

DRAFT LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of DFL Infrastructure Finance Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager / Registrar to the offer. In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected."

OPEN OFFER BY

Auctus Holdings Private Limited ("Acquirer")

Registered office: 6/72, Karpagam Avenue, 2nd Street, RA Puram, Chennai - 600 028, Tamil Nadu

Tel No.: +91 44 2493 6224; e-mail: auctuschennai@gmail.com

To

Acquire 15,48,124 (Fifteen Lakhs Forty Eight Thousand One Hundred Twenty Four) Equity Shares of face value of ₹ 10/- each representing 26% of the Paid up Equity Share Capital

Of

DFL Infrastructure Finance Limited ("Target Company")

Registered Office: No. 14, Ramakrishna Street, T Nagar, Chennai - 600 017, Tamil Nadu,



Tel. No. +91 44 2814 1778, 2814 2663, Fax No.: +91 44 2814 1612

At a price of ₹ 2/- (Rupees Two Only) per fully paid up equity share payable in cash.

Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SEBI Takeover Regulations) and subsequent amendments thereof.

1. This offer is being made by the Acquirer pursuant to regulation 3(1) and 4 of SEBI Takeover Regulations and subsequent amendments thereto for substantial acquisition of share and voting rights accompanied with change in control and management.
2. The Offer is not subject to any minimum level of acceptance.
3. Except the following, no other statutory approval is required for acquisition of Shares under the Offer:
 - The change in Management and Control of DFL Infrastructure Finance Limited, a Company registered with Reserve Bank of India ("RBI") as Deposit accepting NBFC, is subject to the receipt of approval from the RBI. The Acquirer has submitted an application with the Reserve Bank of India, Chennai on March 15, 2012 for obtaining the approval for change in Management and Control of the Target Company.
 - The open offer to the shareholders of Target Company is subject to the receipt of approval from the RBI for acquiring Equity Shares from non-resident Indians who validly tender their Equity Shares under this Offer, if required.
 - The Acquirer does not require any approvals from financial institutions or banks for the Offer. However, the Acquirer would require consent from the Lenders of the Target Company for change in control of the Target Company.
4. Except as mentioned above, no other statutory approval is required to acquire the shares that may be tendered pursuant to the Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the Offer.
5. If there is any upward revision in the Offer Price by the Acquirer upto three working days prior to the commencement of the tendering period i.e. up to April 30, 2012, Monday or in the case of withdrawal of offer, the same would be informed by way of the Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the acquirer for all the shares validly tendered anytime during the offer.
6. **If there is competing offer, the public offers under all the subsisting bids shall open and close on the same date.**
7. A copy of Public Announcement, Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgment) is also available on SEBI's website, i.e. www.sebi.gov.in.

All future correspondence, if any, should be addressed to the Manager / Registrar to the Offer at the following addresses:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p>SPA Merchant Bankers Limited SEBI Regn. No.: INM000010825 25, C - Block, Community Centre Janak Puri, New Delhi - 110 058 Tel. No. +91 11 2551 7371, 4567 5500 Fax No. +91 11 2553 2644 Email: dfi.openoffer@spagroupindia.com Website: www.spacapital.com Contact Person: Mr. Nitin Somani / Mr. Saurabh Gupta</p>	 <p>CAMEO Corporate Services Limited SEBI Regn. No.: INR00003753 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 Tel. No. +91 44 2846 0390 Fax No. +91 44 2846 0129 Email: investor@cameoindia.com Contact Person: Ms. Sreepriya K.</p>

SCHEDULE OF ACTIVITIES OF THE OFFER

ACTIVITY	Date	Day
Public Announcement	March 13, 2012	Tuesday
Detailed Public Statement	March 20, 2012	Tuesday
Last date for a competing offer	April 13, 2012	Friday
Identified Date*	April 20, 2012	Friday
Date by which Letter of Offer will be dispatched to the shareholders	April 30, 2012	Monday
Upward revision in offer	April 30, 2012	Monday
Last date by which Committee of Independent Directors of the Board of Target Company shall give its recommendations / comments	May 02, 2012	Wednesday
Issue of advertisement announcing the Schedule of Open Offer and status of requisite statutory approvals	May 04, 2012	Friday
Offer Opening Date	May 07, 2012	Monday
Offer Closing Date	May 18, 2012	Friday
Last date of communication of acceptance / rejection and payment of consideration for accepted tenders / return unaccepted shares	June 01, 2012	Friday

* Identified Date is only for the purpose of determining the names of the shareholders of the Target Company to whom the Letter of Offer would be sent.

RISK FACTORS

Given below are the risks related to the transaction, proposed Offer and those associated with the Acquirer:

(A) Relating to transaction

The Offer is subject to the compliance of terms and conditions as mentioned under the Share Purchase Agreement dated March 13, 2012 (as referred in para 3.1.3 of this Letter of Offer). In terms of Regulation 23(1)(c) of the SEBI Takeover Regulations if such Condition Precedents and other Conditions are not satisfactorily complied with, the Offer would stand withdrawn.

(B) Relating to the Offer

- (1) In the event that either (a) the regulatory approvals are not received in a timely manner (b) there is any litigation to stay the offer, or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer proceeds may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of DFL, whose shares have been accepted in the offer as well as the return of shares not accepted by the Acquirer, may be delayed. In case of delay in receipt of any statutory approval, SEBI has the power to grant extension of time to Acquirer for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI Takeover Regulations.
- (2) In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis.
- (3) Shareholders should note that the shareholders who have lodged their acceptance to the Open Offer are not entitled to withdraw such acceptance during Tendering Period, even if the acceptance of shares under the Open Offer and dispatch of consideration are delayed. The tendered Shares and documents would be held by the Registrar to the Open Offer till such time as the process of acceptance of tenders and the payment of consideration is completed.
- (4) The Manager to the Offer and / or Acquirer accepts no responsibility for statements made otherwise than in the Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other sources of information (not released by the Acquirer) would be doing so at his / her / its own risk.

(C) Relating to Acquirer

- (1) The Acquirer makes no assurance with respect to the financial performance of the Target Company and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- (2) The Acquirer makes no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in the Target Company.
- (3) The Acquirer does not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.

The risk factors set forth above, pertain to the Offer and are not in relation 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 participation or otherwise by a shareholder in the Offer. Shareholders of DFL are advised to consult their stockbrokers or investment consultants, if any, for analysing all the risks with respect to their participation in the Offer.

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1. DEFINITIONS

Acquirer or Auctus	Auctus Holdings Private Limited
Board of Directors / Board	The Board of Directors of DFL Infrastructure Finance Limited
Book Value per share	Net Asset Value per equity share (i.e. Net worth / Number of equity shares issued)
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
Depository Participant or DP	Stock Holding Corporation of India Limited
Detailed Public Statement	Detailed Public Statement which appeared in the newspaper on March 20, 2012
Draft Letter of Offer	Draft Letter of Offer dated March 27, 2012 filed with SEBI
EPS	Profit after tax / Number of equity shares issued
Erstwhile SEBI Takeover Regulations	Erstwhile Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Escrow Agreement	Escrow Agreement dated March 15, 2012 between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank / Escrow Agent	Axis Bank Limited, No. 82, Radhakrishnan Salai, Mylapore, Chennai - 600 004
FEMA	The Foreign Exchange Management Act, 1999, as amended or modified from time to time
Identified date	Friday, April 20, 2012 i.e. the date falling on the 10th working day prior to the commencement of the Tendering period, for the purpose of determining the shareholders to whom the Letter of Offer shall be sent
Letter of Offer	Letter of Offer dated [●]
Manager to the Offer / Merchant Banker	SPA Merchant Bankers Limited
N.A.	Not Available / Not Applicable
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
Offer or The Offer or Open Offer	Offer to acquire 15,48,124 Equity Shares of face value of ₹ 10/- each representing 26% of the total shares of the Target Company at the Offer Price as of the tenth Working Day from the Closure of the Tendering Period, payable in cash and subject to the terms and conditions mentioned in the Letter of Offer, the Public Announcement and Detailed Public Statement in terms of Regulations 3(1) and 4 of the SEBI Takeover Regulations.
Offer Closing Date	May 18, 2012
Offer Opening Date	May 07, 2012
Offer Period	Offer period means the period starting from the date of entering into Share Purchase Agreement by the Acquirer and Seller, i.e. March 13, 2012 till the date by which payment will be made to all the shareholders whose shares have been accepted under the Offer
Offer Price	₹ 2/- (Rupees two only) per fully paid up Equity Share payable in cash
Person Acting in Concert	Persons Acting in Concert with the Acquirer. Under the Offer, there is no person acting in concert with the Acquirer
PAT	Profit After Tax

Persons eligible to participate in the Offer	Registered shareholders of DFL Infrastructure Finance Limited and unregistered shareholders who own the Equity Shares of DFL Infrastructure Finance Limited any time prior to the closure of Offer, including the beneficial owners of the shares held in dematerialised form, except the parties to Share Purchase Agreement dated March 13, 2012 and DFL Holdings and Securities Limited (a 99.77% subsidiary of the Target Company)
Public Announcement	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on March 13, 2012 in accordance with SEBI Takeover Regulations
Registrar or Registrar to the Offer	Cameo Corporate Services Limited, an entity registered with SEBI under the SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended or modified from time to time.
RBI	The Reserve Bank of India
Return on Net Worth	(Profit After Tax / Net Worth) *100
INR or ₹	Indian Rupees
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI	Securities and Exchange Board of India
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Seller	D B Zwirn Mauritius
Share(s)	Fully paid up equity share(s) of the Target Company, having a face value of ₹ 10 each
Share Purchase Agreement	Share Purchase Agreement dated March 13, 2012 entered into between the Acquirer and Seller
Stock Exchange	BSE
Target Company or DFL	DFL Infrastructure Finance Limited
Tendering Period	Period commencing from May 07, 2012 and ending on May 18, 2012
Working Day	A working day of SEBI

2. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT 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 DRAFT 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 DFL INFRASTRUCTURE FINANCE 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 COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT 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 MERCHANT BANKER, “SPA MERCHANT BANKERS LIMITED” HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 27, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

3. DETAILS OF THE OFFER

3.1. Background of the Offer

3.1.1. The Offer is a “Triggered Offer” under the Regulation 3(1) and 4 of SEBI Takeover Regulations for substantial acquisition shares and voting rights accompanied with change in control and management of Target Company.

3.1.2. On March 13, 2012, Auctus Holdings Private limited (“Acquirer”), a Company incorporated under the Companies Act, 1956, having its registered office at 6/72, Karpagam Avenue, 2nd Street, RA Puram, Chennai - 600 028, Tamil Nadu, has entered into a Share Purchase Agreement with D. B. Zwirn Mauritius (“Seller”), the promoter of DFL Infrastructure Finance Limited, to acquire by way of transfer of 30,36,703 (Thirty Lakhs Thirty Six Thousand Seven Hundred and Three) equity shares representing 51% of the total subscribed and paid-up equity share capital of the Target Company (“Sale Shares”). The total consideration payable by the Acquirer to the Seller for the purchase of the Sale Shares is ₹ 3,00,000/- (Rupees Three Lakhs only) i.e. at the rate of ₹ 0.099/- per equity share. The consideration for the sale shares shall be paid in cash by the Acquirer. The Acquisition will result in the change in control and management of the Target Company.

The Offer is not as a result of Global Acquisition resulting in indirect acquisition of Target Company. As on the date of this Letter of Offer, the acquirer does not hold any shares in the Target Company. The acquisition of the sale shares by the acquirer is subject to certain conditions precedent as provided in the Share Purchase Agreement.

3.1.3. The salient feature of the Share Purchase Agreement dated March 13, 2012 are as under:

- Subject to the terms of this Agreement, and in particular the issuance of the final report by the Merchant Banker under Regulation 24(7) of the Takeover Code, evidencing the Takeover Compliance, the Seller as the legal and beneficial owner of the Sale Shares, agrees to sell the Sale Shares and the Purchaser agrees to purchase the Sale Shares together with all rights now or hereafter attaching thereto, with effect from the Completion Date.
- Completion will be subject to the fulfilment of the following conditions precedent, to the subjective satisfaction of the Seller, in its sole discretion:
- Completion of the sale and purchase of the Sale Shares will take place on the earliest practicable date, but in no event more than 5 Business Days after satisfaction of the conditions contained above (“Completion Date”) immediately following execution of this Agreement at such location as the parties may agree.
- **Indemnity:** Except for the obligations of the Seller arising under this Agreement, the Purchaser and its subsidiaries and affiliates, heirs, executors, directors, officers, employees, agents, legal representatives and administrators (each a “**Releasing Party**” and together, the “**Releasing Parties**”) hereby release and forever discharge the Seller, and its shareholders, successors, assigns, subsidiaries, affiliates, managers, agents, advisors and representatives and their respective managers, officers, directors and employees, individually and collectively (each a “**Released Party**” and together, the “**Released Parties**”), from and for any and all liabilities, debts, dues, claims, demands, actions, costs and expenses that the Releasing Parties have, may have, or may have had against the Released Parties, whether known or unknown, suspected or unsuspected or presently within the reasonable contemplation of the parties or not (each a “**Claim**” and collectively the “**Claims**”).
- **Additional Amount:** Upon receipt of confirmation that the Sale Shares have been transferred from the Seller to the Purchaser, the Seller will pay the Purchaser or a nominee

identified by the Purchaser in writing the Additional Amount (i.e. US\$ equivalent of a total amount of INR 1,50,00,000 which is payable by the Seller only if completion of the transfer of the Sale Shares from the Seller to the Purchaser as contemplated by the Agreement occurs) in readily available funds into the bank account listed by the Purchaser. If the Additional Amount is required to be paid to a nominee of the Purchaser, the Purchaser shall have provided all relevant information pertaining to such a nominee, in advance, to the Seller, so as to allow the Seller to confirm to its satisfaction, in its sole discretion, that payment to the respective nominee complies with the Seller's and its affiliates' compliance policies. The Purchaser acknowledges and agrees that the Seller shall not be under any obligation to pay the Additional Amount to a nominee of the Purchaser unless and until the Seller confirms to its satisfaction in its sole discretion that payment to the respective nominee complies with the Seller's and its affiliates compliance policies. The Purchaser agrees that no obligations or liabilities, taxes or costs whatsoever can arise against the Seller in connection with payment of the Additional Amount by the Seller to the Purchaser or its nominee and the Seller shall at all times be kept indemnified and held harmless by the Purchaser against any claims or liabilities in this regard. All such liabilities, claims, taxes or costs shall be solely to the account of the Purchaser.

- The Releasing Parties hereby jointly and severally agree to hold harmless and indemnify the Released Parties against all damages, claims, demands, costs, penalties, fines, expenses, legal counsel fees and expenses incurred and paid by the Released Parties in connection with the defence or settlement of any action, suit, or proceeding, whether civil, criminal or investigative, brought by a third party against one or more of the Released Parties and arising out of, or related to, the ownership of the Sale Shares by the Seller.

3.1.4. In consideration to the additional amount (i.e. US\$ equivalent of a total amount of INR 1,50,00,000 which is payable by the Seller), the Purchaser (defined as Releasing Party in the Share Purchase Agreement and reproduced above) has agreed to provide indemnity to the Seller (defined as Release Party in the Share Purchase Agreement and reproduced above) from any Claim (as defined in the Share Purchase Agreement and reproduced above) against the Released Party, in their personal capacity, arising out of, or related to, the ownership of the Sale Shares by the Seller.

3.1.5. There is no non compete fee in the Share Purchase Agreement.

3.1.6. There is no Person Acting in Concert with the Acquirer for the purpose of this Open Offer.

3.1.7. There is no separate arrangement for the proposed change in control of the Target Company.

3.1.8. The Acquirer has not been prohibited by SEBI from dealing in securities in terms of any direction issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act, 1992.

3.1.9. Mr. Sreenivasan Balachander and Mr. Bakthavathsalu Prakash, part of the Promoter Group of the Acquirer, are Directors on the Board of the Target Company w.e.f. February 14, 2011 and September 23, 2011, respectively and were re-designated as Professional Executive Directors (Non Promoter Category) on the same date.

3.1.10. The recommendation of the committee of Independent Directors as constituted by the Board of directors of the Target company on the Offer will be published at least two working days before the commencement of the tendering period, i.e. May 02, 2012, in the same

newspaper where the Detailed public Statement was published and a copy whereof shall be sent to SEBI, BSE and the Manager to the Offer.

3.2. Details of the Proposed Offer

- 3.2.1. In accordance with regulation 14(1) and 14(3) of SEBI Takeover Regulations, the Acquirer has given copy of Public Announcement on March 13, 2012 to BSE and on March 14, 2012 to SEBI and Detailed Public Statement on March 20, 2012 which was published in the following newspapers:

Publication	Editions
Business Standard - Hindi	All editions
Business Standard - English	All editions
Makkal Kural - Tamil	Chennai, being the place where Registered Office of the Target Company is situated
Nav Shakti - Marathi	Mumbai, being the place of the Stock Exchange, i.e. BSE, where equity shares of the Target Company are listed

The Detailed Public Statement is also available on the SEBI website at www.sebi.gov.in.

- 3.2.2. This Open Offer is made by Acquirer in terms of the SEBI Takeover Regulations to the shareholders of Target Company to acquire 15,48,124 (Fifteen Lakhs Forty Eight Thousand One Hundred Twenty Four Only) Equity Shares of face value of ₹ 10/- each representing 26% of the Paid up Equity Share Capital of the Target Company at a price of ₹ 2 (Rupee Two Only) per fully paid up equity share ("Offer Price"), payable in cash subject to the terms and conditions set out in the Public Announcement, Detailed Public Statement and this Letter of Offer.
- 3.2.3. There are no partly paid up shares in the Target Company.
- 3.2.4. No differential price is being offered by the Acquirer.
- 3.2.5. This is not a competitive bid.
- 3.2.6. This is not a conditional Offer. The offer is not subject to any minimum level of acceptance from the shareholders. The Acquirer will accept the equity shares of the Target Company those are tendered in valid form in terms of this offer upto a maximum of 15,48,124 (Fifteen Lakhs Forty Eight Thousand One Hundred Twenty Four Only) Equity Shares.
- 3.2.7. The Acquirer has not acquired any shares of Target Company after the date of Public Announcement i.e. March 13, 2012 and upto the date of this Letter of Offer.
- 3.2.8. The Equity Shares of the Target Company will be acquired by the Acquirer free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 3.2.9. Upon the completion of the Offer, assuming full acceptances in the Offer and pursuant to Share Purchase Agreement, the acquirer will hold 48,59,027 (Forty Eight Lakhs Fifty Nine Thousand Twenty Seven) Equity Shares constituting 81.61% of the Paid up Equity Share Capital of the Target Company (Includes 30,36,703 equity shares proposed to be acquired through the Share Purchase Agreement dated March 13, 2012, 2,74,200 equity shares held by DFL Holdings and Securities Limited (a 99.77% subsidiary of the Target Company) and

assuming full acceptance of 15,48,124 equity shares under the Open Offer). The Acquirer has given an undertaking that if pursuant to the closure of the Open Offer, the Public Shareholding in the Target Company falls below 25% of the voting rights / paid up equity share capital, they shall bring down the non public shareholding to the level specified (i.e. 75% of the paid up equity capital / voting rights) within a period of 12 months from the date of completion of Open Offer as specified under the Securities Contract (Regulation) Rules, 1957 and in accordance with such directions as may be issued by the Stock Exchange on which shares of the Company are listed.

- 3.2.10. The Manager to the Offer, SPA Merchant Bankers Limited does not hold any Equity Shares in the Target Company as at the date of Public Announcement and / or Detailed Public Statement and / or Letter of Offer. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of the Target Company during the Offer Period.
- 3.2.11. The Acquirer does not intend to alienate any material asset of the Target Company or of any of its subsidiaries whether by sale, lease, encumbrance or otherwise outside the Ordinary course of business except to the extent as required by CDR Package approved / to be approved, in future, by Corporate Debt Restructuring Cell for restructuring of debts of the Target Company. Except as mentioned, in the event any substantial assets of the Target Company is sold, disposed off or otherwise encumbered in the succeeding two years from the date of closure of the Open Offer, the Acquirer undertake that it shall do so only upon the receipt of the prior approval of the shareholders of the Target Company through Special Resolution in terms of Regulation 25(2) of the SEBI Takeover Regulations and subject to the applicable laws as may be required.

3.3. Object of the Acquisition / Offer

- 3.3.1. The Acquirer's objective and intent in acquiring the Target Company is primarily to revive the business of the Target Company which is currently going through a Corporate Debt Restructuring Programme. The Acquirer is planning to strengthen the existing team at the Target Company and leverage its branch network to restart the main line of business - asset based lending. The Acquirer also plans to infuse capital into the Target Company to enable the growth of the business, subject to applicable Regulations.
- 3.3.2. The Acquirer believes that there is wide scope for asset based lending business in South India. The Promoters of the Acquirer have wide experience in the field of finance, lending and distribution business. With the support of the experience of the Promoters of Acquirer and existing employees of the Target Company, the Acquirer intends to further strengthen the business and competence of the Target Company in carrying on its business operations.

4. BACKGROUND OF THE ACQUIRER - AUCTUS HOLDINGS PRIVATE LIMITED

- 4.1. The Acquirer, Auctus Holdings private Limited ("Auctus") was incorporated on August 30, 2011 under the Companies Act, 1956 with the Registrar of Companies Tamil Nadu, Chennai, Andaman and Nicobar islands. The registered office of Auctus is situated at 6/72, Karpagam Avenue, 2nd Street, RA Puram, Chennai - 600 028, Tamil Nadu, India. The Corporate Identification Number of Auctus is U74999TN2011PTC082132. The name of Auctus has not changed since incorporation. There is no Person acting in concert with the Acquirer for the purpose of this Open Offer.

- 4.2. The main object of the company is to carry on the business of investment and to deal in shares, stocks, bonds, debentures, securities, real Estate and to manage, reconstruct, restructure on its own and business holdings or holdings through joint venture / or through subsidiaries and invest in other companies, share broker, wealth management consultant and investor in real estates and other related activities.
- 4.3. The Promoters of the Acquirer are Mr. Sreenivasan Balachander, Ms. Geetha Balachander, NextGen Holdings Private Limited and Guru Paduka Holdings. The promoters of NextGen Holdings Private Limited are Mr. Bakthavathsalu Prakash and Ms. P Shireesha. Guru Paduka Holdings is a Partnership firm of Mr. S R Shankerananarayanan and Mr. N Krishnamurthy in the ratio of 85:15.
- 4.4. As on the date of this Letter of Offer, the Acquirer does not hold any shares in the Target Company. The Acquirer is not in non compliance of any provision of Chapter V of the SEBI Takeover Regulations and Chapter II of the erstwhile SEBI Takeover Regulations.
- 4.5. Shareholding pattern of Auctus as on date of this Letter of Offer is as under:

Sr. No.	Shareholders Category	No. of Shares	Percentage
1.	Promoter Group		
	Mr. Sreenivasan Balachander	1,51,500	15.15
	Ms. Geetha Balachander	1,48,500	14.85
	NextGen Holdings Private Limited	2,50,000	25.00
	Mr. S R Shankerananarayanan jointly with Guru Paduka Holdings	3,82,500	38.25
	Mr. N Krishnamurthy jointly with Guru Paduka Holdings	67,500	6.75
	Total of (1)	10,00,000	100%
2.	FIIIs/Mutual Funds/FIs/Banks	Nil	Nil
3.	Public	Nil	Nil
	Total Paid Up Capital (1+2+3)	10,00,000	100%

- 4.6. The details of Board of Directors of Auctus as on date of Letter of Offer are as follows:

Name, DIN and Designation	Address	Qualification and Experience	Date of Appointment
Mr. Bakthavathsalu Prakash * DIN: 01978381 Non-Executive Director	Gokul Apts, G-2, D. No. 5066, 14 Street, Belly Area, Chennai - 600 040	He is a Post Graduate in Public Administration and also has a Law Degree. He has an experience of over 22 years in Banking, NBFC and Manufacturing Companies the field of Operations (Banking and NBFC), Legal and Recovery. He joined DFL Infrastructure Finance Limited as Associate Vice President & Head - Risk & Asset Management in April 2007 and since then he has been working with DFL Infrastructure Finance Limited as an executive. In September 2011, he was elevated as Professional Director on the Board of the Target Company.	January 19, 2012

Name, DIN and Designation	Address	Qualification and Experience	Date of Appointment
Mr. Balachander Sreenivasan * DIN: 02644584 Non-Executive Director	New No. 6, Old No. 72, Karpagam Avenue, 2nd Street, RA Puram, Chennai - 600 028	He is Graduate in Chemical Engineering and Post Graduate in Management from Indian Institute of Management, Ahmedabad. He has an experience of over 40 years in the field of finance and accounts, leasing and distribution of financial products and insurance.	August 30, 2011

* Mr. Sreenivasan Balachander and Mr. Bakthavathsalu Prakash were appointed as Directors on the Board of the Target Company w.e.f. February 14, 2011 and September 23, 2011, respectively and were re-designated as Professional Executive Directors (Non Promoter Category) on the same date.

- 4.7. Acquirer was incorporated on August 30, 2011. The summary of the provisional / unaudited financial statements of Acquirer as on March 13, 2012 as certified by A K Rajagopalan & Co., Statutory Auditors is as under:

Particulars	(₹ in lakhs)	
	For the period from August 30, 2011 to March 13, 2012	
Profit and loss Statement		
Total Income	-	
Total Expenditure	(0.14)	
Profit before Depreciation and Tax	(0.14)	
Profit after tax	(0.14)	
Balance Sheet Statement		
Paid up share capital	100.00	
Reserves & Surplus (excluding revaluation reserves)	296.86	
Miscellaneous Expenditure	(1.82)	
Net worth	395.04	
Unsecured Loans	6.00	
Total	401.04	
Uses of funds		
Net Current Assets	401.04	
Total	401.04	
Other Financial Data		
Dividend (%)	Nil	
Earnings Per Share (in ₹)	(0.01)	
Return on Net worth (%)	NA	
Book Value per share (in ₹)	39.50	

- 4.8. There are no contingent Liabilities in Auctus Holdings Private Limited

- 4.9. The Shares of the Acquirer are not listed on any Stock Exchange.

4.10. Details of the Promoters of Acquirer who are not individuals

4.10.1. NextGen Holdings Private Limited

NextGen Holdings Private Limited was incorporated on December 22, 2011 as a private limited company. The Corporate Identification Number of the Company is U65191TN2011PTC083709. The Registered Office of the Company is G-2, Gokul Apartments, Door No. 5066, 14th Street, Belly Area, Anna Nagar, Chennai - 600 040. The Promoters and Directors of NextGen Holdings Private Limited are Mr. Bakthavathsalu Prakash and Mrs. Shireesha Sheelam Rajesham. The shareholding pattern of NextGen Holdings Private Limited is as under:

Sr. No.	Shareholders Category	No. of Equity Shares held	Percentage
1.	Promoters		
	Mr. Bakthavathsalu Prakash	5,000	50.00
	Mrs. Shireesha Sheelam Rajesham	5,000	50.00
	Sub total	10,000	100.00
2.	Public	Nil	Nil
	Total Paid Up Capital	10,000	100.00

4.10.2. Guru Paduka Holdings:

Guru Paduka Holdings is a Partnership Firm carrying out its business from C-5, Ceebros Garden, 14, Kamarajar Salai, Raja Annamalaipuram, Chennai - 600 028. In terms of the Partnership Deed dated April 01, 2011, it is authorised to carry on the business of dealing, sale or purchase of shares and securities, to act as financial advisors, to carry out consultancy business, manufacturing and trading activities, commission agents, etc and to do all other business which may be beneficial to the interest of the Partnership. The partners of the firm are Mr. S R Shankerananarayanan and Mr. N Krishnamurthy with a profit sharing ratio of 85:15 respectively.

4.11. The status of compliance of Chapter V of SEBI Takeover Regulations and Chapter II of erstwhile SEBI Takeover Regulations by the Target Company is as under:

Sr. No.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of Compliance	Delay, if any (no. of days)	Status of Compliance with Takeover Regulations	Remarks
1	2	3	4	5	6	7
1	7(1) & (2)	N.A	N.A	N.A	N.A	N.A
2	7 (1A) & (2)	N.A	N.A	N.A	N.A	N.A
3	29 (1) & (2)	N.A	N.A	N.A	N.A	N.A

5. BACKGROUND OF THE TARGET COMPANY - DFL INFRASTRUCTURE FINANCE LIMITED

5.1. DFL Infrastructure Finance Limited was originally incorporated on October 30, 1986 under the companies Act, 1956 with the Registrar of Companies, Tamil Nadu, as Dhandapani Finance and Investments Private Limited. The Company was converted into public limited Company on May 04, 1988 and the name was changed to Dhandapani Finance and Investments Limited. The name of Target Company was further changed to Dhandapani Finance Limited on October 09, 1996. The name of Target Company was further changed to DFL Infrastructure Finance Limited on July 20, 2011 and the Fresh Certificate of Incorporation was issued by the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands. The Corporate Identification Number of the Company is

L65921TN1986PLC013626. The registered office of DFL Infrastructure Finance Limited is situated at No 14, Ramakrishna street, T Nagar, Chennai - 600 017, Tamil Nadu.

- 5.2. The promoter / promoter group of the Target Company consist of the Seller and DFL Holdings & Securities Limited (a 99.77% subsidiary of the Target Company) who collectively hold 33,10,903 (Thirty Three Lakhs Ten Thousand Nine Hundred and Three) fully paid up equity shares in the Target Company as on the date of the Letter of Offer constituting 55.61% of the paid up equity capital of the Target Company.
- 5.3. Share Capital structure of the Target Company as on the date of Letter of Offer is as follows:

Equity Share Capital

Paid up Equity Share Capital of Target Company	No. of Shares / voting rights	% of Shares / voting rights
Fully paid up equity shares	59,54,320	100%
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	59,54,320	100%
Total voting rights in Target Company	59,54,320	100%

Preference Share Capital

Paid up Preference Share Capital of Target Company	No. of Shares	Voting Rights
Fully paid up Redeemable Preference shares ¹	2,22,60,000	Nil
Fully paid up Optionally Convertible Cumulative Redeemable Preference Shares ²	3,85,02,384	Nil
Total paid up Preference Shares	6,07,62,384	Nil

¹ The Preference Shares were due for redemption on December 31, 2009 at par value. However due to the financial position of the Company, these preference shares have not been redeemed. The Company has received a communication dated April 06, 2011 from Asia Pragati Capfin Private Limited intimating the Company of the default and calling upon the Company to cure the event of default (excerpt from the Audit Report of the Target Company for the period from October 01, 2009 to March 31, 2011)

² The Optionally Convertible Cumulative Redeemable Preference Shares have been allotted to Banks from whom the Company has taken working capital loans against settlement for part of the loan given by them to the Company. The nomenclature of Shares issued is "Optionally Convertible Cumulative Redeemable Preference Shares". However, as confirmed by the Target Company, the terms of the said preference shares do not carry any option / provision for conversion into equity shares. The term of Preference Shares is 8 years. The Preference Shares have been issued with a dividend rate of 9% p.a. and will be redeemed at a premium of 3% in 4 equal annual instalments in the last 4 years of the term of such Preference Shares.

- 5.4. The equity shares of the Target Company are presently listed on BSE. The equity shares of the Target Company are not suspended from trading on BSE. The Equity Shares of the Target Company have been voluntarily delisted in the past from Madras Stock Exchange vide letter dated December 01, 2005 and from Ahmadabad Stock Exchange vide letter dated September 22, 2000.
- 5.5. There are currently no outstanding partly paid up equity shares of the Target Company.
- 5.6. The Target Company does not have any outstanding convertible instruments.

- 5.7. As on the date of Letter of Offer, the composition of the Board of Directors of the Target Company is as under:

Sr. No.	Name & Address of Director	DIN	Designation	Date of Appointment
1.	Mr. Sreenivasan Balachander	02644584	Managing Director	February 14, 2011
2.	Mr. Bakthavathsalu Prakash	01978381	Whole Time Director	September 23, 2011
3.	Mr. Ramachandran Nagarajan	00443963	Director	June 07, 2001
4.	Mr. Tirunellai Rajan Suresh	01091253	Director	May 28, 2011
5.	Mr. Sundaram Mahadevan	00179338	Director	February 24, 2011
6.	Mr. Gopal Singh Gusain	03522170	Director	April 08, 2011

Mr. Bakthavathsalu Prakash (promoter of NextGen Holdings Private Limited) and Mr. Sreenivasan Balachander are part of the Promoter Group of the Acquirer. Mr. Sreenivasan Balachander and Mr. Bakthavathsalu Prakash are Directors on the Board of the Target Company w.e.f. February 14, 2011 and September 23, 2011 respectively and were re-designated as Professional Executive Directors (Non Promoter Category) on the same date.

- 5.8. **Corporate Debt Restructuring (CDR):** The Target Company had applied on July 16, 2010 for restructuring of its debts under CDR Mechanism. After review of the proposal of the Target Company, the CDR Empowered Group approved the restructuring proposal on September 09, 2010. The major terms of the CDR package are as under:

- Restructuring of Term Loans: The terms loans were proposed to be repaid in 72 monthly instalments commencing from 01.10.2011. The term loan shall carry ballooning interest rate of 7% p.a. in the year 2009-10 which shall be increased by 1% each year till it reached the level of 10% p.a. in the year 2012-13 after which it shall be increased by 2% for the year 2013-14 and 2014-15 and again 1% from 2015-16 till it reaches 16.50% in 2016-17 providing an ROI of 10.54% p.a. approx.
- Restructuring of Working Capital Loans and conversion of irregular portion into Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) and Working Capital Term Loan (WCTL): In terms of the CDR Package, 70% of the irregular portion of working capital was proposed to be converted into OCCRPS and the balance 30% into WCTL. The WCTL were proposed to be repaid in 72 monthly instalments commencing from 01.10.2011. The term loan shall carry ballooning interest rate of 7%p.a. in the year 2009-10 which shall be increased by 1% each year till it reached the level of 10% p.a. in the year 2012-13 after which it shall be increased by 2% for the year 2013-14 and 2014-15 and again 1% from 2015-16 till it reaches 16.50% in 2016-17 providing an ROI of 10.54% p.a. approx.
- With regard to OCCRPS, the Target Company, in consultation with the Banks, have issued and allotted Redeemable Preference Shares without an option to convert into equity shares and the allotment was made for 3,85,02,384 Preference Shares on August 10, 2011. The Target Company has applied with the CDR Empowered Group for certain amendments in the CDR Package.
- The terms and conditions of the OCCRPS issued by the Target Company is as under:
 - OCCRPS to carry dividend @ 9% p.a.
 - OCCRPS will be issued to the lenders for a period of 8 years to be redeemed in 4 equal instalments (commencing from the end of 5th year) at a premium of 3.00%.

- 5.9. There has been no merger / de-merger, spin off during last 3 years involving the Target Company (source: www.bseindia.com).

- 5.10. Based on the audited standalone financial statements, the financial information of the Target Company for the period ended September 30, 2008, September 30, 2009, March 31,

2011 & unaudited results for the nine months period ended December 31, 2011 are as follows:

(Amount ₹ in Lakhs)

Particulars	Year Ended 30.09.2008 (Audited) (18 months)	Year Ended 30.09.2009 (Audited)	Year Ended 31.03.2011 (Audited) (18 months)	Nine months period Ended 31.12.2011 (Unaudited) *
Profit & Loss Statement				
Income from Operations	5,511.88	2,925.05	1,325.77	280.79
Other Income	1,995.68	150.12	605.92	47.98
Total Income	7,507.56	3,075.17	1,931.69	328.77
Total Expenditure	8,451.91	4,332.64	5,565.40	2006.76
Profit Before Depreciation, Interest and Tax	(944.35)	(1,257.48)	(3,633.71)	(1,677.99)
Depreciation	213.96	66.35	98.31	46.65
Impairment Loss	287.78	-	-	-
Exceptional Items	-	5,534.42	-	-
Add: Extra-ordinary items	-	-	1,589.24	-
Profit Before Tax	(1,446.09)	(6,858.25)	(2,142.78)	(1,724.64)
Provision for Tax	51.97	2.78	-	-
Profit After Tax	(1,498.06)	(6,861.03)	(2,142.78)	(1,724.64)
Balance Sheet Statement				
Sources of fund				
Paid up share capital				
- Equity	595.43	595.43	595.43	595.43
- Preference	2,226.00	2,226.00	2,226.00	6,076.24
Reserves & Surplus (excluding revaluation reserves)	3,668.39	3,694.87	3,694.87	3,694.87
Balance of P&L account	(4,155.23)	(11,016.26)	(13,159.05)	(14,883.69)
Net worth	2,334.59	(4,499.96)	(6,642.75)	(4,517.15)
Secured Loan	-	15,513.21	13,446.70	9,820.18
Unsecured Loan	1.82	686.12	195.60	559.46
Total	1.82	16,199.33	13,642.30	5,862.49
Uses of fund				
Net fixed assets	-	1,843.63	1,743.71	1,758.24
Investments	-	30.93	30.93	30.93
Net Current Assets	3,676.31	11,130.22	6,530.34	5,378.74
Other Financial Data				
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (in ₹)	(25.16)	(115.23)	(35.99)	(28.96)
Net worth (excluding Preference Share Capital)	108.59	(6,725.96)	(8,868.75)	(10,593.39)
Return on Net worth (%)	NA	NA	NA	NA
Book Value per share (in ₹)	1.82	(112.96)	(148.95)	(177.91)

* The provisional unaudited results for the period nine months ended December 31, 2011 have been certified by P B Vijayaraghavan & Co., Statutory Auditors of the Target Company.

The limited review statement for the Quarter ended December 31, 2011 has been submitted by the Target Company to the BSE.

5.11. Pre and Post Offer share holding pattern of the Target Company is as under:

Shareholders' category	Shareholding & voting rights prior to the agreement / acquisition and offer		Shares / voting rights agreed to be acquired pursuant to Share Purchase Agreement		Shares/voting rights to be acquired in open offer (Assuming full Acceptance)		Share holding / voting rights after the acquisition and offer	
	(A)		(B)		(C)		(A)+(B)+(C)= (D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to agreement, if any	30,36,703	51.00	(30,36,703)	(51.00)	-	-	-	-
b. Promoters other than (a) above	2,74,200	4.61	-	-	-	-	2,74,200	4.61
Total 1(a + b)	33,10,903	55.61	(30,36,703)	(51.00)	-	-	2,74,200	4.61
(2) Acquirers								
a. Main Acquirer	-	-	30,36,703	51.00	15,48,124	26.00	45,84,827	77.00
b. PACs	-	-	-	-	-	-	-	-
Total 2(a + b)	-	-	30,36,703	51.00	15,48,124	26.00	45,84,827	77.00
(3) Parties to agreement other than(1) (a) & (2)								
(4) Public (other than parties to agreement, acquirers & PACs)								
a. FIs /MFs/ FIIs/ Banks, SFIs	1,800	0.03	-	-	(15,48,124)	(26.00)	10,95,293	18.39
b. Others	26,41,617	44.36	-	-	-	-	-	-
Total (4) (a + b)	26,43,417	44.39	-	-	(15,48,124)	(26.00)	10,95,293	18.39
GRAND TOTAL (1+2+3+4)	59,54,320	100.00	-	-	-	-	59,54,320	100.00

Total number of public shareholders as on December 31, 2011 is 7,208 (source: www.bseindia.com).

5.12. The status of compliance of Chapter V of SEBI Takeover Regulations and Chapter II of erstwhile SEBI Takeover Regulations by the Target Company is as under:

Sr. No.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of Compliance	Delay, if any (no. of days)	Status of Compliance with Takeover Regulations	Remarks
1	2	3	4	5	6	7
1	8(3)	30.04.2002	11.05.2002	11 days	x	Yearly Disclosure
2	8(3)	17.08.2002	14.08.2002	N.A	✓	On Account of Record date for purpose of Dividend on 18.07.2002
3	8(3)	30.04.2003	21.04.2003	N.A	✓	Yearly Disclosure
4	8(3)	23.08.2003	09.08.2003	N.A	✓	On Account of Record date for purpose of Dividend on 24.07.2003
5	8(3)	30.04.2004	21.04.2004	N.A	✓	Yearly Disclosure

Sr. No.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of Compliance	Delay, if any (no. of days)	Status of Compliance with Takeover Regulations	Remarks
1	2	3	4	5	6	7
6	8(3)	28.08.2004	16.08.2004	N.A	✓	On Account of Record date for purpose of Dividend on 29.07.2004
7	8(3)	30.04.2005	09.04.2005	N.A	✓	Yearly Disclosure
8	8(3)	27.08.2005	17.08.2005	N.A	✓	On account of Book Closure for the purpose of dividend on 28.07.2005
9	8(3)	30.04.2006	17.04.2006	N.A	✓	Yearly Disclosure
10	8(3)	05.08.2006	25.07.2006	N.A	✓	On account of Book Closure for purpose of dividend on 06.07.2006
11	8(3)	30.04.2007	13.04.2007	N.A	✓	Yearly Disclosure
12	8(3)	28.10.2007	27.10.2007	N.A	✓	On account of AGM dated 28.09.2007
13	8(3)	30.04.2008	04.04.2008 ¹	N.A	✓	Yearly Disclosure
14	8(3)	22.01.2009	23.01.2009 ²	1 day	×	On account of Book Closure on 23.12.2008
15	8(3)	30.04.2009	28.04.2009	N.A	✓	Yearly Disclosure
16	8(3)	30.04.2010	26.04.2010	N.A	✓	Yearly Disclosure
17	8(3)	30.04.2011	27.04.2011	N.A	✓	Yearly Disclosure
18	7(3)	28.12.2006	26.12.2006	N.A	✓	Acquisition of shares by D B Zwirn Mauritius & consequent Open Offer

¹ Revised disclosure, as advised by Stock Exchange was filed by the Target Company with the Stock Exchange on June 03, 2008

² Since no dividend was declared by the Target Company, the disclosure was not mandatory in terms of erstwhile SEBI Takeover Regulations.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. Justification of Offer Price

6.1.1. The Offer is made pursuant to the direct acquisition of shares of the Target Company by the Acquirer. The Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.

6.1.2. The shares of the Target Company are presently listed on BSE (Scrip code: 511393; Scrip ID: "DHANDA").

6.1.3. The annualised trading turnover in the Equity Shares of the Target Company in the above mentioned Stock Exchange based on trading volume during the twelve calendar months prior to the month of Public Announcement (i.e. March 01, 2011 to February 29, 2012) is as given below:

Stock Exchange	Total No. of Equity shares traded during the Twelve Calendar months prior to the month of Detailed Public Statement	Total No. of Listed Equity shares	Annualised Trading Turnover (as % of total equity shares listed)
BSE	99,621	59,54,320	1.67%

(Source: www.bseindia.com)

6.1.4. Based on the information available on the website of the stock exchange, the Equity shares of the Target Company are in-frequently traded on BSE.

6.1.5. The Offer Price of ₹ 2/- per equity share is justified in terms of Regulation 8(2) of the SEBI Takeover Regulations, being the highest of the following:

Particulars	Amount
The highest negotiated price per share of the Target Company for any acquisition under the agreement attracting the obligation to make a Public Announcement of an open offer	₹ 0.099
The volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement	NA
The highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty six weeks immediately preceding the date of the public announcement	NA
Since the equity shares are not frequently traded, other financial parameters, viz:	
- Book Value (as on March 31, 2011)	₹ (148.95)
- Earnings per Share (for 12 months period from April 01, 2010 to March 31, 2011)	₹ (23.99)
- Return on Net Worth	NA

The Offer Price of ₹ 2/- per equity share is certified by Mr. B Baladasan (Membership No. 214061), Partner, R Dharmashankara Iyer & Co., Chartered Accountants, Chennai vide their certificate dated March 13, 2012 based on the financial ratios of the Company and the decision of the Hon'ble Supreme Court of India in the matter of Hindustan Lever Employees Union v/s Hindustan Lever Limited, 1995. Further, since the book value and EPS of the Target Company are negative, in the Opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹ 2/- per equity share is justified.

6.1.6. There has been no revision in the Offer Price since the date of Public Announcement till this Letter of Offer. The Offer Price does not warrant any adjustments for Corporate Actions.

6.1.7. In the event of further acquisition of equity Shares of the Target Company by the Acquirer during the offer Period, by purchase of equity shares of the Target Company at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI Takeover Regulations. However, it shall not be acquiring any equity shares of the Target Company after third working day prior to the commencement of the tendering period and until the expiry of the tendering period.

6.1.8. If the Acquirer acquires equity shares of the Target Company during the twenty-six weeks after the tendering period at a price higher than the offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the offer price, to all shareholders whose shares have been accepted in Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under an open offer under the SEBI Takeover Regulations or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of shares of the Target Company in any form.

6.1.9. The Acquirer is permitted to revise the Offer Price upward at any time up to 3 working days prior to the commencement of the tendering period. If there is any such upward revision in the Offer Price by the Acquirer or in case of withdrawal of Offer, the same would be informed by way of Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the acquirer(s) for all the shares validly tendered anytime during the Offer.

6.2. Financial Arrangement

6.2.1. The Total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 15,48,124 Equity Shares from the public shareholders of the Target Company at a Offer Price of ₹ 2 (Rupee Two) per equity share is ₹ 30,96,248 (Rupees Thirty Lakhs Ninety Six Thousand Two Hundred Forty Eight) (the “ Maximum Consideration”)

6.2.2. The Acquirer, the Manager to the Offer and Axis Bank Limited, a banking corporation incorporated under the laws of India and having one of its branch office at No. 82, Radhakrishnan Salai, Mylapore, Chennai - 600 004, Tamil Nadu, have entered into an escrow agreement dated March 15, 2012 for the purpose of the offer (the “Escrow Agreement”) in accordance with Regulation 17 of the SEBI Takeover Regulations. Pursuant to the Escrow Agreement, the Acquirer has deposited ₹ 31,00,000/- in cash in the Escrow Account which is equivalent to 100.12% of the Maximum consideration. The Manager to the Offer is duly authorised by the acquirer to realise the value of the Escrow Account and operate the escrow account in terms of the SEBI Takeover Regulations.

6.2.3. The Acquirer has adequate resources and has made firm financial arrangements for financing the acquisition of the Equity Shares under the Offer, in terms of Regulation 25(1) of the SEBI Takeover Regulations. Mr. T R Ashok (Membership no. 026133), Partner, A K Rajagopalan & Co., Chartered Accountants, having office at New No. 18, Old No.84, Luz Avenue, Mylapore, Chennai - 600 004 has vide their certificate dated March 19, 2012 certified that the acquirer has sufficient resources to meet the fund requirement for the takeover of Target Company. The acquisition will be financed through internal resources.

6.2.4. Based on the above and in the light of the escrow arrangement, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to fulfil the Acquirer’s obligations through verifiable means in relation to the Offer in accordance with the SEBI Takeover Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1. Operational terms and conditions

7.1.1. The Offer is not subject to any minimum level of acceptances from shareholders.

7.1.2. Letter of Offer will be dispatched to all the equity shareholders of the Target Company, whose names appear in its Register of Members on April 20, 2012, Friday, the Identified Date.

7.1.3. The Offer is subject to terms and conditions set out in this Letter of Offer, the Form of Acceptance cum Acknowledgment, the Public Announcement, the Detailed Public Statement and any other Public Announcements that may be issued with respect to the Offer.

- 7.1.4. The Letter of Offer along with the Form of Acceptance cum Acknowledgement would also be available at SEBI's website, www.sebi.gov.in and shareholders can also apply by downloading such forms from the website.
- 7.1.5. This Offer is subject to the receipt of the statutory and other approvals as mentioned in paragraph 7.4 of this Letter of Offer. In terms of Regulation 23(1) of the regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.6. 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.
- 7.1.7. The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance cum Acknowledgment and sent along with the other documents duly filled in and signed by the applicant shareholder(s).
- 7.1.8. Any equity shares that are subject matter of litigation or are held in abeyance due to pending court cases / attachment orders / restriction from other statutory authorities wherein the shareholder may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected if directions/orders regarding these equity shares are not received together with the equity shares tendered under the Offer.
- 7.1.9. Shareholders who have accepted the Open Offer by tendering their Shares and requisite documents in terms of the Public Announcement, Detailed Public Statement and Letter of Offer are not entitled to withdraw such acceptance during the Tendering Period for the Open Offer.
- 7.1.10. The acceptance of the Open Offer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible for any loss of share certificate(s) and Open Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 7.2. **Locked in shares:** As of December 31, 2011, the Target Company had no shares which were locked-in (source: www.bseindia.com)
- 7.3. **Persons eligible to participate in the Offer:** Registered shareholders of the Target Company and unregistered shareholders who own the Equity Shares of DFL any time prior to the closure of Offer, including the beneficial owners of the shares held in dematerialised form, except the parties to Share purchase Agreement dated March 13, 2012 and DFL Holdings and Securities Limited (a 99.77% subsidiary of the Target Company).
- 7.4. Statutory and other Approvals:**
- 7.4.1. Except the following, no other statutory approval is required for acquisition of Shares under the Offer:
- 7.4.1.1. The change in Management and Control of DFL Infrastructure Finance Limited, a Company registered with Reserve Bank of India ("RBI") as Deposit accepting NBFC, is subject to the receipt of approval from the RBI. The Acquirer has submitted an application with the Reserve Bank of India, Chennai on March 15, 2012 for obtaining the approval for change in Management and Control of the Target Company.

- 7.4.1.2. The open offer to the shareholders of Target Company is subject to the receipt of approval from the RBI for acquiring Equity Shares from non-resident Indians who validly tender their Equity Shares under this Offer, if required.
- 7.4.2. The Acquirer does not require any approvals from financial institutions or banks for the Offer. However, the Acquirer would require consent from the Lenders of the Target Company for change in control of the Target Company.
- 7.4.3. As of the date of the Detailed Public Statement, there are no other statutory approvals required to implement the Offer other than those specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. The Acquirer will have the right not to proceed with the Offer in the event any of the statutory approvals that are required are refused in terms of Regulation 23 of the SEBI Takeover Regulations.
- 7.4.4. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirer for payment of consideration to shareholders of the Target Company, subject to Acquirer agreeing to pay interest, if any, for the delayed period if directed by SEBI. Further, if the delay occurs on account of the wilful default or neglect or inaction or non-action by Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 17(10)(e) of the SEBI Takeover Regulations.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 8.1. The following collection centre would be accepting the documents by Hand Delivery / Regd. Post / courier as specified above, both in case of shares in physical and dematerialised form:

Place	Contact Person	Address	Telephone / fax / email	Mode
Bangalore	Mr. Janardhana	Cameo Corporate Services Limited, No.9, P.C. Pallaya Main Road, Akshay Nagar, Ramamoorthy Nagar, Bangalore 560 016	Tel.: +91 80 4209 7498 janardhana@cameoindia.com	Hand delivery
Chennai	Ms. K Sreepriya	Cameo Corporate Services Limited, Subramanian Building, V floor, No. 1, Club House Road, Chennai - 600 002	Tel.: +91 44 2846 0390 / 1989 Fax: +91 44 2846 0129 investor@cameoindia.com	Post and Hand delivery
Mumbai	Mr. Ashish Binsale	Cameo Corporate Services Limited, 304, Sai Sadan, 76-78 Mody Street, Fort, Mumbai - 400 001	Tel.: +91 22 2264 4325 / 2979 Fax : +91 22 2264 4325 ashish@cameoindia.com	Hand delivery
New Delhi	Mr. R. Sridhar	Cameo Corporate Services Limited C/o. Sterling Services F-63 1 st Floor, Bhagat Singh Market Near Gole Market, Opp SBI ATM Connaught Place, New Delhi - 110 001	Tel.: +91 11 4353 3256; +91 93 1254 6905	Hand Delivery

- 8.2. Shareholders who hold equity shares of the Target Company in physical form and wish to tender their equity share pursuant to the Offer will be required to submit the duly completed form of Acceptance cum Acknowledgement, original Share Certificate(s), valid Transfer Deed(s) duly signed and witnessed and other documents as may be specified in the Letter of Offer, to the Registrar to the Offer either by Registered Post / Courier, at their own risk or by hand delivery so as to reach on or before the date of closing of the business hours on the date of closure of the Offer i.e. May 18, 2012.
- 8.3. The Registrar to the Offer, M/s Cameo Corporate Services Limited has opened a special depository account with National Securities Depository Limited (“NSDL”) for receiving equity shares during the offer from eligible shareholders who hold equity shares in demat form.
- 8.4. For shareholders holding equity shares in dematerialised form, will be required to send their Form of Acceptance cum Acknowledgement and other documents as may be specified in the Letter of Offer to the Registrar to the Offer either by Registered Post / Courier or by hand delivery so as to reach on or before the date of closing of the business hours on the date of closure of the offer i.e. May 18, 2012, Friday along with a photocopy of the delivery instructions in “Off market” mode or counterfoil of the delivery instructions in “Off-market” mode or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the Depository Participant (“DP”), in favour of “**CAMEO CORPORATE SERVICES LTD ESCROW A/C DFL OPEN OFFER**” (“Depository Escrow Account”) filled in as per the instructions given below :

DP Name	Stock Holding Corporation of India Limited
DP ID	IN301080
Client ID	22815008
Depository	National Securities Depository Limited

Shareholders having their beneficiary account in Central Depository Services (India) Limited (“CDSL”) shall use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

- 8.5. **THE SHARES, SHARE CERTIFICATES, TRANSFER DEED, FORM OF ACCEPTANCE CUM ACKNOWLEDGMENT AND / OR OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRER / TARGET COMPANY / MANAGER TO THE OFFER.**
- 8.6. In case of (a) Shareholders who have not received the Letter of Offer, (b) unregistered shareholders, (c) owner of the shares who have sent the shares to the Target Company for transfer, may send their consent to the registrar to the offer on plain paper, stating the name, addresses, number of shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such shares such as broker note, succession certificate, original share certificate / original letter of allotment and valid share transfer deeds (one per folio), duly signed by such shareholders (in case of joint holding in the same order as per the specimen signatures lodged with Target Company), and witnessed (if possible) by the notary public or a bank manager or the member of the stock exchange with membership number, as the case may be, shall need to be provided so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the offer i.e. May 18, 2012. Such shareholders can also obtain the Letter of Offer from the Registrar to the Open Offer by giving an application in writing to that effect.

- 8.7. In case of shareholders who have not received the Letter of Offer and holding equity shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of equity shares offered along with a photocopy of the original delivery instructions in "Off-Market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant where special demat account is opened for the purpose of this Open Offer, so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the Offer i.e. May 18, 2012. Such equity shareholders can also obtain Letter of Offer from the Registrar to the Offer by giving an application in writing.
- 8.8. Shareholders who have sent their equity shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the Depository escrow Account should be received on or before the date of closing of the business hours on the date of closure of the Offer i.e. May 18, 2012, else the application would be rejected.
- 8.9. No indemnity is needed from unregistered shareholders.
- 8.10. If shareholders who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approval from the RBI, the FIPB or any other regulatory body in respect of the Shares held by them in the Target Company, or in the case of NRI and OCB Shareholders, require any approval to tender Shares held by them pursuant to the Open Offer, they will be required to submit such approvals alongwith the Form of Acceptance cum Acknowledgment and other documents required to be tendered to accept this Open Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered in the Open Offer.
- 8.11. Where the number of equity shares offered for sale by the shareholders are more than the equity shares agreed to be acquired by the Acquirer, the Acquirer will accept the offers received from the shareholders on a proportionate 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 equity shares from shareholders shall not be less than the minimum marketable lot or the entire holding if it less than the marketable lot. The marketable lot of DFL is 1 (one) Equity Share.
- 8.12. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI Takeover Regulations.
- 8.13. The consideration to the shareholders whose shares have been accepted will be paid by crossed account payee cheques / demand drafts / Electronic Clearance Service (ECS) where applicable. Such payments through account payee cheques / demand drafts will be returned by registered post, at the shareholders registered / unregistered owners sole risk to the sole / first shareholder / unregistered owner. All other dispatches will be made by ordinary post at the Shareholder's sole risk.

- 8.14. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post, at the shareholders registered / unregistered owners sole risk to the sole/first shareholders/ unregistered owner. Equity shares held in dematerialised form, to the extent not accepted, will be credited back to the beneficial owner in the Form of Acceptance cum Acknowledgment or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer.
- 8.15. The Registrar to the Offer will hold in trust the equity shares and share certificate(s), equity shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgment, and the transfer deed(s) on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted equity shares / share certificates are dispatched / returned.

9. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Acquirer at 6/72, Karpagam Avenue, 2nd Street, RA Puram, Chennai - 600 028, Tamil Nadu from 10.30 a.m. to 3.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the Closure of the Offer.

- 9.1. Certificate of Incorporation, Memorandum & Articles of Association of Auctus Holdings Private Limited.
- 9.2. Certificate March 19, 2012 issued by Mr. T R Ashok (Membership no. 026133), Partner, A K Rajagopalan & Co., Chartered Accountants, having office at New No. 18, Old No.84, Luz Avenue, Mylapore, Chennai - 600 004 certifying the adequacy of resources with the Acquirer to fulfil its part of open Offer obligations.
- 9.3. Audited Annual Reports of Target Company for the year financial years ended March 31, 2011, September 30, 2009 and September 30, 2008.
- 9.4. Unaudited financial statements of Auctus Holdings Private Limited for the period from August 30, 2011 to March 13, 2012 certified by the Statutory Auditors of Auctus.
- 9.5. Copy of Escrow Agreement and Certificate dated March 19, 2012 from Axis Bank Limited confirming the account kept by the Acquirer in the Escrow Account.
- 9.6. Copy of Share Purchase Agreement dated March 13, 2012 executed between the Acquirer and Seller.
- 9.7. Copy of Public Announcement dated March 13, 2012 and copy of the Detailed Public Statement published on March 20, 2012.
- 9.8. Copy of the Recommendation made by the Independent Committee of the Board of Directors of Target Company.
- 9.9. SEBI Observation letter no. [●] dated [●].
- 9.10. Copy of Agreement entered into with Depository Participant for opening of special depository account for the purpose of the Offer.

10. DECLARATION BY THE ACQUIRER

The Acquirer and the Directors of the Acquirer accepts full responsibility for the information contained in the Letter of Offer and also for the obligations laid down in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and subsequent amendments thereof. The Acquirer would be responsible for ensuring compliance with the concerned Regulations.

For Auctus Holdings Private Limited

B Prakash
Director

Place: Chennai

Date: March 27, 2012

Enclosures

- Form of Acceptance cum Acknowledgement
- Blank Share Transfer Deed