordance with applicable law.
19. The Offer is subject to the terms and conditions set out in this Letter of Offer.
20. The Offer would require the approval from the RBI under the FEMA for acquiring the equity shares from non-resident shareholders validly tendered under the Offer at the Offer Price. The Acquirer will apply for the approval from RBI. Except for the RBI approval as mentioned above, as of the date of this Letter of Offer, no

other statutory approval is required for the Acquirer to acquire the equity shares tendered pursuant to this Offer. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

21. As on date of this Letter of Offer, the Manager to the Offer does not hold any equity shares in the Target Company. The Manager to the Offer shall not deal in the shares of the Target Company during the period commencing from the date of their appointment in terms of regulation 13 till the expiry of the 15 days from the date of closure of the offer as per regulation 24(5A) of SEBI (SAST) Regulations.
22. As on the date of this Letter of Offer, the Acquirer does not own any shares or securities of the Target Company except as stated in point 2(a) above. As on date of this Letter of Offer, the PACs hold 80,141 equity shares representing 0.66% of the issued and paid-up share capital of the Target Company details of which are as follows:

PACs	No. of equity shares held
Mr. Mahendra K. Daga	14,759
Ms. Sarla Daga	19,084
Freesia Investment And Trading Company Limited	35,497
Morning Glory Leasing And Finance Limited	10,801

23. Except the Shares to be acquired under the SPA, the Acquirer & PACs has not acquired or agreed to acquire any Shares since the date of the Public Announcement up to the date of this Letter of Offer.

#### **V. RATIONALE FOR THE ACQUISITION / OFFER AND FUTURE PLANS**

24. The Acquirer and the Target Company are in similar line of business and the Acquirer believes that it can derive significant synergy with business of the Target Company. It further believes that the Target Company has plants and strong market presence in South and West India whereas Acquirer has plant in North India and strong market presence in North and East Indian markets which is a good business synergy.
25. To the extent required and to optimize the value to all Shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. The board of directors of Target Company will take appropriate decisions in these matters. The Acquirer does not have any plan to dispose off or otherwise encumber any asset of the Target Company in the next two years except in the ordinary course of business of Target Company and except to the extent mentioned above.
26. The Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of Target Company except with the prior approval of the shareholders of the Target Company, to the extent required by the then applicable law.

#### **INFORMATION ABOUT ACQUIRER AND PACS**

##### **VI. Information about Orient Ceramics and Industries Limited (Acquirer/OCIL)**

27. Orient Ceramics and Industries Limited (OCIL) was incorporated on May 18, 1977 in New Delhi, India as a public limited company and its corporate identification number ("CIN") is L14101UP1977PLC021546. OCIL has its registered office at 8, Industrial Area, Secunderabad – 203205, District Bulandshahr (U.P.), Tel: +91-5735-222203, Fax: +91-5735-222642 and corporate office is at Iris House, 16, Business Centre, Nangal Raya, New Delhi – 110046, Tel: +91-11-28520168, Fax: +91-11-28521273.

In 1993, Mr. Mahendra K. Daga, a ceramic tile technologist took over the management of OCIL and since then OCIL is in the business of manufacturing of ceramic and vitrified tiles in India and has been at the forefront of innovation in home décor. OCIL manufactures one of the widest ranges of wall & floor tiles. OCIL's clientele,

comprising individuals, house builders, architects and institutions, are not only in India, but are also spread across Europe, South East Asia, Middle East and the SAARC countries. OCIL has state of the art manufacturing unit at 8, Industrial Area, Secunderabad- 203205, District Bulandshahr (U.P.) spread across 40 acres of land and has also been accredited with ISO 9001:2008, 14001:2004 & OHSAS 18001:2007 certifications. OCIL was listed on the BSE in 1993, on the NSE in 2007 and on the Calcutta Stock Exchange (CSE) in 1997. OCIL has applied to CSE for voluntary delisting of its Equity Shares and the confirmation of voluntary delisting from the CSE is awaited.

28. The promoter and promoter group of the Acquirer consists of Mahendra K Daga HUF, Good Team Investment & Trading Co. Pvt. Ltd, Freesia Investment & Trading Co. Ltd., Alfa Mercantile Ltd., Iris Designs Pvt. Ltd., Morning Glory Leasing & Finance Ltd., Ms. Roma Monisha Sakraney Daga, Mr. Mahendra Daga, Ms. Sarla Daga, Mr. Madhur Daga with aggregate holding of 74.74 % of the issued and paid-up share capital of the Acquirer and the balance is held by public.
29. OCIL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any regulation made under the SEBI Act.
30. As on the date of the Public Announcement and this Letter of Offer, the authorized capital of OCIL is ₹ 15,00,00,000 divided into 1,50,00,000 equity shares of ₹ 10 each. The subscribed and paid up capital is ₹ 10,53,00,000 divided into 1,05,30,000 equity shares of ₹ 10 each. As on October 5, 2010, the closing price of the equity shares of OCIL on BSE is ₹ 92.80 and on NSE is ₹ 92.10.
31. Statement showing shareholding pattern of OCIL as on September 17, 2010:

Sr. No	Shareholder Category	No. of equity shares held	%
1	Promoter & Promoter Group	78,70,274	74.74
2	FII/ Mutual Fund/Banks/Financial Institutions	-	-
3	Other Public (including Custodians)	26,59,726	25.26
	<b>Total Paid Up Capital (1+2+3)</b>	<b>1,05,30,000</b>	<b>100.00%</b>

32. Details of the Board of Directors of OCIL:

Name & Address	DIN	Qualification	Experience (Years)	Date of Joining
Mr. Mahendra K. Daga Date of Birth: October 27, 1938 Designation: Chairman and Managing Director Address: D-1/6, Vasant Vihar, New Delhi-110 057.	00062503	BA, FIM (UK)	42	December 09, 1993
Mr. R. N. Bansal Date of Birth: July 15, 1930 Designation: Director Address: B-365, New Friends Colony, New Delhi - 110065.	00270908	MA, FCA, ACS, ACIS	56	March 08, 1989
Mr. Madhur Daga Date of Birth: September 6, 1972 Designation: Executive Director Address: D-1/6, Vasant Vihar, New Delhi-110 057.	00062149	BSc (Mkt. & Fin), MBA (Finance)	15	January 01, 1998
Mr. Dhruv M. Sawhney Date of Birth: June 26, 1944 Designation: Director Address: 17, Sunder Nagar, New Delhi-110 003.	00102999	M. Engg. Cambridge, MBA. (Wharton), DMS	37	August 09, 1994

Mr. N. R. Srinivasan Date of Birth: October 11, 1925 Designation: Director Address: G-14, South Extension-II, New Delhi - 110 049	00062317	Msc. Tech. Ceramic Technology	59	September 16, 1988
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As on date of the Public Announcement and the Letter of Offer, none of the Directors of the Acquirer are on the board of the Target Company. In accordance with regulation 22(7) of the Regulations, the Acquirer may nominate directors on the board of the Target Company.

33. OCIL has, to the extent applicable, complied with the provisions of chapter II of the SEBI (SAST) Regulations as far as the Target Company is concerned.

34. The summary of the standalone audited financials of OCIL for the last 3 financial years are as under:

Particulars	₹ in lakhs			
	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	September 30, 2010*
Income from Operations	21,456.8	22,414.3	25,393.5	12,817.5
Other Income	113.1	152.4	231.1	83.6
Increase in Inventory	1,071.2	61.1	1,456.0	1,484.4
<b>Total Income</b>	<b>22,641.1</b>	<b>22,627.8</b>	<b>27,080.7</b>	<b>14,385.5</b>
Total Expenditure	20,286.9	19,562.9	23,571.2	12,986.0
Profit Before Depreciation Interest and Tax	2,354.2	3,064.9	3,509.5	1,399.5
Depreciation	962.6	1,062.6	1,082.1	545.5
Interest	954.7	976.5	676.2	362.9
Exceptional Items	-	-	-	678.0
<b>Profit Before Tax</b>	<b>436.9</b>	<b>1,025.7</b>	<b>1,751.2</b>	<b>1,169.1</b>
Provision For Tax	177.6	388.9	605.2	398.5
<b>Profit After Tax</b>	<b>259.2</b>	<b>636.9</b>	<b>1,145.9</b>	<b>770.6</b>

Source: Annual Reports

\* Limited Review Report dated November 01, 2010 issued by M/s S.R.Dinodia & Co., Chartered Accountants, Statutory Auditors.

Balance Sheet Statement	₹ in lakhs			
	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	September 30, 2010*
<i>Application of funds</i>				
Paid up Share Capital	1,053.00	1,053.00	1,053.00	1,053.00
Reserves and Surplus (excluding revaluation reserves)	3,745.18	4,197.25	5,097.59	5,868.29
Networth	4,798.18	5,250.25	6,150.59	6,921.29
Secured Loan	7,250.57	5,918.72	5,353.31	7,504.17
Unsecured Loan	2,177.06	1,327.32	1,027.48	2,195.68
Deferred Tax Liability	713.41	671.41	545.3	471.23
<b>Total</b>	<b>14,939.21</b>	<b>13,167.70</b>	<b>13,076.68</b>	<b>17,092.37</b>
<i>Uses of funds</i>				
Net Fixed Assets	9,443.43	8,826.42	8,106.63	7,829.42
Investments	-	-	-	-
Net Current Assets	5,495.78	4,341.28	4,970.05	9,262.95
Total miscellaneous expenditure not written off	-	-	-	-

<b>Total</b>	<b>14,939.21</b>	<b>13,167.70</b>	<b>13,076.68</b>	<b>17,092.37</b>
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Source: Annual Reports

\* Limited Review Report dated November 01, 2010 issued by M/s S.R.Dinodia & Co., Chartered Accountants, Statutory Auditors.

Other Financial Data	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)
Dividend (%)	5%	15%	20%
Earning Per Share (₹)	2.46	6.05	10.88
Book Value per Share (₹)	45.57	49.86	58.41
Return on Net Worth (%)	5.40%	12.13%	18.63%
Number of Shares	1,05,30,000	1,05,30,000	1,05,30,000

\*Source: Annual Reports

35. There have been no changes in accounting policies in last three financial years warranting any change in financials.
36. As per the audited financials as of March 31, 2010, the contingent liabilities in respect of matters under dispute relating to custom/excise duty/service tax/income-tax/sales tax amounted to ₹162.21 lakhs and other contingent liabilities amounted to ₹489.08 lakhs.
37. Reasons for the fall/rise in total income and profit after tax:

For the financial year 2009-10, the total income was at ₹ 27,080.70 lakhs as against ₹ 22,627.80 lakhs for the year 2008-09. The increase in revenue was mainly due to introduction of high value items like EUROPA and STILER, increase in branding and promotional activities and participation in exhibitions. The profit after tax for the financial year 2009-10 was at ₹ 1,145.90 lakhs as against ₹ 636.90 lakhs for the financial year 2008-09. The increase in profit was due to optimum utilization of capacity of plant to reduce the cost of raw materials/stores and was supported by increase in trading volume. For the financial year 2008-09, the total income was at ₹ 22,627.80 lakhs as against ₹ 22,641.1 for the financial year 2007-08 and profit after tax for the financial year 2008-09 was at ₹636.90 lakhs as against profit of ₹ 259.20 lakhs in financial year 2007-08. The increase in profit was due to optimum utilization of the Gas and other alternate fuels to reduce the cost of power and fuel and reduction in purchases.

38. Significant accounting policies of OCIL

a. Accounting Convention

The financial statements are prepared on the accrual basis under the historical cost convention in accordance with applicable mandatory accounting standards issued by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

c. Fixed Assets

Fixed Assets are recorded at their original cost of acquisition less accumulated depreciation. Cost is net of CENVAT and inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.

Glow-sign Boards, which have no salvage value is charged to the Revenue Account.

d. Intangible Assets

All expenditures, qualifying as Intangible Assets are amortized over estimated useful life.

The following norms are followed for the amortization for the Intangible Assets.

- Specialized Softwares                      3 Years

e. Depreciation

- Depreciation is provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
- The assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.
- Leasehold lands are amortized over the period of respective lease.

f. Revenue/Expense Recognition

- Local sales are recognized at the point of dispatch of goods to the customers. It includes excise duty but excludes sales tax and trade discount. Purchase of material is recognized on the basis of receipt of material in the factory premises.
- Export Sales are recognized on the basis of bill of lading date.
- Export incentives are accounted on accrual basis.

g. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of assets. All other borrowing costs are recognized as expense in the year in which they are incurred.

h. CENVAT and Excise Duty

- CENVAT credit availed has been credited to the respective cost of stores & spares and capital goods.
- Excise duty has been accounted for on the basis of payments made in respect of goods cleared from the factory premises and provision made in the accounts for goods manufactured, which are lying in the bonded warehouses of OCIL as at the end of financial year.

i. Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of various components of inventory is determined as follows:

Raw Materials, Stores, Spares and Packing Material	Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is determined on First In First Out (FIFO) basis.
Stock-in-process and Finished Goods	Cost includes material cost and also includes an appropriate portion of allocable overheads.
Traded Goods	Cost includes purchase price, duties, taxes and all other costs incurred in bringing the inventories to their present location. Cost is determined on First In First Out (FIFO) basis.

j. Translation of Foreign Currency items

- Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing at the time of the transaction.
- Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account in the period in which they arise.

- Items denominated in foreign currency at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling on the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- k. Taxes on Income
- Income-tax expense comprises current tax and deferred tax charge or release. Current Tax is the amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Such assets are reviewed as at each balance sheet date to re-assess realization.
- l. Employees Benefits
- Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit or loss account of the year in which related service is rendered.
  - OCIL has defined contribution plans for the post employment benefits' namely provident fund and employee state insurance scheme. OCIL contributions in the above plans are charged to revenue every year.
  - OCIL has Defined Benefit Plans namely leave encashment /compensated absence and gratuity for employees. Gratuity liability is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each year. However, OCIL through its trust has taken a policy with Kotak Mahindra Old Mutual Life Insurance Ltd. to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of the employees at the year-end and the balance of funds with Kotak Mahindra Old Mutual Life Insurance Ltd. is provided for as liability in the books.
  - Actuarial gains/losses are immediately taken to Profit and Loss account.
  - Provisions for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
  - Terminal benefits are recognized as an expense immediately.
- m. Impairment of Assets
- An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- n. Provision, Contingent Liabilities and Contingent Assets
- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.
- o. Lease
- Lease rentals in respect of assets taken under operating lease are charged to profit and loss account as per the terms of the lease agreement.
- p. Earning Per Share
- Basic Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

- For the purpose of calculating Diluted Earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q. Cash flow Statement

Cash flow statement is made as per the indirect method prescribed under Accounting Standard-3 "Cash Flow Statement" issued by Companies (Accounting Standard) Rules, 2006

r. Segment Reporting

- OCIL is engaged in manufacture of ceramic and vitrified tiles. The entire operations are governed by same set of risk and returns; hence, the same has been considered representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on segment reporting.
- OCIL sells its products mostly within India with insignificant export income and does not have any operations in economic environments with different risk and returns, hence, it's considered operating in single geographical segment.

39. Details of material litigations involving the Acquirer are as under:

OCIL is party to various legal proceedings. These proceedings are pending at different levels of adjudication before various courts / other judicial forums. Details of the various legal proceedings involving OCIL where the amount involved is above ₹10 lakhs is given below:

- a. Civil recovery suit amounting to ₹26.35 lakhs filed before Judicial Magistrate Ist Class, Chandigarh by OCIL against Vinod Gupta, Proprietor, Gupta & Gupta Associates, Pathankot (the "Defendant") as the Defendant failed to make the payment for the goods supplied . Next hearing is scheduled on February 11, 2011.
- b. Civil recovery suit of amount of ₹18.20 lakhs against goods supplied filed by OCIL before Chief Judge, Hyderabad against 'A Plus' (the "Defendant") for recovery. The Hon'ble Court has ordered the Defendant to file a written statement. Next hearing is scheduled on December 27, 2010 hearing.
- c. Civil recovery suit filed before Additional Chief Judge, Secunderabad, Andhra Pradesh u/s 26 of Civil Procedure Code, 1908 by OCIL against Sree Balaji Enterprises, Hyderabad for recovery of amount due ₹16.37 lakhs which is outstanding against the goods supplied. Next hearing is scheduled on December 13, 2010.
- d. Criminal complaint filed before Metropolitan Magistrate, Tis Hazari Courts, Delhi u/s 138 of Negotiable Instruments Act filed by OCIL against Aravind Ceramics, Bangalore (the "Accused") amounting to ₹10.51 lakhs. Accused issued the cheques to OCIL for the material supplied. These cheques were dishonoured and case was registered by us under section 138 of the Negotiable Instruments Act. The Accused is granted bail. The Hon'ble Court has fixed date of January 12, 2011 for framing of charges.
- e. Criminal complaint filed before Metropolitan Magistrate, Tis Hazari Courts, Delhi u/s 138 of Negotiable Instruments Act filed by OCIL against Ceramic Village (the "Accused") amounting to ₹11.86 lakhs. Accused issued the cheques to OCIL for the material supplied. These cheques were dishonoured. The Hon'ble Court issued summons for December 08, 2010 for appearance of the accused.
- f. Appeal under section 62 of Punjab VAT, 2005 filed before Deputy Commissioner - Excise & Taxation, U.T. Chandigarh by OCIL against the assessment order issued by Excise & Taxation Officer, Union Territory Chandigarh amounting to ₹70.14 lakhs. The case is pending for listing.
- g. To promote industrial growth in the state, UP Government has issued notification under section 4A of the UP Trade Tax Act for granting an exemption of Trade Tax on expansion / setting up of new unit and achieving a particular production target. For availing exemption for sale tax at concessional rates, OCIL has considered stock transfer as a part of its total turnover to be considered as a part of its production target. Sale tax department denied this during assessment (FY 2002-03) and issued show cause notice for payment of to ₹65.51 lakhs. OCIL has challenged this show cause notice before Double Bench - Allahabad High Court against State of U.P. and Commissioner Trade Tax amounting. Hon'ble Allahabad High Court has granted the stay. Petition is pending for disposal before larger bench for final decision. To be listed.
- h. Trade Tax Authority denied the acceptance of export sale to Nepal without certificate of Indian Sales Tax



- Check post. Writ petition filed by OCIL against show cause notice issued by Dy. Commissioner, Sales Tax Department alleging the non submission of UP Sales Tax Border Check Post Certificate by OCIL while assessment for the year 2003-04 amounting to ₹10.99 lakhs. OCIL has challenged the show-cause notice of D.C. Trade Tax, Secunderabad before Double Bench, Allahabad High Court and stay against the proceedings was granted. Pending for listing.
- i. Writ petition challenging the notification of UP state Govt. before Double Bench- Allahabad High Court for not providing the exemption u/s 4-A against Inter state sales without form C & allowing the stock transfer is a part of turnover (FY 2003-04) amounting to ₹41.70 lakhs. The case is pending for listing.
  - j. Writ petition challenging the (i) notification of UP state Govt. before Double Bench- Allahabad High Court for not providing the exemption u/s 4-A against Inter-state sales without form C, (ii) allowing the stock transfer is a part of turnover and (iii) for allowing the Tax Benefits for Nepal Export without Sales Tax Border Check Post Certificate is demanded by Trade Tax authorities towards goods whereas other compliance were fulfilled (FY 2004-05) amounting to ₹90.51 lakhs. The case is pending for listing.
  - k. Writ petition challenging the (i) notification of UP state Govt. before Double Bench, Allahabad High Court for not providing the exemption u/s 4-A against Inter-state sales without form C, (ii) allowing the stock transfer is a part of turnover and (iii) for allowing the Tax Benefits for Nepal Export without Sales Tax Border Check Post Certificate is demanded by Trade Tax authorities towards goods whereas other compliance were fulfilled (FY 2005-06) amounting to ₹41.32 lakhs. The case is pending for listing.
  - l. Writ petition challenging the (i) notification of UP state Govt. before Double Bench- Allahabad High Court for not providing the exemption u/s 4-A against Inter-state sales without form C, (ii) allowing the stock transfer is a part of turnover and (iii) for allowing the Tax Benefits for Nepal Export without Sales Tax Border Check Post Certificate is demanded by Trade Tax authorities towards goods whereas other compliance were fulfilled (FY 2006-07) amounting to ₹43.03 lakhs. The case is pending for listing.
  - m. Writ petition challenging the assessment order of Commissioner Commercial Tax, Lucknow before Single Bench- Allahabad High Court for imposing the Entry Tax on purchasing/Importing of Machines/Spare parts (FY 2000-01) amounting to ₹33.02 lakhs. The case is pending for listing.
  - n. Writ petition challenging the assessment order of Commissioner Commercial Tax, Lucknow before Single Bench- Allahabad High Court for imposing the Entry Tax on purchasing/Importing of Machines/Spare parts (FY 2001-02) amounting to ₹36.14 lakhs. The case is pending for listing.
  - o. Writ petition challenging the assessment order of Commissioner Commercial Tax, Lucknow before Commercial Tax Tribunal, GZB for imposing the Tax liability against Form 3B issued in favour of India Oil (FY 2000-01) amounting to ₹25.87 lakhs. Hearing in Process, next date not yet decided.
  - p. Writ petition challenging the Penalty Order of Commissioner Commercial Tax, Lucknow before Commercial Tax Tribunal, GZB for purchasing/Importing of Materials, Machines/Spare parts etc with Incomplete Form 38 (FY 2008-09/2009-10) amounting to ₹18.51 lakhs. The case is pending for listing.
  - q. Claim of damages by OCIL against UPPCL before Single Bench- Allahabad High Court for illegal disconnection of power supply. Claim of ₹55 Lakhs towards damages is pending. Final arguments completed. Award to be pronounced.
  - r. Claim of refund by OCIL against UPPCL before Single Bench- Allahabad High Court of 15% excess amount of independent feeder against connection no. LP-9 (Mother Plant) amounting to ₹34 lakhs. Arguments held. All UPERC cases have been discontinued by it and directed to approach appropriate Court of Law. OCIL filed a writ petition before Allahabad High Court. Pending for listing.
  - s. Refund of Entry Tax of ₹40 lakhs. by OCIL against U.P Government before Single Bench- Allahabad High Court. The case has been settled partly in our favour and refund order for ₹11.91 lakhs received against which Department has gone into appeal before Tribunal. However, OCIL filed a petition in Allahabad High Court about the applicability of the Act and refund of entire sum collected from 2000.
  - t. Criminal complaint filed under section 120(B), 417, 418 and 420 IPC by OCIL against Sree Balaji Enterprises Hyderabad (the "Accused"): Accused issued cheques for ₹6.69 lakhs for supply of materials as part payment of its total outstanding of Rs. 12.37 Lacs and later replaced those cheques with another set of cheques of his sister concern, M/s Akshita Enterprises. These cheques got dishonoured and OCIL filed criminal complaint u/s 138 of NI Act against M/s Akshita Enterprises. Later, Akshita Enterprises filed private complaint against OCIL alleging theft of cheques for which OCIL filed private complaint before Hon'ble Chief Metropolitan Magistrate under section 120(B), 417, 418 and 420 IPC against the accused praying to get the case investigated from Central Crime Station, Detective Department. The case was filed on February 24,

2010 in the court of Hon'ble Chief Metropolitan Magistrate, Hyderabad with the charges of fraud, cheating etc. which was referred to the Central Crime Station, Detective Department, Hyderabad for investigation. The investigation is going on and pending for filing of chargesheet by the Police to Hon'ble Court.

- u. Criminal complaint filed before the court of Hon,ble XI ACMM, Secunderabad, A.P under section 420, 468 and 471 IPC by Akshita Enterprises against OCIL alleging theft of cheques of ₹6.69 lakhs. The case is at appearance stage and OCIL has obtained stay from proceedings from Hon'ble High Court of Andhra Pradesh. Fixed for December 10, 2010.
- v. Criminal complaint filed before District Court, Bulandshahr by OCIL against Prashant Nag under section 406 for criminal breach of trust for not submitting C-forms against the sale made to the party, against which he has filed quash petition before Hon'ble Allahabad High Court.
- w. Taxes imposed and a criminal case filed by Zilah Panchayat for doing business under their jurisdiction / area for ₹ 2 lakhs. Objections are filed. The matter is yet to be listed before Lok Adalat.

Apart from above, OCIL has filed 20 criminal cases aggregating to ₹66.34 lakhs u/s 138 of Negotiable Instrument Act, 7 civil case aggregating ₹33.15 lakhs. Further, 1 civil cases aggregating ₹1.00 lakhs, 3 consumer cases aggregating ₹7.14 lakhs and 5 labour cases filed against OCIL.

40. The compliance officer of OCIL is:

Mr. Yogesh Mendiratta  
Iris house, 16, Business Centre,  
Nangal Raya, New Delhi -110046,  
Tel. +91 11 28520168, Fax. +91 11 28521273  
Email: yogesh.mendiratta@orienttiles.com

- 41. M/s S. R. Dinodia & Co., Chartered Accountants, has issued a certificate dated July 12, 2010 regarding compliance with the corporate governance requirements under clause 49 of the Listing Agreement which has been included in the Annual Report for 2009-2010.
- 42. Except as stated in section V, the Acquirer currently has no plans for the Target Company.
- 43. The Acquirer has not entered into any scheme of arrangement like merger / demerger in the past three years.

## VII. INFORMATION ABOUT PACs

### Information about Freesia Investment and Trading Company Limited (PAC/FITL)

- 44. FITL was incorporated on April 24, 1982 under the Companies Act, 1956 and has its registered office at Iris House, 16, Business Centre, Nangal Raya, New Delhi - 110 046, Tel No: 011-028520168, Fax No: 011-28521273. The CIN of FITL is L65993DL1982PLC013546. FITL's main object is (1) to carry the business of financing industrial enterprises (2) To invest, buy, sell, transfer, hypothecate, deal in and dispose of any shares, stock debentures (whether perpetual or redeemable debentures), debenture stocks, securities, properties of any other company including securities, of any Government, Local Authority, bonds Certificates etc. FITL was registered as a non-banking financial institution on August 23, 2001 and is in the business of investment and finance. FITL is listed on Delhi Stock Exchange (DSE).
- 45. The promoter and promoter group entities of FITL includes Alfa Mercantile Limited, Mr. Madhur Daga, Mr. Mahendra K. Daga, Mahendra K. Daga (HUF), Morning Glory Leasing and Finance Ltd, Ms. Sarla Daga with aggregate shareholding of 83.30% of the share capital of FITL. FITL is listed on DSE wherein no trading activity is undergoing since past few years. FITL's non promoter holding was within the purview of requirement of clause 40A of the Listing Agreement up to its amendment in the year 2006. Since, *inter alia*, there was no active trading in the equity shares of FITL at DSE's platform, the non-promoters holding could not be increased.
- 46. FITL has not been prohibited by SEBI from dealing in securities market, in terms of directions issued under

Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.

47. The authorised capital of FITL is ₹1,00,00,000/- divided 9,00,000 equity shares of ₹10 each and 10,000 non cumulative preference shares of ₹100 each. The current subscribed and paid up capital of FITL is ₹50,00,000/- divided into 5,00,000 equity shares of ₹10 each.
48. Statement showing shareholding pattern of FITL as on September 22, 2010:

Sr. No	Shareholder Category	No. of equity shares held	%
1	Promoter & Promoter Group	4,16,493	83.30
2	FII/ Mutual Fund/Banks/Financial Institutions	-	-
3	Other Public (including Custodians)	83,507	16.70
	<b>Total Paid Up Capital (1+2+3)</b>	<b>5,00,000</b>	<b>100.00%</b>

49. Details of the Board of Directors of FITL:

Name	DIN	Qualification	Experience (years)	Date of Joining
Mr. Mahendra K. Daga Designation: Director Date of Birth: October 27, 1938 Address: D-1/6, Vasant Vihar, New Delhi-110 057	00062503	BA, FIM (UK)	42	August 05, 1995
Mr. Sri Ram Sharma Designation: Director Date of Birth: February 02, 1926 Address: 120, Kailash Hills, East of Kailash, New Delhi-110065	00148799	BA. LLB	27	August 18, 1988
Mr. Alok Chakraborty Designation: Director Date of Birth: June 04, 1955 Address: F 1127, Block F, C R Park, New Delhi-110019	01265360	BA (Honours)	32	January 21, 2007

As on date of the Public Announcement and the Letter of Offer, none of the Directors of the FITL are on the board of the Target Company.

50. The summary of the audited financial accounts of FITL for the last three years are as follows:

₹ in lakhs

Particulars	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	Six months ended as on September 30, 2010*
Income from Operations	37.07	63.88	88.70	66.66
Other Income	6.70	9.89	6.87	-
Increase in inventory	-	-	-	-
<b>Total Income</b>	<b>43.77</b>	<b>73.77</b>	<b>95.57</b>	<b>66.66</b>
Total Expenditure	11.81	13.99	13.91	6.20
Profit Before Depreciation Interest and Tax	31.96	59.78	81.66	60.46
Depreciation	23.75	30.25	31.34	13.54
Interest	7.65	6.01	6.54	3.12
<b>Profit Before Tax</b>	<b>0.56</b>	<b>23.52</b>	<b>43.78</b>	<b>43.80</b>

Provision For Tax	(3.17)	(7.10)	(6.34)	3.25
<b>Profit After Tax</b>	<b>(2.61)</b>	<b>16.42</b>	<b>37.44</b>	<b>40.55</b>

Source: Annual Reports

\* Limited Review Report dated November 12, 2010 issued by M/s, G. C. Sharda & Co., Chartered Accountants, Statutory Auditors.

₹ in lakhs

Balance Sheet Statement	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	Six months ended as at September 30, 2010*
<i>Application of funds</i>				
Paid up Share Capital	50.00	50.00	50.00	50.00
Reserves and Surplus (excluding revaluation reserves)	186.49	202.91	240.34	280.89
Net worth	236.49	252.91	290.34	330.89e
Secured Loan	50.63	60.47	44.81	35.32
Unsecured Loan	78.02	60.66	85.25	25.00
<b>Total</b>	<b>365.14</b>	<b>374.04</b>	<b>420.44</b>	<b>391.21</b>
<i>Uses of funds</i>				
Net Fixed Assets	136.36	160.99	147.47	137.93
Investments	169.43	171.04	269.24	263.82
Net Current Assets	59.35	42.01	3.69	(10.54)
Total miscellaneous expenditure not written off	-	-	-	-
<b>Total</b>	<b>365.14</b>	<b>374.04</b>	<b>420.40</b>	<b>391.21</b>

Source: Annual Reports

\* Limited Review Report dated November 12, 2010 issued by M/s, G.C.Sharda &U Co., Chartered Accountants, Statutory Auditors.

Other Financial Data	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)
Dividend (%)	-	-	-
Earning Per Share (₹)	(0.73)	3.28	7.49
Book Value per Share (₹)	47.30	50.58	58.07
Return on Net Worth (%)	N.A.	6.49%	12.89%
Number of Shares	500,000	500,000	500,000

Source: Annual Reports

#### 51. Significant accounting policies

##### a. General

- i) The financial statements are drawn up in accordance with 'historical cost convention' and on the 'going concern' concept. Revenues and costs are accounted for on accrual basis except otherwise indicated.
- ii) Accounting policies not specifically referred to otherwise are consistent with Generally Accepted Accounting Principles followed by FITL.

##### b. Fixed Assets and Depreciation

- iii) Fixed assets are shown in the accounts at cost of acquisition less accumulated depreciation. Profit or Loss on sale, disposal or discard of fixed assets, if any, is recognized in the year of sale, disposal or discard.

iv) Depreciation on Fixed Assets is accounted for on written down value method on pro rata basis and in accordance with rates and manner as specified in schedule XIV of the Companies Act, 1956.

c. Investment

All the investment of company in shares, debentures and other similar securities are long term trade investment, which are stated at cost inclusive of transfer expenses. The Market value of quoted investments is also disclosed in balance sheet. Profit/Loss on sale of investment are accounted for after deducting the cost of respective lot of investments sold, in the case shares are held in physical form on the basis of FIFO method, in the case shares are held in dematerialized form.

d. Income from Investment & Loans

Interest from investment in interest bearing securities, loans and advances is accounted on accrual basis. Dividend income from investment in shares is recognised as accruing as income of that year in which dividend is declared by the companies in their respective general meeting.

e. Revenue Recognition

Hiring income is accounted for on accrual basis.

f. Income & Expenditure

All income and expenditure are recognised in the financial statement on accrual basis.

g. Impairment

Fixed assets are tested for impairment if there is any indication of their possible impairment loss is recognized where the carrying amount of a fixed asset (or cash generating unit) exceeds its recoverable amount i.e. higher of value in use and net selling price. Impairment loss recognized in one year can get reversed fully or partly in a subsequent year.

52. Details of contingent liability as at March 31, 2010 are given below: Nil.

53. Reasons for the fall/rise in total income and profit after tax:

Total income for the year 2009-10 was ₹95.57 lakhs and for the year 2008-09 was ₹73.77 lakhs. The increase in total income was mainly due to capital gains on sale of shares and also increase in the dividend income as compared to previous year. Total income for the year 2008-09 was ₹73.77 lakhs and for the year 2007-08 was ₹43.77 lakhs. The increase in total income was mainly due to increase in vehicle hiring income as compared to previous year.

Profit after Tax for the year 2009-10 was ₹37.44 lakhs and for the year 2008-09 was ₹16.42 lakhs. The increase in the Profit after tax is largely due to tax free income dividend and the increase in the long term capital gains. Profit after tax for the year 2008-09 was ₹16.42 lakhs and for the year 2007-08 there was a loss of ₹2.61 lakhs. The increase in profit after tax was mainly due to increase in vehicle hiring income as compared to previous year.

54. It has not become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

55. As on the date of the Public Announcement, FITL holds 35,497 equity shares in BCL.

56. In the year 2009, Delhi Stock Exchange Ltd (DSE) launched listing amnesty scheme which *inter-alia* provides for waiver of reinstatement and condonation fees for non-publication or filing of various notices and quarterly results, waiver of processing fees and waiver of filing of documents under various clauses of the listing agreement under the amnesty scheme. FITL vide its application dated June 30, 2009 has made an application to DSE for availing the benefit of the amnesty scheme. FITL have complied with the necessary requirements as required under the amnesty scheme. FITL's applications is pending with the DSE. Further, the DSE has also informed FITL about the non-compliance with the under regulation 6 (2) & 6 (4) of the SEBI (SAST) Regulations and regulation 8 (3) of the SEBI (SAST) Regulations. FITL vide its letter dated June 30, 2009 has informed DSE

about the compliance of the aforesaid regulations. Further, there has been delay in filings under regulation 8 (3) of the SEBI (SAST) Regulations in the year 1998, 1999, 2000, 2001, 2005, 2006, 2007 & 2008 by 4,079, 3,714, 3,348, 2,983, 1,522, 1,157, 792 and 426 days respectively..

*SEBI may initiate suitable action against FITL for alleged non-compliance and delays.*

57. Pursuant to circular no. SEBI/MRD/SE/31/2003/26/08 dated August 26, 2003 by SEBI, FITL is not required to comply with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the stock exchange as the paid up capital is less than rupees three crores or net worth is less than rupees twenty five crores.
58. The Compliance Officer of FITL is:
- Mr. Alok Chakraborty  
Iris House, 16, Business Centre,  
Nangal Raya, New Delhi - 110046  
Tel: 91-11- 28520168  
Fax: 91-11- 28521273
59. FITL has not entered into any scheme of arrangement like merger / demerger in the past three years.
60. There are no pending litigation by and against FITL.

#### **Information about Morning Glory Leasing and Finance Limited (PAC/MGFL)**

61. Morning Glory Leasing and Finance Limited (MGFL) was incorporated on August 3, 1984 under the Companies Act, 1956 and has its registered office at Iris House, 16, Business Centre, Nangal Raya, New Delhi - 110 046, Tel No: 011-028520168, Fax No: 011-28521273. The CIN of MGLF is L67120DL1984PLC018872. MGFL's main object is to carry the business of leasing and hire purchase and to acquire, provide on lease or to provide on hire purchase basis all types of industrial and offices plant, equipment, machinery, vehicles, buildings and real estate, required for manufacturing processing, transportation and trading businesses and other commercial and service business. MGFL currently is in the business of investment in securities. MGFL is listed on DSE.
62. The promoter and promoter group entities includes Alfa Mercantile Limited, Mr. Madhur Daga, Mr. Mahendra K. Daga (HUF), Ms. Sarla Daga, Iris Designs Pvt. Limited., Freesia Investment And Trading Co. Limited with aggregate shareholding of 60.24% of the share capital of MGLF.
63. MGFL has not been prohibited by SEBI from dealing in securities market, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.
64. The authorised capital of MGFL is ₹ 40,00,000/- divided 3,00,000 equity shares of ₹ 10 each and 10,000 preference shares of ₹ 100 each. The current subscribed and paid up capital of MGFL is ₹ 24,90,000/- divided into 2,49,000 equity shares of ₹ 10 each.
65. The shareholding pattern of MGFL as on September 22, 2010

Sr. No	Shareholder Category	No. of equity shares held	%
1	Promoter & Promoter Group	1,50,000	60.24
2	FII/ Mutual Fund/Banks/Financial Institutions	-	-
3	Other Public (including Custodians)	99,000	39.76
	<b>Total Paid Up Capital (1+2+3)</b>	<b>2,49,000</b>	<b>100.00%</b>

66. Details of the Board of Directors of MGFL:

Name	DIN	Qualification	Experience (Years)	Date of Joining
Mr. Anil Agarwal Designation: Director Date of Birth: March 02, 1965 Address: 8, Industrial Area, Sikandrabad, Bulandshahr, Uttar Pradesh-202205	00062244	B.E. Mechanical	24	January 20, 2007
Mr. Rajesh Bagri, Designation: Director Date of Birth: April 18, 1968 Address: WZ-64A/3, 2nd Floor, S.P. Mukherjee Park, Tilak Nagar, New Delhi-110018	00062377	FCA	19	February 5, 2009
Ms. Roma Monisha Sakraney Daga Designation: Director Date of Birth: June 26, 1969 Address: D-1/6, Vasant Vihar, New Delhi-110 057	00148670	BA social sciences. Minor Psychology	12	October 30, 2007

As on date of the Public Announcement and the Letter of Offer, none of the Directors of the MGFL are on the board of the Target Company.

67. The summary of the audited financial accounts of MGFL for the last three years are as follows:

Particulars	₹ In Lakhs			
	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	Six months ended as on September 30, 2010*
Income from Operations	7.67	5.50	8.22	5.84
Other Income	-	-	-	-
Increase in inventory	-	-	-	-
<b>Total Income</b>	<b>7.67</b>	<b>5.50</b>	<b>8.22</b>	<b>5.84</b>
Total Expenditure	0.94	1.48	1.74	0.64
Profit Before Depreciation Interest and Tax	6.73	4.02	6.48	5.20
Depreciation	0.39	0.34	0.29	0.12
Interest	-	-	-	-
<b>Profit Before Tax</b>	<b>6.34</b>	<b>3.68</b>	<b>6.19</b>	<b>5.08</b>
Provision For Tax	1.53	1.16	0.54	0.30
<b>Profit After Tax</b>	<b>4.81</b>	<b>2.52</b>	<b>5.65</b>	<b>4.78</b>

Source: Annual Reports

\* Limited Review Report dated November 12, 2010 issued by M/s Rattan Gupta & Co, Chartered Accountants, Statutory Auditors.

Balance Sheet Statement	₹ In Lakhs			
	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)	Six months ended as at September 30, 2010*
Application of funds				

Paid up Share Capital	24.90	24.90	24.90	24.90
Reserves and Surplus (excluding revaluation reserves)	23.07	25.59	31.24	36.02
Net worth	47.97	50.49	56.14	60.92
Secured Loan	-	-	-	-
Unsecured Loan	-	-	-	-
<b>Total</b>	<b>47.97</b>	<b>50.49</b>	<b>56.14</b>	<b>60.92</b>
<i>Uses of Funds</i>				
Net Fixed Assets	2.55	2.21	1.92	1.80
Investments	17.23	49.31	52.39	52.36
Net Current Assets	28.19	-1.03	1.83	6.76
Total miscellaneous expenditure not written off	-	-	-	-
<b>Total</b>	<b>47.97</b>	<b>50.49</b>	<b>56.14</b>	<b>60.92</b>

Source: Annual Reports

\* Limited Review Report dated November 12, 2010 issued by M/s Rattan Gupta & Co, Chartered Accountants, Statutory Auditors.

Other Financial Data	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)
Dividend (%)	-	-	-
Earning Per Share (₹)	1.93	1.01	2.27
Book Value per Share (₹)	19.26	20.28	22.55
Return on Net Worth (%)	10.03%	5.00%	10.06%
Number of Shares	249,000	249,000	249,000

Source: Annual Reports

#### 68. Significant accounting policies

- a. Accounting conventions: The financial statements are prepared under the historical cost convention. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- b. Revenue Recognition: Expenses and income considered payable and receivable respectively are accounted for on accrual basis.
- c. Fixed Assets: Fixed assets are stated at their original cost less depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.
- d. Depreciation: MGFL follows the rates and method prescribed under the Income Tax Act, 1961 for providing depreciation in respect of all fixed assets.
- e. Stocks: Stock of shares is valued at cost. Cost of acquisition is inclusive of transfer expenses & other incidental expenses & at the time of sale, cost is determined on the basis of purchase price paid for each share identified through its distinctive no(s), in case of shares held in physical form and on the basis of FIFO method in case of shares held in dematerialized form. The market value of stock of quoted investments is also disclosed in the Balance Sheet.
- f. Income from stock of investments and loans: Income from stock of investments in interest bearing securities and loans & advances is accounted for on accrual basis. Dividend income from stock of investments in shares is recognised accruing as income of that year in which dividend is declared by the



companies in their respective Annual General Meetings.

69. There are no contingent liability as at March 31, 2010.

70. Reasons for the fall/rise in total income and profit after tax:

Total income for the year 2009-10 was ₹8.22 lakhs and for the year 2008-09 was ₹5.50 lakhs. The increase in total income was mainly due to capital gains on sale of shares and also increase in the dividend income as compared to previous year. Total income for the year 2008-09 was ₹5.50 lakhs and for the year 2007-08 was ₹7.67 lakhs. The decrease in total income was mainly due to reduced income from sale of shares during the year and increase in administrative expenses as compared to previous year.

Profit after Tax for the year 2009-10 was ₹5.65 lakhs and for the year 2008-09 was ₹2.52 lakhs. The increase in the Profit after tax is largely due to tax free income dividend and the increase in the long term capital gains. Profit after tax for the year 2008-09 was ₹2.52 lakhs and for the year 2007-08 was ₹4.81 lakhs. The decrease in profit after tax was mainly due to increase in administrative expenses as compared to previous year.

71. MGFL is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

72. As on the date of the Public Announcement, MGFL holds 10,801 shares in BCL.

73. In the year 2009, DSE launched listing amnesty scheme which *inter-alia* provides for waiver of reinstatement and condonation fees for non-publication or filing of various notices and quarterly results, waiver of processing fees and waiver of filing of documents under various clauses of the listing agreement under the amnesty scheme. MGFL vide its application dated June 30, 2010 has made an application to DSE for availing the benefit of the amnesty scheme. MGFL has complied with the necessary requirements as required under the amnesty scheme. MGFL's applications is pending with the DSE. Further, the DSE has also informed MGFL about the non-compliance with the under regulation 6 (2) & 6 (4) of the SEBI (SAST) Regulations and regulation 8 (3) of the SEBI (SAST) Regulations. MGFL vide its letter dated June 30, 2009 has informed DSE about the compliance of the aforesaid regulations. Further, there has been delay in filings under regulation 8 (3) of the SEBI (SAST) Regulations in the year 1998, 1999, 2000, 2001, 2005, 2006, 2007 & 2008 by 4,079, 3,714, 3,348, 2,983, 1,522, 1,157, 792 and 426 days respectively..

*SEBI may initiate suitable action against the alleged non-compliance and delays.*

74. Pursuant to circular no. SEBI/MRD/SE/31/2003/26/08 dated August 26, 2003 by SEBI, MGFL is not required to comply with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the stock exchanges as the paid up capital is less than rupees three crores or net worth is less than rupees twenty five crores.

75. The Compliance Officer of MGFL is

Mr. Anil Agarwal  
Iris House, 16, Business Centre,  
Nangal Raya, New Delhi - 110046  
Tel: 91-11-28520168  
Fax: 91-11-28521273

76. MGFL has not entered into any scheme of arrangement like merger / demerger in the past three years.

77. There are as on date no pending litigation by and against MGFL

#### **Information about Mr. Mahendra K. Daga (PAC)**

78. Mr. Mahendra K. Daga, s/o Late Mr. B. D. Daga is an Indian national residing at D-1/6, Vasant Vihar, New Delhi – 110 057, Tel No: 011-28520168, Fax No.: 011-28521273.
79. Mr. Sanjeev Jain, Chartered Accountant, Membership No. 89320 having office at E-35, Green Park Main, New Delhi-110016, Tel No. 011-46067777, Fax No.: 011-46067736 has certified vide his certificate dated September 13, 2010 that the Net Worth of Mr. Mahendra K. Daga as on the date of certificate is ₹10,60,69,249.69/- (Rupees Ten Crore Sixty Lakhs Sixty Nine Thousand Two Hundred Forty Nine and Paise Sixty Nine Only).
80. Mr. Mahendra K. Daga is the Managing Director of OCIL (Acquirer), husband of Ms. Sarla Daga (PAC) and promoter and shareholder of the other PACs.
81. Mr. Mahendra K. Daga is a graduate with an Arts degree from St. Xavier's College, Kolkata and is a fellow member of the Institute of Materials, U.K. He has over 42 years of experience in ceramics industry.
82. As on the date of the Public Announcement, Mr. Mahendra K. Daga holds 14,759 equity shares in BCL.
83. Besides OCIL, Mr. Mahendra K. Daga holds directorship in Freesia Investment And Trading Co. Ltd, Good Team Investment And Trading Co. Pvt. Ltd, Orient Rave Mercantile Limited, Triveni Engineering And Industries Ltd, Indian Council of Ceramic Tiles and Sanitarywares.
84. Mr. Mahendra K. Daga has promoted Freesia Investment and Trading Co. Ltd, Morning Glory Leasing and Finance Limited which are listed entities and Orient Rave Mercantile Limited which is not listed on any stock exchange.

Orient Rave Mercantile Limited was incorporated on April 21, 2004 and is in the business of trading in tiles. An application has been made to the Registrar of Companies for striking off the name of Orient Rave Mercantile Limited under the Easy Exit Scheme, 2010. The financial snapshot is as below:

Amount in ₹

Particulars	March 31, 2008	March 31, 2009	March 31, 2010
Equity Capital, Reserves (excluding revaluation reserves)	5,00,000	5,00,000	5,00,000
Total Income	Nil	Nil	Nil
Profit After Tax (PAT)	(20,863)	(15,472)	(43,652)
Earnings Per Shares (EPS)-Basic	(0.42)	(0.31)	(0.87)
Earnings Per Shares (EPS)-Diluted	(0.42)	(0.31)	(0.87)
Net Asset Value (NAV) Per Share	6.03	5.92	4.55

Orient Rave Mercantile Limited is not a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.

85. Mr. Mahendra K. Daga has not been prohibited by SEBI from dealing in securities market, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.

#### Information about Ms. Sarla Daga (PAC)

86. Ms. Sarla Daga, w/o Mahendra Daga is an Indian national residing at D-1/6, Vasant Vihar, New Delhi – 110 057, Tel No: 011-28520168, Fax No: 011-28521273.
87. Mr. Sanjeev Jain, Chartered Accountant, Membership No. 89320 having office at E-35, Green Park Main, New Delhi-110016, Tel No. 011-46067777, Fax No.: 011-46067736 has certified vide his certificate dated September 13, 2010 that the Net Worth of Ms. Sarla Daga as on the date of certificate is ₹ 5,26,61,723.90/- (Rupees Five Crore Twenty Six Lakhs Sixty One Thousand Seven Hundred Twenty Three and Paise Ninety Only).
88. Ms. Sarla Daga is wife of Mr. Mahendra K. Daga (PAC) and is also shareholder of Freesia Investment And

Trading Co. Ltd (PAC) and Morning Glory Leasing & Finance Limited (PAC).

89. As on the date of the Public Announcement, Ms. Sarla Daga holds 19,084 shares in BCL.
90. Ms. Sarla Daga holds directorship in Iris Designs Pvt. Ltd, which is not listed on any stock exchange.
91. Ms. Sarla Daga has not promoted any company.
92. Ms. Sarla Daga has not been prohibited by SEBI from dealing in securities market, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.

#### VIII. Disclosure in terms of regulation 21(2)

93. The minimum public shareholding required for continuous listing of the Shares is 25% (twenty five) of the share capital.
94. The Acquirer does not intend to delist the Target Company as a result of the Offer. In the event the shareholding of the Acquirer were to exceed the threshold specified in the listing agreement for continuous listing, the Acquirer will take the necessary steps in terms of the provisions of regulation 21(2) of SEBI (SAST) Regulations and as per the listing agreement prescribed by the Stock Exchanges to maintain a minimum threshold of public shareholding for listing on a continuous basis, within the timeframe specified therein.

#### IX. Information about Target Company

95. Bell Ceramics Limited was incorporated on October 1, 1985 in Amod, India. BCL has its registered office at Dora Village, Amod Taluka, Bharuch 392230, Tel: 02641 – 235151/235153, Fax: 02641-235160 and corporate office at 78/79, Surya Kiran Complex, Opp: Banker’s Heart Institute, Old Padra Road, Vadodara- 390 007, Gujarat, Tel: 0265- 2335844, Fax: 0265- 2336490.
96. BCL is engaged in the business of manufacturing of ceramic glazed floor and wall tiles.
97. The details of the manufacturing units of the Target Company are as under:

Location of the Plant	Product Manufactured	Installed capacity of the plant
Gujarat Plant: Village Dora, Taluka: Amod, Dist Bharuch, Gujarat	Ceramic glazed floor and wall tiles	(a) Floor tiles: 3650000 M2 p.a. (b) Wall tiles: 2190000 M2 p.a
Karnataka Plant: Village Chokanhalli, Taluk: Hoskote, Rural Bangalore, Karnataka	Ceramic glazed floor tiles	Floor tiles: 73000000 M2 p.a.

#### Gujarat Plant:

The Gujarat plant of the Target Company was installed in the year 1987 in technical collaboration with the ceramic tile machinery manufacturers M/S SITI spa Italy. The collaboration agreement was completed on absorption of the technology. The Gujarat plant has also established a plant to manufacture the frit in technical collaboration with Bitossi spa Italy for the purpose of meeting the captive requirements. The Gujarat plant availed technical services from M/s. Keraben, Spain leaders in tile manufacturing for quality improvement and for providing on shop floor training to the technicians.

This plant of the Target Company started commercial production in May 1988 with installed capacity of 12,77,500 m2 per annum (which was increased to the present level in four stages). The last expansion to increase the installed capacity of the plant from 10,000 m2 p day to 15,000 m2 p.day was completed in Nov 2005. At the Gujarat plant the floor tiles are manufactured with fast firing wet process technology whereas the wall tiles are manufactured with Double fast firing wet process technology.

## Karnataka Plant:

The Karnataka plant was installed with the technical collaboration with Ceramica Mirage, spa Italy. The Karnataka plant started the commercial production in March 1997 with installed capacity of 36,50,000 m<sup>2</sup> per annum (which was increased to present level in two stages). The expansion to increase the installed capacity of the plant from 10,000 m<sup>2</sup> p day to 20,000 m<sup>2</sup> p.day was completed in April 2005. At this plant, the ceramic glazed floor tiles are being manufactured with the state of art dry process single fast fired technology which is highly fuel efficient.

### 98. Share capital structure of BCL

Paid up Equity Shares of BCL	No. of Shares/ Voting rights	% of Shares/Voting rights
Fully paid up equity shares	1,21,73,807	100
Partly paid up equity shares	NIL	NIL
Total issued & paid up equity shares	1,21,73,807	100

### 99. Build up of the capital structure of BCL since inception is as follows:

#### Equity Share Capital

Date of Allotment	No of shares issued	% of total voting shares issued	Cumulative paid up shares	Cumulative % of total voting shares issued	Cumulative paid up capital (Rs lakhs)	Nature of Payment Consideration	Mode of Allotment	Identity of allottees (Promoters/ ex-promoters others)	Status of compliance
October 21, 1985	7	0.00%	7	0.00%	0	Cash	Signatories to MOA	Promoters & Others signing of Memorandum of Association	Complied with
April 19, 1986	10,000	0.05%	10,007	0.05%	1	Cash	Incorporation	Promoters	Complied with
February 24, 1988	5,399,993	25.09%					Public Issue	Promoters & Public	Complied with
July 12, 1989	28,600	0.13%					Shares Forfeited & Reissued	Promoters	Complied with
November 19, 1990	800	0.00%					Shares Forfeited & Reissued	Promoters	Complied with
June 03, 1991	3,200	0.01%	5,410,000	25.14%	541.00	Cash	Shares Forfeited & Reissued	Promoters	Complied with
January 10, 1992	1,419,100	6.59%	6,829,100	31.73%	682.91	Cash	Rights Issue	Promoters & Other Shareholders	Complied with
June 25, 1992	45,000	0.21%	6,874,100	31.94%	687.41	Cash	Rights Issue	Promoters	Complied with
August 05, 1992	825	0.00%	6,874,925	31.94%	687.49	Cash	Rights Issue	NRI Shareholders	Complied with
April 16, 1993	1,733,645	8.06%	8,608,570	40.00%	860.86	Cash	Rights Issue	Promoters & Other Shareholders	Complied with

December 22, 1995	12,912,855	60.00%	21,521,425	100.00%	2,152.14	Cash	Rights Issue	Promoters & Other Shareholders	Complied with
August 02, 2010	7,173,807	58.93%	7,173,807	58.93%	717.38	NA	Reduction of Capital as part of Scheme of Arrangement	Promoters & Public	Complied with
August 02, 2010	5,000,000	41.07%	12,173,807	100.00%	1,217.38	NA	Conversion of 1,50,00,000 8% Redeemable Cumulative Preference shares in to 50,00,000 Equity shares as part of Scheme of Arrangement	Promoters	Complied with

#### Preference Share Capital

Date of Allotment	No of shares issued	% of total voting shares issued	Cumulative paid up shares	Cumulative % of total voting shares issued	Cumulative paid up capital (Rs lakhs)	Nature of Payment Consideration	Mode of Allotment	Identity of allottees (Promoters/ex-promoters others)	Status of compliance
February 04, 1999	50,00,000	33.33%	50,00,000	33.33%	500	Cash	Private placement	Promoters 100%	Complied with
February 15, 1999	50,00,000	33.33%	1,00,00,000	66.67%	1,000	Cash	Private placement	Promoters 100%	Complied with
March 16, 1999	20,00,000	13.33%	1,20,00,000	80.00%	1,200	Cash	Private placement	Promoters 100%	Complied with
April 23, 1999	10,00,000	6.67%	13,00,0000	86.67%	1,300	Cash	Private placement	Promoters 100%	Complied with
July 28, 1999	20,00,000	13.33%	15,00,0000	100.00%	1,500	Cash	Private placement	Promoters 100%	Complied with
August 02, 2010	Nil				Nil		Preference capital converted into Equity capital		Complied with

100. No merger/demerger/spin off have taken place in the Target Company during the period of last three years. The share capital of the Target Company has been restructured through the following scheme of arrangement:

The Target Company had filed a Scheme of Arrangement under Sections 391 to 394 and Sections 100 to 104 of the Companies Act, 1956 ("Scheme") before the Gujarat High Court for its financial restructuring by way of reduction and consolidation of share capital whereby the face value of fully paid up equity shares of ₹ 10 each of the Target Company was reduced to ₹3.33/- per equity share and thereafter every 3 equity shares of ₹3.33/- each were consolidated into 1 equity share of ₹10/- each. Further, 1,50,00,000 preference shares in the Target Company were converted into 50,00,000 equity shares of ₹ 10 each at a premium of ₹20 per share. The Scheme was implemented and the new shares were allotted by the board of directors of the Target Company on August 02, 2010. Post implementation of the Scheme, the promoters and promoter group entities of the Target Company hold 64.27 % of equity capital of the Target Company. There has been suspension of trading of the

equity shares of the Target Company on NSE & BSE w.e.f July 26, 2010 to September 7, 2010 due to implementation of Scheme of Arrangement and where permitted for trading w.e.f. September 8, 2010 on the NSE & the BSE.

101. All the equity Shares issued by the Target Company are listed on the BSE and the NSE.
102. There are no outstanding convertible instruments in the Target Company.
103. The Target Company and the Promoter/Promoter group (including the Seller) and other major shareholders have duly complied with the provisions of Chapter II of the SEBI (SAST) Regulations from time to time except for delays by Target Company in filings under regulation 6 (2) and 6 (4) of SEBI (SAST) Regulations by 344 days in the year 1997 and under regulation 8 (3) of SEBI (SAST) Regulations by 79 days in the year 2009.

*Since there have been aforesaid delays in compliances by the Target Company under SEBI (SAST) Regulations, SEBI may initiate suitable action against the Target Company for the alleged non-compliance and delays.*

104. Target Company is in compliance with the listing agreements entered into with the Stock Exchanges. No penal action has been initiated by Stock Exchanges against the Target Company. Further, no investigations, proceedings, or inquiries are pending against Target Company by the SEBI, any recognized stock exchange, or any other regulatory authority, in relation to the securities of Target Company or trading therein or otherwise.
105. As on the date of this Letter of Offer, the Board of Directors of Target Company are as follows:

Name, Designation, Date of Birth and Address	Qualification	Experience (years)	Date of Joining
Mr. Kashinath Pai Designation: Managing Director Date of Birth: August 25, 1952 Address: Flat D-1, Prestige d villa, 4, Edward Road, Bangalore 560 052 Karnataka	MBA- IIM Bangalore, AICWA, ACS	40	January 01, 2007
Mr. Sudhir Vyas Designation: Executive Director Date of Birth: September 15, 1951 Address: C/17, Jay Santoshi nagar Society, Near utkarsh petrol Pump, Karelbaug, Vadodara 390 018	B.Com, LLB, FCS	40	January 01, 2007
Mr. Rameshwarlal Maheshwari Designation: Director Date of Birth: November 19, 1942 Address: B-127, III floor, Savitri nagar, New Delhi- 110 017	B.Com	40	September 30, 2008
Ms. Anita Thaper Designation: Director Date of Birth: March 12, 1972 Address: H-517 A, Palam Vihar, Gurgaon, Haryana- 122 015	B.Com	10	September 30, 2008
Mr. Pawan Agarwal Designation: Nominee Director Date of Birth: October 12, 1962 Address: B-174 Twin Towers, Prabhadevi, Dadar (w) Mumbai- 400 025	B.Com, ACS	24	September 15, 2008

As on date of the Public Announcement and the Letter of Offer, none of the Directors of the Target Company are on the board of the Acquirer or PACs.

106. There has been no change in the name of Target Company since incorporation.
107. The summary of the standalone audited financials for the last 3 financial years are as follows:

₹ in lakhs

Profit & Loss Statement	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)
Income from Operations / Net Sales	16184.21	18880.8	15330.19
Other Income	234.03	184.99	209.65
Increase / (Decrease) in stocks	-986.82	693.13	(616.76)
<b>Total Income</b>	<b>15431.42</b>	<b>19758.92</b>	<b>14923.08</b>
Total Expenditure	14835.01	17391.06	13455.56
Profit Before Depreciation Interest and Tax	596.41	2367.86	1467.52
Amortisation of Miscellaneous Expenditure	23.34	0	0
Depreciation	1132.79	1119.27	1114.6
Interest	1295.48	1163.21	1088.02
<b>Profit / (Loss) Before Tax</b>	<b>-1855.2</b>	<b>85.38</b>	<b>-735.1</b>
Provision for Tax	-90.23	39.46	100.31
<b>Profit / (Loss) After Tax</b>	<b>-1764.97</b>	<b>45.92</b>	<b>(634.79)</b>
Profit After Tax (considering extraordinary item)	-2182.43	33.3	(637.33)

Source: Annual Reports

₹ in lakhs

Balance Sheet Statement	March 31, 2008 (audited)	March 31, 2009 (audited)	March 31, 2010 (audited)
<b>Sources of Funds</b>			
Paid-up Share Capital	3652.14	3652.14	3652.14
Reserves and Surplus	-419.15	-385.85	-1023.18
<b>Networth#</b>	<b>3232.99</b>	<b>3266.29</b>	<b>2628.96</b>
Secured Loans	8792.94	8217.59	7527.33
Unsecured Loans	712.44	991.95	1205.75
Total Loans	9505.38	9209.54	8733.08
Net Deferred Tax Liability	0	0	0.00
<b>Total</b>	<b>12738.37</b>	<b>12475.83</b>	<b>11362.04</b>
<b>Application of Funds</b>			
Net Fixed Assets	12633.65	11889.27	10806.94
Capital Work-in-Progress	11.71	1.47	0.00
Investments	0.01	0.01	0.01
Net Deferred Tax Asset	56.63	46.05	248.62
Net Current Assets	36.37	539.03	306.47
<b>Total</b>	<b>12738.37</b>	<b>12475.83</b>	<b>11362.04</b>

Source: Annual Reports

Other Financial Data	March 31, 2008	March 31, 2009	March 31, 2010
Dividend (%)	NIL	NIL	NIL
Earning Per Share (₹)	-11.16	-0.5	-3.61
Return on Networth (%)*	-125.93	1.89	-56.45

Book Value Per Share** (₹)	8.05	8.21	5.25
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108. As per the audited financials as of March 31, 2010, the following are the contingent liabilities:

₹ in Lakhs

Contingent Liabilities	As at March 31, 2010
Letters of credit opened in favour of overseas suppliers	210.35
Outstanding Bank Guarantees	1.88
Arrears of fixed cumulative preference dividend	1804.51
Income Tax demands under appeal, not provided for (excluding interest and penalties, if any)	
(i) Income Tax demands	51.83
(ii) Sales tax demands	9.61
(iii) Excise demands	28.98

109. There have been no changes in the accounting policies in last 3 financial years warranting any change in financials.

110. Reasons for the fall/rise in total income:

The total income for the FY 2009-10 was ₹15,330.19 lakhs compared to ₹18,880.80 lakhs in FY 2008-09. The profit after tax for the FY 2009-10 was ₹(637.33) lakhs compared to ₹33.30 lakhs in FY 2008-09. The decrease in profit was due to decrease in sales by 15% and fall in capacity utilization with production reducing by 23% both in terms of quantity. The total income for the FY 2008-09 was ₹18,880.80 lakhs compared to ₹16,184.21 lakhs in FY 2007-08. The profit after tax for the FY 2008-09 was ₹33.30 lakhs compared to ₹(2182.43) lakhs in FY 2006-07. The increase in profit was due to increase in production by 17% whereas sales increased by 8% both in terms of quantity.

111. Significant accounting policies of BCL

a. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Target Company, and are consistent with those used in the previous year.

b. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Fixed assets and depreciation

Fixed assets are stated at cost of acquisition or construction or at revalued amounts, net of impairment loss if any, less depreciation/ amortization. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put to use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, recognised.

d. Depreciation/Amortisation :

Tangible assets:

Depreciation is provided on straight line method at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 except certain plant sub assemblies having limited life span of 3 years which have been



written off over such life span.

Assets individually costing ₹5,000 or less are depreciated fully in the year when the assets are put to use.

Intangible assets: These are amortized equally over a period of three years.

e. Impairment

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Target Company measures its 'value in use' on the basis of undiscounted cash flows of next five years projections estimated based on current prices. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at the lower of cost and fair value. Changes in the carrying amount of current investments are recognised in the Profit and Loss Account. Long-term investments are valued at cost, less any provision for diminution, other than temporary, in the value of such investments; decline, if any, is charged to the Profit and Loss Account. Cost comprises cost of acquisition and related expenses such as brokerage and stamp duties.

g. Inventories

Inventories are valued at the lower of cost and net realizable value, except for scrap which is taken at nil value. However, scrap sold is accounted for on realization. Cost is ascertained on a weighted average basis except for goods in transit which is ascertained on a specific identification basis. Work-in-progress and manufactured finished goods are valued on full absorption cost basis and include material, labour and factory overheads.

h. Foreign Currency Transactions

Initial Recognition : Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion : Foreign currency monetary items are reported using the closing rate.

Exchange Differences : Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

i. Revenue recognition

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

Sale of goods is recognised on shipment or dispatch to customers. "Sales" are net of sales tax/value added tax, sales returns and trade discounts.

Dividend income from investments is recognised when BCL's right to receive payment is established.

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Rent is accounted for on accrual basis.

j. Retirement benefits

Retirement benefit costs for the year are determined on the following basis:

All employees are covered under contributory provident fund benefit of a contribution of 12% of basic salary. Certain employees are also covered by a superannuation fund benefit of Life Insurance Corporation of India at a company contribution of 15% of basic salary. Both are defined contribution schemes and the contributions are charged to Profit and Loss Account of the year when the contribution to the fund is due. There are no obligations other than the contribution payable to the respective funds.

All employees are covered under Employees' Gratuity Scheme which is a defined benefit plan of Life Insurance

Corporation of India. The Target Company contributes to the Fund on the basis of the year-end liability actuarially determined in pursuance of the Scheme. All actuarial gains/losses arising during the accounting year are recognised immediately in the Profit and Loss Account as income or expense. Accrual for leave encashment benefit is made on the basis of a year-end actuarial valuation in pursuance of the Target Company's leave rules.

k. Income and Deferred Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where BCL has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each balance sheet date the Target Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

l. Earnings per share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the period.

m. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow comprise cash at bank and cash / cheques in hand and short term deposits with Banks.

o. Contingent Liabilities & Provisions:

In terms of the requirement of the Accounting Standard 29(AS-29) on "Provisions, Contingent liabilities and Contingent Assets:

where, as a result of past events, there is a present obligation that probably requires an outflow of resources and reliable estimates' can be made of the amount of obligation-an appropriate provision is created and disclosed; where as result of past events, there is a possible obligation that may, but probably will not require an outflow of resources-no provision is recognised but appropriate disclosure made as contingent liability unless the possibility of outflow is remote.

112. Pre and Post Offer Shareholding pattern of Target Company as follows:

Sr.No	Shareholder's category	Shareholding prior to the date of SPA (as on Sept 17, 10) (A)		Shares / voting rights acquired which triggered off the Regulations (B)		Shares to be acquired in the Offer (Assuming full acceptance) (C)		Shareholding after the Offer (A+B+C=D)	
		No.	%	No.	%	No.	%	No.	%
1	Promoter Group								
A	Parties to SPA:								

I	S.K. Jatia	76,16,092	62.56	(76,16,092)	-62.56	-	-		
Ii	Archana Jatia	43,833	0.36	(43,833)	-0.36	-	-		
B	Promoters other than 1(a) above	1,63,985	1.35	-	-	-	-	1,63,985	1.35
	<b>Total (a+b)</b>	<b>78,23,910</b>	<b>64.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,63,985</b>	<b>1.35</b>
2	Acquirer	Nil	Nil	76,59,925	62.92	24,34,762	20		
3	PACs (Not party to SPA)								
I	Mahendra K. Daga	14,759	0.12	-	-	-	-		
Ii	Sarla Daga	19,084	0.16	-	-	-	-		
Iii	Freesia Investments And Trading Company Limited	35,497	0.29	-	-	-	-		
Iv	Morning Glory Leasing And Finance Limited	10,801	0.09	-	-	-	-		
	<b>Total (2+3)</b>	<b>80,141</b>	<b>0.66</b>	<b>76,59,925</b>	<b>62.92</b>	<b>24,34,762</b>	<b>20</b>	<b>1,01,74,828</b>	<b>83.58</b>
4	Parties to the SPA other than 1(a) and 2	-	-	-	-	-	-	-	-
5	Public** (other than parties to SPA and Acquirer)								
	Mutual Funds/UTI/Fis/Banks	31,605	0.25	-	-	-	-		
	Insurance Companies	11,614	0.10	-	-	-	-		
	FII	1,916	0.02	-	-	-	-		
	Body Corporates	14,53,819	11.94	-	-	-	-		
	Individuals	26,40,996	21.69	-	-	-	-		
	Others	1,29,806	1.07	-	-	-	-		
	<b>Total 5</b>	<b>42,69,756</b>	<b>35.07</b>	<b>-</b>	<b>-</b>	<b>(24,34,762)</b>	<b>-20</b>	<b>18,34,994</b>	<b>15.07</b>
	<b>Grand Total (1)+(2)+(3)+(4)+(5)</b>	<b>1,21,73,807</b>	<b>100.00</b>	<b>76,59,925</b>	<b>62.92</b>	<b>24,34,762</b>	<b>20</b>	<b>1,21,73,807</b>	<b>100.00</b>

The residual shareholding of the current promoter group i.e. 1.35% in the Share Capital of the Target Company will be classified as public shareholding, on consummation of the SPA and upon completion of the Offer.

The total number of public shareholders as on September 30, 2010 are 13,399.

113. Details of changes in shareholding of the Promoter and Promoter Group as and when it took place, is as follows:

Date	Transaction	No of Shares Acquired/Sold*	Compliance under the Regulations	Cumulative Promoter holding (no of shares)	Share capital of company post allotment (no of shares)	Cumulative promoters holding (%)	Difference in cumulative Promoter Holding (%)
October 21, 1985	Subscriber MOA	1	NA	1	7	14.29%	0.00%
April 19, 1986	Allotment to Promoters	4,800	NA	4,801	10,007	47.98%	33.69%
February 24, 1988	Public Issue	2,082,000	NA	2,086,801	5,410,000	38.57%	-9.40%
July 12, 1989	Forfeited Shares issued	28,600	NA	2,115,401	5,410,000	39.10%	0.53%
November 19, 1990	Forfeited Shares	800	NA	2,116,201	5,410,000	39.12%	0.01%

	issued						
June 03, 1991	Forfeited Shares issued	3,200	NA	2,119,401	5,410,000	39.18%	0.06%
January 10, 1992	Rights Issue	529,925	NA	2,649,326	6,829,100	38.79%	-0.38%
June 25, 1992	Rights Issue	39,800	NA	2,689,126	6,874,100	39.12%	0.33%
April 16, 1993	Rights Issue	931,163	NA	3,620,289	8,608,570	42.05%	2.93%
December 22, 1995	Rights Issue	4,851,462	NA	8,471,751	21,521,425	39.36%	-2.69%
August 02, 2010	Scheme of Arrangement for reduction of equity capital and conversion of Preference capital into equity capital	7,823,910	Yes	7,823,910	12,173,807	64.27%	24.90%

\* The details does not include capital build-up of Mr. RGN Swamy who ceased to be the promoter & director of the Target Company since 2002.

There has been following Inter-se transfers among the promoter and promoter group in the month of September, 2010:

- Transfer of aggregate of 46,898 shares of Mr. Amritesh Jatia, Mr. Adarsh Jatia and Mr. Shashi Jatia to Mr. S. K. Jatia; and
- Transfer of 25,40,811 Shares of JBS Investments Pte Ltd and Ta Yang Enterprises Pte Ltd. to Mr. S. K. Jatia.

114. Following are the details of litigation pending by and / or against Target Company for ₹ 5 lakhs or above:

Nature of dispute and litigation and the form where is being pursued	Extent of claim/ liability	Brief particulars of the dispute/ litigation	Present status of the dispute/ litigation
(a)	(b)	(d)	(e)
<b>Excise Matters</b>			
(1) Cenvat credit availed on purchase of Coated pipe line used for laying gas pipe line - 7.5 kms from GAIL tapping point to factory -Gujarat unit	₹16.54 lakh and penalty of ₹5 lakh	New pipe 6" line at the cost of ₹225 lakhs laid between tapping point to factory -CENVAT availed -Department taken a view that since the pipe line is outside the factory premises, CENVAT is not entitled	-Show cause notice issued on May 24, 2007 -Commissioner vide order dtd 08.10.07 confirmed the demand and imposed penalty -Appeal filed on January 21, 2008 -Appeal rejected by Commissioner Appeal order dtd June 13, 2008 -Appeal filed on September 23, 2008 with CESTAT -Appeal allowed and stay granted order dtd November 28, 2008 -matter yet to reach the Board for hearing.

<b>Income Tax</b>			
(1) Demand of tax u/s 115 j of the Income tax	₹ 22.17 lakh	AY 1990-91 As per the income tax return filed the business profit was ₹8.37 lakh and 30% tax ₹2.51 lakh was paid. Dept assessed Business Income Of ₹82.27 lakh and assessed tax of ₹24.68 lakh. Demand raised after deduction of tax paid	Appeal filed with supreme Court - Matter pending for hearing.
(2) Various disallowances of Expenses in the Asses order	₹ 14.39 lakh	AY 1993-94	Appeal filed with ITAT Ahmedabad - Matter pending for hearing.
(3) Various disallowances of Expenses in the Asses order	₹ 32.17 lakh	AY 1994-95	Appeal filed with High Court at Ahmedabad - Matter pending for hearing.
(4) Various disallowances of Expenses in the Asses order	₹ 22.37 lakh	AY 1995-96 Appeal filed on the question of law as under: Whether ITAT was right in law and facts in deleting the disallowance of ₹65.82 lakhs being interest on borrowing payable by assessee holding that the amount was revenue expenditure allowable u/s 36(1)(iii) of the I T Act.	ITAT decided the matter in favour of the Target Company.  Appeal filed by the department with High Court at Ahmedabad being no 222 of 2007.  Appeal admitted on September 20, 2007. Matter pending for hearing.
<b>Criminal cases or civil suits filed by Target Company</b>			
(1) Mena Tiles Region: Mumbai (In the Court of Learned Judicial Magistrate (F.C.) at Vadodara.)	₹ 6.49 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Summons to be reissued.
(2) Pearl Ceramics Region: Cochin (In the Court of Learned Chief Judicial Magistrate F C at Vadodara)	₹ 6.80 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Warrant issued on March 18, 2009.
(3) Sheel Ceramics Region: Cochin (In the Court of Learned Chief Judicial Magistrate F C at Vadodara)	₹ 8.02 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Bailable Warrant to be issued.
(4) Universal Agency Region: Cochin (In the court of learned chief judicial magistrate F C at	₹ 8.03 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Warrant to be issued.

Vadodara)			
(5) Ceramics sellers Region: Calicut (In the court of learned chief judicial magistrate F C at Vadodara)	₹ 5.42 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Warrant to be issued.
(6) Parambil Sanitary Region: Kerala (in the Court of Learned Chief Judicial Magistrate F C at Vadodara)	₹ 6.89 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Warrant to be reissued.
(7) Southern Agency Region: Calicut (In the court of learned chief judicial magistrate F C at Vadodara)	₹ 6.77 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Bailable warrant to be reissued.
(8) R.K.Agency Region: Hyderabad (In the Court of Learned Chief Judicial Magistrate F C at Vadodara)	₹ 6.88 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Bailable warrant to be reissued.
(9) Sasi Building Needs Region: Anantpura, AP (In the Court of learned Civil Judge S D Court at Vadodara)	₹ 6.87 lakhs	Suit for recovery of outstanding amounts	Summons reissued.
(10) Balaji Udyog Region: Vishakhapatnam, (in the court of Learned Chief Judicial Magistrate F C At Vadodara)	₹ 17.26 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Bailable warrant to be reissued.
(11) Aar Ess & Co. Region: Gurgaon, (In the court of learned Chief Judicial Magistrate S D at Vadodara)	₹ 7 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Warrant issued.
(12) Balaji Sales Corporation Region: Byculla, Mumbai (In the Court of Learned Chief Judicial Magistrate F C at Vadodara)	₹ 16.80 lakhs	Cheque Bounced and Criminal Complaint filed under section 138 of N.I. Act.	Date of first hearing to be obtained from the Court.
<b>Labour cases against Target Company</b>			
(1) Name of workman: Mr Atul C Patel. Misbehavior with supervisor and was terminated from services. (Labour Court – Bharuch / Baroda)	₹ 5 lakhs	Reinstatement with full back wages	-Applicant is dead -Order received from Gujarat High Court to restore the matter -Matter pending before Gujarat High Court.
(2) Name of workman: Mr. Premkant M. Jha. Performance was not satisfactory and was terminated from services. (Labour Court – Bharuch /	₹ 5 lakhs	Reinstatement with full back wages	Matter gone to High Court and is pending.

Baroda)			
(2) Name of workman: Mr. P. Ravindranath Menon Performance was not satisfactory and was terminated from services. (Labour Court – Bharuch / Baroda)	₹ 12.50 lakhs	Reinstatement with full back wages	Matter at High Court at final stages.

115. Apart from above, there are 6 labour cases pending against the Target Company aggregating ₹ 13 lakhs. Further, there are 74 criminal and civil suits aggregating ₹ 115.76 lakhs, 2 excise cases aggregating ₹ 1.24 lakhs, 3 sales tax cases aggregating ₹ 9.59 lakhs and 1 income tax case for a sum of ₹ 0.49 lakhs filed by the Target Company.
116. Compliance with Corporate Governance: R. P. Malhan & Co. Chartered Accountants has issued a certificate dated May 20, 2010 regarding compliance with the Corporate Governance requirements under clause 49 of the Listing Agreement which has been included in the Annual Report for 2009-2010. The certificate inter-alia states as follows: *“In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned clause of the Listing Agreement”*.
117. Details of Compliance Officer of Target Company:
- Mr. Samir Patel  
Assistant Company Secretary  
Bell Ceramics Limited  
78/79, Surya Kiran Complex, Padra Road,  
Vadodara- 390 007  
Tel no 0265- 2335844, Fax No 0265- 2336490  
Email: secretarialbaroda@bellceramic.com

## X. OFFER PRICE

### Justification of Offer Price

118. The Shares were listed with the NSE, the BSE, DSE, Ahmedabad Stock Exchange and Vadodara Stock Exchange. Subsequently, pursuant to the special resolution passed at the general meeting held on September 27, 2003, Shares were delisted from DSE, Ahmedabad Stock Exchange and Vadodara Stock Exchange. The Target Company had filed a Scheme of Arrangement under Sections 391 to 394 and Sections 100 to 104 of the Companies Act, 1956 (“Scheme”) before the Gujarat High Court for reduction and consolidation of share capital which was approved on July 02, 2010. Pursuant to the Scheme, the face value of equity shares of ₹10 each was reduced to ₹3.33/- per equity share and thereafter every 3 equity shares of ₹3.33/- each were consolidated into 1 (one) equity share of ₹10/- each. Further, 1,50,00,000 outstanding preference shares of ₹ 10 each were converted into 50,00,000 equity shares of ₹10 each at a premium of ₹20/- per share. The Scheme was implemented and the new equity shares were allotted by the board of directors of the Target Company on August 02, 2010. The equity shares of the Target Company were suspended for trading w.e.f. July 26, 2010 for implementation of the Scheme and the new equity shares issued pursuant to the Scheme were listed and permitted for trading w.e.f. September 8, 2010 on the NSE and the BSE.
119. As there is no trading history available for the continuous preceding twenty six weeks hence for the purpose of this Offer, the Shares are deemed to be infrequently traded within the meaning of regulation 20(5) of the SEBI (SAST) Regulations.
120. The Offer Price of ₹25.00 (Rupees Twenty Five only) per share is justified in terms of regulation 20 of SEBI

(SAST) Regulations being the higher than the following:

Negotiated Price	Rs 20.69 per share
Highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of the Public Announcement	Not Applicable
The average of the weekly high and low of closing prices of the shares on NSE of the Target for the 26 weeks preceding the date of the Public Announcement	Rs. 9.46 per share
The average of the daily high and low prices of the shares on BSE of the Target for the 2 weeks preceding the date of the Public Announcement	Rs. 24.90 per share
Other parameters based on the audited financial results for the year ended on March 31, 2010:	
Book Value per Share	₹ 5.25
Return on Net Worth	(56.42)%
Earning per Share	₹ (3.61)
P/E Ratio	Not Applicable
Fair Value per Share*	₹ 23.50

\* Fair value of the shares has been determined vide valuation report dated September 21, 2010 issued by Mr. Rajesh Kumar Jain, Partner, (Membership No. 095764), M/s. A Puri & Associates., Chartered Accountants, 1C Vandhna, 11 Tolstoy Marg, New Delhi 110001 an independent Chartered Accountant, taking into consideration the parameters set out by the Hon'able Supreme Court of India in the case of Hindustan Lever Employee Union v. Hindustan Lever Limited, (1995) 83 Comp Case 30. The said valuation report, prepared on the basis of Net Asset Value ₹20.64 per share, Profit Earning Capacity Value Nil per share and Market Value ₹ 24.93, indicates that the fair value of the shares based on the audited financial statements of the Target Company as on March 31, 2010 is ₹23.50 per share.

121. Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the regulation 20 (5) read with regulation 20 (11) of the Regulations.
122. The SPA includes payment of non-compete fee of ₹ 10,00,000/- to Mr. S. K. Jatia, a promoter of the Target Company. Besides, this there is no other agreement for payment of any non-compete fees with the promoters of the Target Company.
123. The Acquirer has not acquired any Shares of the Target Company from date of the Public Announcement up to the date of the Letter of Offer. If the Acquirer acquires Shares after the date of the Public Announcement 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 valid applications received under the Offer.

## XI. FINANCIAL ARRANGEMENTS

124. The Acquirer has made firm financial arrangements for financing the acquisition of Shares, in terms of regulation 16 (xiv) of the SEBI (SAST) Regulations. The maximum fund requirement for the acquisition of 24,34,762 Shares at the Offer price of ₹ 25.00 per equity share assuming full acceptance of the Shares tendered would be ₹ 60,869,050.00. The funding would be through the existing cash balances.
125. In accordance with regulation 28 of the SEBI (SAST) Regulations, The Acquirer has deposited ₹60,869,050.00 with YES Bank Limited, Maneckji Wadia Building, Ground Floor, Nanik Motwani Marg, Mumbai- 400001 ("the Escrow Bank") in an escrow account no. 000180200001051 (the "OCIL - BCL - Open Offer - Escrow Account"), which constitutes 100% of the consideration payable to the Shareholders in this Offer, under the terms of the Escrow agreement dated September 21, 2010 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank. The Manager to the Offer has been empowered to operate the escrow account in terms of the SEBI (SAST) Regulations.
126. Ms. Pallavi Dinodia, Membership No. 500618 of M/s S.R. Dinodia & Co., Chartered Accountants, located at K-39, Connaught Place, New Delhi-110001, has by its letter dated September 21, 2010 certified that Acquirer has adequate resources to meet the financial requirements of the Offer.



127. Based on the above, the Manager to the Offer is satisfied with the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as the Acquirer has funded the escrow account by depositing 100% of the consideration payable to the Shareholders in the Offer to fulfill its obligations under the SEBI (SAST) Regulations.

## **XII. STATUTORY AND OTHER APPROVALS REQUIRED FOR THIS OFFER**

128. The Acquirer have received approval to acquire shares from non-residents under the Offer from the Reserve Bank of India vide its letter dated November 02, 2010.
129. As of the date of this Letter of Offer, there are no other statutory approvals required to acquire the Shares validly accepted under this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals.
130. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations.
131. If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on its part, the amount lying in the Escrow Account shall be subject to forfeiture and be dealt with in the manner provided in regulation 28 (12) (e) of the Regulations.
132. In the event of withdrawal, a public announcement will be made in the same newspapers in which the Public Announcement was made.

## **XIII. TERMS AND CONDITIONS OF THE OFFER**

133. This Offer is made to all Shareholders (except parties to the SPA) and also to persons who acquire Shares before or during the Offer Period and tender these Shares into the offer so as to credit those Shares to the account designated for the Offer on or before December 13, 2010. This Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the Shareholders whose names appear on the register of members of the Target Company and the beneficial owners of the Shares, whose names appear as beneficiaries on the records of the respective Depositories, on September 24, 2010. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.
134. The Offer is subject to the terms and condition set out in this Letter of Offer, the Form of Acceptance, the Form of Withdrawal, the Public Announcement and any other public announcements that may be issued about the Offer.
135. The Acquirer will acquire the Offer Shares, free from all lock-in, liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. There are no lock-in Shares of the Target Company.
136. In the event of oversubscription to the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent upon the level of subscription.
137. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to 7 working days prior to the closure of the Offer viz. up to December 02, 2010 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Offer Shares that are validly tendered pursuant to the Offer.

138. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.
139. The Offer is not conditional on any minimum level of acceptance i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 24,34,762 Shares, subject to the conditions specified in the Public Announcement published on September 22, 2010 and this Letter of Offer and Form of Acceptance-cum-Acknowledgement. The Acquirer has vide its letter dated October 06, 2010, has undertaken that it will comply with 21(5) of the Regulations.
140. Accidental omission to dispatch this Letter of Offer to any member entitled to this Open Offer or non-receipt of this Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
141. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer titled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers mentioned under point 147 of this Letter of Offer, either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. December 13, 2010.
142. In respect of dematerialized Shares, the credit for the Shares tendered must be received in the Special Depository Account (as specified in point 148 on or before 4.30 p.m. Indian Standard Time on December 13, 2010. If the Shareholders hold the Shares through NSDL, their Depository Participant instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with CDSL.
143. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.
144. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.
145. The securities transaction tax will not be applicable to the equity shares accepted in the Offer.

#### **XIV. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER**

146. The Acquirer has appointed Link Intime India Pvt. Ltd. as the Registrar to the offer.
147. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centres below:

<b>Sr. No</b>	<b>Collection centre</b>	<b>Contact Person</b>	<b>Address of collection centre</b>	<b>Tel. No.</b>	<b>Fax No.</b>	<b>E-mail ID</b>	<b>Mode of Delivery</b>
1	Mumbai	Vivek Limaye	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W),	022-25960320	022-25960329	<a href="mailto:nilesh.chalke@linkintime.co.in">nilesh.chalke@linkintime.co.in</a>	Hand Delivery & Registered Post

			Mumbai - 400078.				
2	Baroda	Alpesh Gandhi	Link Intime India Pvt. Ltd., First Floor, Jaldhara Complex, Nr. Manisha Society, Old Padara Road, Vadodara - 390015	0265-2250241 / 3249857	0265-2250246 (Telefax)	<a href="mailto:vadodara@linkintime.co.in">vadodara@linkintime.co.in</a>	Hand delivery
3	New Delhi	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi - 110028	011-41410592 / 93/94	011-41410591	<a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>	Hand delivery
4	Bangalore	Prashant D. Shedbal	Link Intime India Pvt. Ltd., 543/A, 7TH Main, 3rd Cross, Hanumanthanager, Bangalore - 560019	080-26509004	080-26509004	<a href="mailto:bangalore@linkintime.co.in">bangalore@linkintime.co.in</a>	Hand Delivery
5	Kolkata	Debu Ghosh	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020	033-22890539 / 40	033-22890539 / 40	<a href="mailto:kolkata@linkintime.co.in">kolkata@linkintime.co.in</a>	Hand Delivery

*The documents can be tendered at the above centres between 10.00 am to 1.00 pm and 2.00 pm to 4.30 pm from Monday to Friday. The centres will be closed on Saturday, Sundays and public holidays.*

The Applicants who cannot hand deliver their documents at the collection centre, may send their documents only by Registered post, at their own risk, to the Registrar to the Offer, Link Intime Private Limited, Unit: Bell Ceramics Limited- Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078; Tel: +91-22-25960320; Fax: +91-22-25960329 so as to reach the Registrar to the Offer on or before the last date of acceptance i.e. Monday, December 13, 2010. NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER/TARGET COMPANY /THE MANAGER TO THE OFFER

148. The Shareholders, other than parties to the SPA, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by registered post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the registrar's collection centers at the addresses mentioned in point 147 above on or before 4.30 pm Indian Standard Time on Monday, December 13, 2010. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise the same is liable to be rejected. In the case of dematerialized Shares, the

Shareholders are advised to ensure that their Shares are credited in favour of the special depository account before 4.30 pm Indian Standard Time on Monday, December 13, 2010. The Form of Acceptance-cum-Acknowledgment of such dematerialized Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected. The details of Special Depository Account are as under:

<b>DP Name</b>	FCH Centrum Wealth Managers Limited
<b>DP ID Number</b>	12065100
<b>Client ID</b>	00053224
<b>Special Depository Account name</b>	CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW
<b>Depository</b>	Central Depository Services (I) Ltd

*Shareholders having their beneficiary account in National Securities Depository Ltd. have to use inter-depository delivery instruction slips for crediting their equity shares in favour of the special depository account with CDSL.*

**In case of dematerialised Shares, the Shareholders should ensure that the credit to the Special Depository Account mentioned above should be received on or before Monday, December 13, 2010. In order to ensure this, beneficial owners should tender the delivery instructions at least two working days prior. Form of Acceptance of such dematerialised equity shares not credited to the Special Depository Account before the date of closing of this Offer is liable to be rejected.**

**The Share certificate(s), share transfer form, Form of Acceptance and other documents, as required should be sent only to the Registrar to the Offer, at the collection centres mentioned above. No document should be sent to the Acquirer or the Manager to the Offer or the Target Company.**

**Please note the following:**

- (i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.
- (ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above Special Depository Account as on the date of closure of the Offer.

149. Documents to be delivered by all Shareholders

**Procedure for Equity Shares held in Demat Form**

- (a) For Shares held in the DEMATERIALIZED FORM- Beneficial Owners should enclose
  - i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP;
  - ii. Photocopy or counterfoil of the delivery instructions in "Off-market", duly acknowledged by the DP and filled as per details of the Special Depository Account as mention in point 148 above; and
  - iii. In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.
- (b) Shareholders who have sent their equity share certificates for dematerialisation should enclose:
  - i. Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/joint Shareholders whose name appears on the share certificate and in the same order and as per the specimen signature lodged with the Target Company.
  - ii. A copy of the dematerialisation request form duly acknowledged by the Shareholder's depository participant. Such equity shareholders should ensure that the credit of their Shares tendered under Offer to the Special Depository Account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. Alternatively, if the equity shares sent for dematerialisation are yet to be processed by the equity shareholder's depository participants, the equity shareholders can withdraw their

dematerialisation request and tender the equity share certificates in the Offer as per procedure mentioned in point 149(c) of the Letter of Offer.

#### **Procedure for Equity Shares held in Physical Form**

- (c) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS of the Target Company:
- i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by the Shareholder. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
  - ii. Original equity share certificate(s); and
  - iii. Valid equity share transfer deed(s) duly signed by transferor (by all the equity Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s). The transfer deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form is enclosed along with this Letter of Offer. and
  - iv. If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such equity shares are liable to be rejected under this Offer even if the Offer has been accepted by a *bona fide* owner of such equity shares.

- (d) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:
- i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
  - ii. Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
  - iii. Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
  - iv. In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s).
  - v. No indemnity is required from persons not registered as the Shareholder.
  - vi. Valid share transfer deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.
  - vii. The acknowledgement received, if any, from the Target Company in case the equity shares have been lodged with the Target Company. Such persons should instruct the Target Company and its Registrar and Transfer agents to send the transferred share certificate(s) directly to the collection centres as mentioned in point 147 above of the Letter of Offer. The applicant should ensure that the certificate(s) reach the designated collection centre before the date of closing of the Offer.

Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer at the collection centres as mentioned in point 147 above of this Letter of Offer, on plain paper stating name, address, number of equity shares held, no. of equity shares offered, distinctive numbers, folio numbers, together with the original share certificate(s), valid transfer deeds in case of equity shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of equity shares held in dematerialised form and the original contract note issued by the broker through whom they acquired their equity shares. No

indemnity is required from the unregistered owners.

Unregistered owners if they so desire may also apply on the Form of Acceptance downloaded from the SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### **Procedure to be adopted in case of non-receipt of the Letter of Offer**

##### **▪ By equity shareholders holding equity shares in physical form**

In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer, at the collection centres as mentioned in point 147 above of the Letter of Offer, on plain paper stating their name, address, number of equity shares held, no. of equity shares offered, distinctive numbers, folio numbers together with the original share certificate(s), valid transfer deeds in case of equity shares held in physical form, so as to reach the Registrar to the Offer on or before the date of closing of the Offer.

Shareholders who have lodged their equity shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of equity shares. Shareholders who have sent their equity share certificates for dematerialisation should send a copy of the dematerialized request form duly acknowledged by their depository participant.

##### **▪ By equity shareholders holding equity shares in dematerialised form**

Beneficial Owners may send the acceptance of the Offer in writing to the Registrar to the Offer, at the collection centres as mentioned in point 147 above of the Letter of Offer, on plain paper, stating name, address, number of equity shares held, number of equity shares offered, DP name, DP ID, beneficiary account number and a photocopy or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the Special Depository Account, the details of which are mentioned in point 148 above of the Letter of Offer, so as to reach the Registrar to the Offer on or before the closing of the Offer.

Shareholders having their beneficiary account in National Securities Depository Ltd. have to use inter-depository delivery instruction slips for crediting their equity shares in favour of the special depository account with CDSL. No indemnity is required while sending the acceptance of the Offer on plain paper.

Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### **PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

150. While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit their previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of BCL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.
151. In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in), or obtain a copy of the same from the Manager to the Offer or the Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:
  - (a) In case Shares are held in the dematerialized form by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on Monday, December 13, 2010, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in

"Off-market" mode, duly acknowledged by the DP, in favour of "CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW" filled as specified in point 148 above.

- (b) In case of Shares held in the physical mode by sending their consent 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, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed, either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on December 13, 2010.
152. The Shareholders should provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
- Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
  - Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).
  - No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
  - In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).
153. In case the number of Shares validly tendered in the Offer by the Shareholders 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, on a proportionate basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized segment, the minimum marketable lot for the Shares is 1 (one).
154. In terms of the regulations 22(5A) of the Regulations, the Shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. up to Wednesday, December 08, 2010. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at any of the collection centres either by hand delivery or by registered post and up to three working days prior to the closure of the Offer.
155. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
- (a) In case of physical Shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn.
- (b) (b) In case of dematerialized Shares: Name, address, number of Shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy or counterfoil of delivery instruction in "off market" mode, duly acknowledged by the DP in favour of the Depository Escrow Account.
156. As per the provisions of section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of Shareholders, as given below:
- **Non-resident Indians:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in case of short-term capital gains or business profits or long-term capital gains, as the case may be. surcharge

and cess, as applicable, shall be levied by the Acquirer to the above tax rates.

- **Non-domestic companies:** The Acquirer will deduct tax at source (including cess and surcharge) at the applicable tax rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be.
  - **FIIs:** 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 payable to a Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act, 1961. However the Acquirer will not deduct tax at source only if the shares are held by the FII on investment/capital account.
  - Tax will be deducted at source at the maximum applicable rate for foreign companies on the Offer Price if the Shares are held on trade account or if the FII fails to certify in the bid form that the Shares are held by it on investment/capital account if the FII is a company. The FII may attach a certificate received from its Bank / Authorised Dealer / Chartered Accountant in this regard. If the FII is a person other than a company, then tax will be deducted at the maximum applicable rate for person other than a company and will be further increased by the applicable surcharge and education cess.
  - However, the interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the amount of tax to be deducted. In absence of the same, 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. **Other persons who are not resident in India:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates. In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short-term in nature. For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information submitted by the Shareholders.
  - As per the provisions of Section 206AA which come into effect from April 1, 2010, any person receiving a payment on which tax is deductible should obtain and provide a Permanent Account Number to the party making the payment. In absence of a PAN, the tax deducted at source shall be at the rate specified in the relevant provisions of the Income Tax Act 1962 or the rates in force or 20%, whichever is higher.
157. For the purpose of determining as to whether the capital gains are short-term or long-term in nature:
- In the case of physical Shares registered with the Target Company, the date of registration of the Shares with the Target Company shall be taken as the date of acquisition.
  - In the case of physical Shares not registered with the Target Company, the capital gain shall be assumed to be short-term in nature.
  - In the case of dematerialized Shares, the date of credit of the Shares to the shareholders demat account shall be taken as the date of acquisition.
  - In case of any ambiguity, incomplete or conflicting information or the information not being available with the Target Company regarding the same, the capital gain shall be assumed to be short-term in nature.
158. The aforementioned categories of Shareholders should certify in the Form of Acceptance cum Acknowledgement whether the Equity Shares are held by them on investment/capital account or on trade account.
159. In the event Shareholders require non-deduction of tax or deduction of tax at a lower rate or on a lower amount, they would need to obtain an order from the Income Tax authorities under section 195(3) or section 197 of the Indian Income Tax Act, 1961 and submit the same while submitting the Form. On failure to produce



such certificate from the Income Tax authorities, tax will be deducted as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

160. In the case of non residents, where the investor is a tax resident of a country which has entered into a tax treaty with India, it may be possible for the investor to avail the beneficial rate (if any) under the tax treaty. The tax rates may change from treaty to treaty. In order to claim the lower rate under the tax treaty, the shareholder should provide a certificate from the tax authorities from the country of his residence certifying that he is a resident of the specified foreign country.
161. Securities transaction tax will not be applicable to the shares accepted in this Offer.
162. As per the prevailing laws as regards deduction of income tax at source, no tax will be deducted at source for resident Shareholders.
163. All Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income. The tax rate and other provisions may undergo changes
164. Subject to the Statutory Approvals as stated in section XII above, the Acquirer intends to complete all formalities, including the payment of consideration under the Regulations within a period of 15 days from the closure of the Offer, i.e. Monday, December 13, 2010 and for the purpose open a special account as provided under regulation 29 of the Regulations, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose under regulation 22(12) of the Regulations, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable.
165. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance-cum-Acknowledgement.
166. The Manager to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the Special Depository Account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of BCL who have accepted the Offer, till the Acquirer complete the Offer obligations in terms of the Regulations latest by December 28, 2010. Upon completion of the above, the Manager to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirer and give instruction to credit the beneficial account of the Acquirer.
167. The Acquirer shall accept all valid fully paid up equity shares tendered (except those which are withdrawn, within the date specified for withdrawal) up to the Offer Size. Equity shares will be acquired by the Acquirer free from lien, charges and encumbrances of any kind whatsoever and together with all the rights attached thereto including the right to dividend, bonus and rights issue thereafter.
168. The payment of consideration for accepted applications will be made by the Acquirer in cash either through National Electronic Clearing System, Direct credit, RTGS, NEFT, account payee cheques, drafts, warrants, etc. in accordance with the Regulations, and the same will be in the name of the first named person in case of joint Shareholders. It is desirable that Shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the payment of consideration can be made accordingly.

- National Electronic Clearing System - Payment would be done through National Electronic Clearing System (NECS) for shareholders having an account at such locations where such facility is available. This mode of payment would be subject to availability of complete Bank Account details including the MICR Code as appearing on a cheque leaf, from the depositories.
  - Direct Credit – Applicants having bank accounts with the same bank through which payment consideration shall be made shall also be eligible to receive consideration through direct credit in their respective bank accounts as mentioned in the FOA.
  - RTGS – Applicants having a bank account at any of the RBI managed centres and whose payment consideration exceeds Rs. 1 Lakh, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive consideration through RTGS are required to provide the IFSC code in the FOA. In the event the same is not provided, payment consideration shall be made through other electronic modes or by cheques, pay orders or demand drafts payable.
  - NEFT (National Electronic Fund Transfer) – Payment of consideration shall be undertaken through NEFT wherever the shareholders bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder has registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the applicants through this method. The process flow in respect of consideration by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
  - For all other applicants, including those applicants whose payment consideration is not credited by NECS/ Direct credit due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post/Registered Post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.
  - The bank account details for NECS/DC/RTGS/NEFT will be directly taken from the depositories’ database or from the details as mentioned by the shareholders in the FOA.
169. The consideration for the Shares of the Target Company accepted by the Acquirer will be paid through any of the modes mentioned in point 168 above by crossed account payee cheques/demand drafts, etc. Such cheques/demand drafts exceeding ₹ 1,500 or unaccepted equity share certificates, transfer deeds 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/unregistered owner. Cheques/demand drafts for ₹1,500 or less will be sent under certificate of posting. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holders. In case of dematerialised equity shares, the equity shares would reside in the Special Depository Account as mentioned above. The Manager to the Offer will debit the Special Depository Account to the extent of payment of consideration made by the Acquirer and give instructions for the credit to the beneficial account of the Acquirer. The equity shares held in dematerialized form to the extent not accepted as a result of non-payment/part payment of consideration by the Acquirer under the Offer will be released to the beneficial owner’s depository account with the respective beneficial owners depository participant as per details furnished by the beneficial owner in the Form of Acceptance, at the sole risk of the beneficial owners.
170. A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is expected to be available on SEBI's web-site ([www.sebi.gov.in](http://www.sebi.gov.in)) during the period the Offer is open. Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

## XV. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the corporate office of the Manager to the Offer at Centrum Capital Limited, on any working days (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 4:30 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of the Memorandum and Articles of Association of OCIL and Corporate PACs;
- Certificate of Incorporation of the Acquirer and Corporate PACs
- Copies of Audited Annual Reports for OCIL, Corporate PACs and BCL for the years ended 31st March 2010, 2009 and 2008;
- Certificate from Sanjeev K. Jain & Co., Chartered Accountants certifying the networth of Individual PACs
- Certificate from Pallavi Dinodia partner of firm S.R. Dinodia & Co., Chartered Accountants (Membership number 500618) dated September 21, 2010 stating that the Acquirer has adequate financial resources for fulfilling all its obligations under the Offer for a value up to the maximum consideration;
- Copy of the letter dated September 21, 2010 from Yes Bank confirming the deposit amount of ₹ 6,07,47,312 in the Escrow Account
- Copy of the letter dated October 06, 2010 from the Acquirer accepting responsibility to satisfy financial obligations under the Offer
- A published copy of the Public Announcement dated September 22, 2010.
- Copy of the letter dated November 10, 2010 from SEBI in terms of proviso to regulation 18(2) of the Regulations
- Copy of Memorandum of Understanding between the Acquirer and the Registrar for the purpose of the Offer
- Copy of Escrow Agreement dated September 21, 2010 entered between the Acquirer, the Manager to the Offer and the Escrow Bank.
- Copy of Share Purchase Agreement dated September 20, 2010; and

**XVI. DECLARATION BY THE ACQUIRER AND PACs**

The Acquirer and the Boards of Directors of the Acquirer respectively accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer and PACs shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. Vijay Shankar Sharma, Mr. Mahendra K. Daga and Mr. Anil Agarwal have been authorised by the boards of directors of OCIL, Freesia Investment & Trading Co. Ltd. and Morning Glory & Finance Ltd respectively to be the authorised signatories to the Letter of Offer.

**Signed for and on behalf of the Acquirer and PACs**

\_\_\_\_\_  
Authorised signatory  
Orient Ceramics and Industries  
Limited  
Name: VIJAY SHANKAR SHARMA

\_\_\_\_\_  
Authorised signatory  
Freesia Investment & Trading Co. Ltd.  
Name: MAHENDRA K. DAGA

\_\_\_\_\_  
Authorised signatory  
Morning Glory Leasing & Finance Ltd.  
Name: ANIL AGARWAL

\_\_\_\_\_  
MAHENDRA K. DAGA

\_\_\_\_\_  
SARLA DAGA

Place: New Delhi  
Date: November 18, 2010

# FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer ONLY at their address as mentioned herein)

From

Name :

Address :

Tel No :

Fax no:

Email ID:

Status : Resident/ Non Resident:

To,

The Acquirer - Orient Ceramics and Industries Limited  
C/o. Link Intime India Pvt. Ltd.  
C-13 Pannalal Silk Mills Compound, L.B.S Marg,  
Bhandup (West), Mumbai – 400 078.

Dear Sir,

**Sub:** Open Offer to acquire up to 24,34,762 fully Paid-up Equity Shares of Rs.10/- each, representing 20.00% Voting Capital of Bell Ceramics Limited (Target Company or BCL), at a price of Rs. 25 per fully Paid up Equity Share (Offer Price) payable in cash by Orient Ceramics and Industries Limited (OCIL) along with Mr. Mahendra K. Daga, Ms. Sarla Daga, Freesia Investment and Trading Company Limited and Morning Glory Leasing and Finance Limited (collectively referred to as PACs) from the public shareholders of the Target Company (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations")

I/We refer to the Letter of Offer dated 18 November, 2010 for acquiring the Shares held by me / us in Bell Ceramics Limited.

I/We, the undersigned, have read the Letter of Offer, and understood its contents and unconditionally accept the terms and conditions and procedures as mentioned therein.

### FOR SHARES HELD IN PHYSICAL FORM

I/We accept the Offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
Total No. of Certificates			Total No. of Shares		

Please attach an additional sheet of paper if the above space is insufficient.

### FOR SHARES HELD IN DEMATERIALIZED FORM

I/We holding shares in dematerialized form, accept the Offer and enclose photocopy/counterfoil of the delivery instructions duly acknowledged by my/our DP in respect of my/our Shares as detailed below:

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

I/We confirm having done an off market transaction for crediting the Shares to the special depository account with CDSL named as "CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW", whose particulars are:

DP ID Number:	12065100	DP Name:	FCH Centrum Wealth Managers Limited
Client ID:	00053224	Depository:	Central Depository Services (India) Limited

Note: Shareholders, having their beneficiary account with National Securities Depository Limited ("NSDL"), have to use **inter-depository delivery instruction slip** for the purpose of crediting their Shares in favour of the special depository account with CDSL

I/We have enclosed the following documents:

Enclosures (Please tick as appropriate, if applicable)

- Power of Attorney
- Corporate Authorisation in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories.
- No Objection Certificate & Tax Clearance Certificate under Income Tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable
- Death Certificate/ Succession Certificate (duly attested)
- Others (please specify)

----- Tear Here -----

### ACKNOWLEDGEMENT RECEIPT

Sr. No. \_\_\_\_\_

Received by Mr./Mrs./M/s \_\_\_\_\_

Address \_\_\_\_\_

Physical shares: Folio No. \_\_\_\_\_/Demat Shares: DP ID \_\_\_\_\_; Client ID: \_\_\_\_\_

Form of Acceptance along with (Tick wherever is applicable):

Physical Shares: No. of shares \_\_\_\_\_; No. of Certificates enclosed \_\_\_\_\_

Demat Shares: Copy of delivery instruction for \_\_\_\_\_ number of shares enclosed

Stamp of Collection centre	Signature of Official	Date of Receipt

I/We confirm that the Shares which are being tendered herewith by me/us under the Offer are free from lien, charges and encumbrances of any kind whatsoever. I/we are not debarred from dealing in Shares.

I/We note and understand that the Shares/ Share certificate(s) and valid transfer deed(s) will be held in trust for me/us by **Link Intime India Pvt. Ltd.**, (the "**Registrar to the Offer**") until the time OCIL and/or PACs pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that OCIL and/or PACs will pay the purchase consideration only after verification of the documents and signatures, net of applicable withholding taxes, if any.

I/We authorise OCIL and/ or PACs to accept the Shares so offered which it may decide to accept in consultation with the Centrum Capital Limited ("**Manager to the Offer**") and in terms of the Letter of Offer and I/we further authorise OCIL and/ or PACs to return to me/us, Share certificate(s) in respect of which the Offer is not found valid/not accepted and in case of dematerialized shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise OCIL and/ or PACs to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/we further authorise OCIL and/ or PACs to split/consolidate the Share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purpose OCIL and/ or PACs is hereby authorised to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorise OCIL and/ or PACs to send by registered post/speed post the draft/cheque/pay order, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the special depository account until the time OCIL and/ or PACs makes payment of purchase consideration as mentioned in the Letter of Offer.

**For NRIs / OCBs / FIs / Foreign Shareholders**

I / We, have enclosed the following documents

- No objection certificate / Tax clearance certificate from the Income Tax Authorities
- RBI approvals for acquiring shares of the Target Company hereby tendered in the Offer
- Copy of Permanent Account Number / PAN Card

**For FI Shareholders :**

I / We, confirm that the Shares of the Target Company are held by me / us on  Investment /  Capital Account or  Trade Account (select whichever is applicable in your case).

Note: In case the Shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence /incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence. In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.

The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act is as under:

	First / Sole Shareholder	Second Joint Shareholder	Third Joint Shareholder	Fourth Joint Shareholder
PAN/GIR No.				

**Bank Details**

So as to avoid fraudulent encashment in transit, Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder as follows and the consideration cheque or demand draft or pay order will be drawn accordingly:

Name of the Bank	Branch
Account Number	Savings/Current/ (Others: please specify)

For Shares that are tendered in dematerialized form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration will be paid in accordance with the said bank particulars.

**Details for RTGS / NEFT / NECS**

In addition to above Bank Details, Shareholders opting for the RTGS/ NEFT / NECS option should provide the following details:

Payment through RTGS (Yes/No): \_\_\_\_\_

Payment through NEFT (Yes/No): \_\_\_\_\_

Payment through NECS (Yes/No): \_\_\_\_\_

IFSC Code of the Branch where account is maintained: \_\_\_\_\_

Yours faithfully,

Signed and Delivered

	Full Name(s) of the Shareholder(s)	Signature
First/Sole Shareholder		
Second / Joint Shareholder		
Third / Joint Shareholder		
Fourth / Joint Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal and necessary Board Resolution must be attached.

Tel No. \_\_\_\_\_; Fax No. \_\_\_\_\_; Email: \_\_\_\_\_

Place : \_\_\_\_\_ Date : \_\_\_\_\_

**SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE OF FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. 4.30 P.M. INDIAN STANDARD TIME ON DECEMBER 13, 2010 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.**

**Note: All future correspondence, if any, should be addressed to Registrar to the Offer:**

**Link Intime India Pvt. Ltd.,**

**(Unit : Bell Ceramics Limited – Open Offer)**

C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West) Mumbai - 400 078

Tel.: 91- 022-25960320 Fax.: 91- 022-25960329

Email:bstl.offer@linkintime.co.in

Contact Person : Mr. Nilesh Chalke, **quoting your Reference Folio No./DPID/Client ID.**

## INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance cum Acknowledgement.
2. The acceptance of the Offer is entirely at the discretion of the Shareholders. Each Shareholder to whom this Offer is being made is free to offer his Shares in whole or in part while accepting the Offer.
3. Shareholders should enclose the following:

### Procedure for Shares held in Physical Form

- Registered Shareholders should enclose:
  - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appears on the Share certificate(s) and in the same order in which their name(s) appear in the register of Shareholders and as per the specimen signature lodged with the Target Company;
  - Original Share certificate(s);
  - Valid share transfer form(s) duly signed as transferor(s) by all registered Shareholder(s) (in case of joint holdings), in the same order and as per specimen signatures registered with and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer. The share transfer form should be left blank, except for the signatures as mentioned above;
  - The details of the buyer should be left blank failing which the same will be invalid under the Offer. The details of OCIL and/ or PACs as buyer will be filled in by OCIL and/ or PACs upon verification of the Form of Acceptance cum Acknowledgement on the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
- Unregistered owners of Shares should enclose:
  - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein;
  - Original Share certificate(s);
  - Original broker contract note;
  - Valid share transfer form(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance;

***In case of registered Shareholders, non-receipt of the aforesaid documents, but receipt of the Share certificates along with the duly completed transfer form, the Offer shall be deemed to be accepted.***

### Procedure for Shares held in Dematerialized Form

- Beneficial owners should enclose:
  - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein, as per the records of the depository;
  - A photocopy or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the beneficial owners' DP and completed as per the details of the special depository account given below.

The Registrar to the Offer has for the purpose of this Offer, opened a special depository account with CDSL "CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW", whose particulars are:

**DP ID Number: 12065100; DP Name: FCH Centrum Wealth Managers Limited; Client ID: 00053224; Depository: Central Depository Services (India) Limited**

Shareholders, having their beneficiary account with NSDL, have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with CDSL. The Shares are compulsory in dematerialized mode and the minimum marketable lot for such shares is one.

The beneficial owners who hold Shares in dematerialized form are required to execute a trade by tendering the delivery instructions for debiting their beneficial account with the beneficial owners' DP and crediting the above mentioned special depository account. The credit in the special depository account should be received on or before 4.30 pm Indian Standard Time on **MONDAY, 13 DECEMBER, 2010. In order to ensure this, beneficial owners should tender the delivery instructions at least two working days prior to date of closing of the Offer.**

For each delivery instruction the beneficial owner should submit separate Form of Acceptance cum Acknowledgement.

***In case of non-receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted.***

**IN CASE OF DEMATERIALIZED SHARES THE SHARES SHOULD BE CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT MENTIONED ABOVE BEFORE THE CLOSURE OF THE OFFER. FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT OF SUCH DEMATERIALIZED SHARES WHICH ARE NOT CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT BEFORE THE CLOSURE OF THE OFFER WILL BE REJECTED.**

4. Fills are requested to enclose the SEBI Registration letter and RBI general permission letter.
5. Where the number of Shares offered for sale by the Shareholders are more than the Shares agreed to be acquired by the OCIL and/ or PACs under this Offer, the OCIL and/ or PACs shall accept the offers received from the Shareholders on a proportional basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of Shares from a Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is under the marketable lot.
6. In case of physical Shares, the enclosed transfer deed should be duly signed as transferors by all Shareholders in the same order and as per specimen signatures lodged with the Target Company and should be duly witnessed at the appropriate place. The transfer deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER DEED. Relevant Share certificates must be annexed.
7. The Shareholders who have sent their Share certificates for dematerialization should submit their Form of Acceptance cum Acknowledgement and other documents, as applicable, along with a copy of the dematerialization request form duly acknowledged by their DP. Shareholders who have sent their Shares for transfer should enclose, Form of Acceptance cum Acknowledgement duly completed and signed, copy of the letter sent to the Target Company (for transfer of shares) and valid Share transfer form(s).
8. In case of bodies corporate, proper corporate authorization should be enclosed.
9. Shareholders must note that on the basis of name of the Shareholders, DP's name, DP ID, beneficiary account number provided by them in the Form of Acceptance cum Acknowledgement, the Registrar to the Offer will obtain, from the depositories, the Shareholders' demographic details including address, bank account details, the nine digit MICR code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to Shareholders holding Shares in dematerialized form. **Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the DP.** Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither OCIL, PACs, the Manager to the Offer, Registrar to the Offer nor Yes Bank (the "Escrow Agent") shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay. Shareholders holding shares in physical form are requested to fill in the required bank details in the Form of Acceptance cum Acknowledgement. Unless Shareholders holding shares in physical form opt for payment by RTGS / NEFT / NECS option or where relevant details for payment by RTGS / NEFT / NECS option provided by such Shareholders are incorrect, payments shall be made to Shareholders holding Shares in physical form by demand drafts / cheques / pay orders as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgement.

10. All Persons, registered or unregistered, who own the Shares, at any time prior to the closing of the Offer, are eligible to participate in the Offer. Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078, Tel: +91 22-25960320; Fax: +91-22-25960329, by hand delivery or registered post, other than Sundays and public holidays, between 10.00 am to 4.30 pm from Monday to Friday on or before the closing of the Offer, i.e. **Monday, 13 December, 2010** on plain paper stating Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share certificate(s), valid transfer deeds in case of Shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of Shares held in dematerialized form and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.
11. While tendering Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit RBI's approval, if any (specific or general) that they would have obtained for acquiring the Shares of the Target Company. If the Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Shares are held under the general category and whether on repatriable basis or non repatriable basis. In the event that the previous RBI approvals are not submitted, OCIL and/ or PACs reserves the right to reject such tendered Shares.
12. Rejection of Shares
- If the Shares are rejected for any of the following reasons, the Shares will be returned to the sole / first named holder along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.
- The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of Target Company;
  - The transfer deed is not complete or valid;
  - The number of Shares mentioned in the Form of Acceptance cum Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialized Shares, the Shares in the Form of Acceptance cum Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;
  - The relevant documents, as applicable, as mentioned above are not submitted with the Form of Acceptance cum Acknowledgement. OCIL and/ or PACs also reserves the right to reject such tenders from Shareholders, where the relevant documents are not submitted.
13. Neither OCIL, PACs, the Manager to the Offer, the Registrar to the Offer or Target Company will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar to the Offer of your Form of Acceptance cum Acknowledgement or for the failure to deposit your Shares to the special depository account or submission of original physical Share certificates due to inaccurate/incomplete particulars/instructions on your part, or for any other reason.
14. While tendering their Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by OCIL and/ or PACs before remitting the consideration, failing which OCIL and/ or PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.
15. As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will 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, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision. For interest payments, if any, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by OCIL and/ or PACs before remitting the consideration, failing which OCIL and/ or PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.
16. The rate of deduction of tax in the case of non-resident is dependent on few factors. Since the OCIL and/ or PACs as a payer does not have in house information in respect of various shareholders, all the shareholders are required to specify, in the Form of Acceptance cum Acknowledgement, the following particulars:
- Whether he/she is resident or non-resident
  - As a non-resident to which category the Shareholder belongs i.e. non-resident Indians (Individual), overseas corporate body / non domestic company, FII registered as a company, FII other than a company, any other Non-Resident.
  - Whether the Shares are held on Investment account or on trade account.
  - In case of non-resident Indians whether the Shares were acquired by the individual himself with convertible foreign exchange.
  - Date of acquisition of Shares
17. No tax will be deducted on the Offer Price payable to the resident Shareholders. In case of resident Shareholders of the Target Company, OCIL and/ or PACs will deduct the tax on the interest component exceeding Rs. 5,000/- (Rupees five thousand only) at the applicable current prevailing rates, if applicable. If the resident Shareholder of the Target Company requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholder will be required to submit No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by OCIL and/ or PACs or a self declaration in Form 15G or Form 15H as may be applicable. Shareholders of the Target Company eligible to receive interest component exceeding Rs. 5,000/- (Rupees five thousand only) would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if OCIL and/ or PACs become liable to pay interest for delay in release of purchase consideration.
18. No tax is required to be deducted at source in case of payment to resident Shareholders in respect of any income which is capital gain / business income arising on surrender of shares under the Offer.
19. As per the provisions of the section 2(37A) (iii) of the Income-tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance act of the relevant year i.e. 2009 - 10 or the rates or rates of income-tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS. Any shareholder claiming benefit under any Double Taxation Avoidance Agreement (DTAA) will have to furnish tax residency certificate to be eligible for claiming the benefit
- Legal position summarized above is applicable only to those Non-Resident Shareholders who have obtained Permanent Account Number (PAN) under the Income Tax Act, 1961 and furnish this number in the bid form. Copy of PAN card is also required to be attached as evidence.
- In case PAN is not obtained or PAN is not mentioned in bid form or copy of PAN card is not attached tax at least @ 20% plus surcharge and education cess will be deducted at source.
20. **Shareholders are advised to consult their tax advisors for their taxability or any other procedural aspects including the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. OCIL/ PACs and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.**
21. All Persons eligible to participate in the Offer who wish to avail this Offer should deliver the above mentioned documents, by hand delivery to the Registrar to the Offer, Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078, Tel: +91 22-25960320; Fax: +91-22-25960329. Email: bstl.offer@linkintime.co.in. SEBI Regn: INR000004058. Contact Person: Nilesh Chalke, so as to reach the Registrar to the Offer on or before 1.00 pm on Monday, 13 December, 2010 (i.e. the date of Closing of the Offer). Persons who are unable to hand deliver the documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 4.30 pm on Monday, 13 December, 2010 (i.e. the date of Closing of the Offer).

**No document should be sent to the OCIL / PACs or the Manager to the Offer.**

Note: **All future correspondence, if any, should be addressed to Registrar to the Offer:** Link Intime India Pvt. Ltd., C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078, Tel: +91 22-25960320; Fax: +91-22-25960329. Email: bstl.offer@linkintime.co.in.  
SEBI Regn: INR000004058. Contact Person: Nilesh Chalke, **quoting your Reference Folio No./DPID/Client ID.**



# FORM OF WITHDRAWAL

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

From  
Name :  
Address :

Tel No :

Fax no:

Email ID:

Status :Resident/ Non Resident:

To,  
**The Acquirer - Orient Ceramics and Industries Limited**  
C/o. Link Intime India Pvt. Ltd.  
C-13 Pannalal Silk Mills Compound, L.B.S Marg,  
Bhandup (West), Mumbai – 400 078.

Dear Sir,

**Sub: Open Offer to acquire up to 24,34,762 fully Paid-up Equity Shares of Rs.10/- each, representing 20.00% Voting Capital of Bell Ceramics Limited (Target Company or BCL), at a price of Rs. 25 per fully Paid up Equity Share (Offer Price) payable in cash by Orient Ceramics and Industries Limited (OCIL) along with Mr. Mahendra K. Daga, Ms. Sarla Daga, Freesia Investment and Trading Company Limited and Morning Glory Leasing and Finance Limited (PACs) from the public shareholders of the Target Company (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations")**

### Withdrawal of shares tendered in the caption Offer

I/We refer to the Letter of Offer dated 18 November, 2010 for acquiring the Shares held by me/us in the Target Company.

I/We, the undersigned, have read the Letter of Offer and understood its contents and accept unconditionally the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/we further authorize OCIL and/ or PACs to return to me/us, the tendered Share certificate(s)/Share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against OCIL/ PACs/ Centrum Capital Limited ("**Manager to the Offer**") / Link Intime India Pvt. Ltd. ("**Registrar to the Offer**").

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078 Tel.: 91- 022-25960320 Fax.: 91- 022-25960329, India on or before the last date of withdrawal (i.e. Wednesday, 8 December, 2010) on or before 4.30 pm Indian Standard Time.

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

I/We also note and understand that OCIL and/ or PACs will return original Share certificate(s), transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position data as available from the depository from time to time, respectively.

### SHARES IN PHYSICAL FORM

The particulars of withdrawal of original Shares certificates and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
	<b>TENDERED</b>				
1.					
2.					
3.					
<b>Total No. of Certificates</b>			<b>Total No. of Shares</b>		
	<b>WITHDRAWN</b>				
1.					
2.					
3.					
<b>Total No. of Certificates</b>			<b>Total No. of Shares</b>		

Please attach an additional sheet of paper if the above space is insufficient.

Tear Here -----

### ACKNOWLEDGEMENT RECEIPT

Sr. No. \_\_\_\_\_

Received by Mr./Mrs./M/s \_\_\_\_\_

Address \_\_\_\_\_

Physical Shares: Folio No. \_\_\_\_\_ / Demat Shares: Client ID: \_\_\_\_\_ DP ID \_\_\_\_\_;

Physical Shares: No. of Shares tendered \_\_\_\_\_; No. of Shares Withdrawn \_\_\_\_\_

Demat Shares: No. of Shares tendered \_\_\_\_\_; No. of Shares Withdrawn \_\_\_\_\_

(Please ✓ whichever is applicable)

Stamp of Collection Centre	Signature of Official	Date of Receipt

**SHARES IN DEMATERIALIZED FORM**

I/We hold the following Shares in dematerialized form and have tendered the Shares in the Offer and have done an off-market transaction for crediting the Shares to the "CENTRUM CAPITAL LIMITED - ORIENT CERAMICS AND INDUSTRIES LIMITED OPEN OFFER ESCROW", whose particulars are:

**DP ID Number: 12065100; DP Name: FCH Centrum Wealth Managers Limited; Client ID: 00053224; Depository: Central Depository Services (India) Limited**

Please find enclosed a photocopy of the depository delivery Instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares tendered	No. of Shares withdrawn

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

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

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

Yours faithfully,

Signed and delivered	Full Name(s)	Signature(s)	Verified and Attested by us. Please affix the stamp of DP (in case of demat Shares)/ Bank (in case of physical Shares)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			
Fourth Shareholder			

Note: In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary board resolution should be attached.

Place :

Date :

**Note: All future correspondence, if any, should be addressed to Registrar to the Offer:**

**Link Intime India Pvt. Ltd.,**

**(Unit : Bell Ceramics Limited – Open Offer)**

C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078

Tel.: 91- 022-25960320 Fax.: 91- 022-25960329

Email:bstl.offer@linkintime.co.in

Contact Person : Mr. Nilesh Chalke, **quoting your Reference Folio No./DPID/Client ID.**

## INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the address of the Registrar to the Offer mentioned in the Form of Acceptance cum Acknowledgment as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Wednesday, 13 December, 2010.
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance cum Acknowledgement.
3. In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
4. In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
5. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):
  - a. Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
  - b. Duly attested power of attorney if any person apart from the Shareholder has signed withdrawal form or transfer deed(s).
6. Shareholders should enclose the following:
  - i. **For Shares held in dematerialized form:**

Beneficial owners should enclose:

    - Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.
    - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
    - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
  - ii. **For Shares held in physical form:**

Registered Shareholders should enclose:

    - Duly signed and completed Form of Withdrawal.
    - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
    - In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

Unregistered owners of Shares should enclose:

    - Duly signed and completed Form of Withdrawal.
    - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
7. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ special depository account.
8. The intimation of Shares which are returned to the Shareholders pursuant to the withdrawal will be at the address as per the records of the Target Company/ depository as the case may be.
9. The Form of Withdrawal should be sent only to the Registrar to the Offer.
10. In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. **The facility of partial withdrawal is available only to registered Shareholders.**
11. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
12. Applicants should send the Form of Withdrawal along with their documents by hand delivery to the Registrar to the Offer, **Link Intime India Pvt. Ltd.**, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078 Tel.: 91- 022-25960320 Fax.: 91- 022-25960329; so as to reach the Registrar to the Offer on or before 4.30 pm on Wednesday, 8 December, 2010. Applicants who are unable to hand deliver the Form of Withdrawal along with their documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 4.30 pm on Wednesday, 8 December, 2010.

