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**ADVISORY REPORT FOR COMPLIANCE WITH SEBI
(SUBSTANTIAL ACQUISITIONS OF SHARES AND TAKEOVERS)
REGULATIONS, 2011**

30th September, 2013

Prepared by:

S.S. Kothari Mehta & Co.

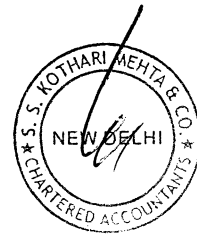
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CHAPTER 1: SCOPE OF WORK

The Advisory Report for compliance with SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 2011 ("Report") is being furnished at the specific request of the management of Intec Capital Ltd. ("Target Company"/ "Company").

Target Company is actively engaged in the financing of asset categories catering to industries such as Auto & Ancillary, Machine & Engineering, Printing & Packaging, Plastic & Injection Moulding, Health Care & Pharmaceuticals, Food Processing & various others industries particularly for the small and medium enterprises.

We are informed that an Open Offer has been triggered as a result of direct acquisition of shares by the Acquirers in accordance with Regulation 3 (2) read with Regulation 13 (2) and Regulation 15(1) of the SEBI Substantial Acquisitions and Takeovers ("SAST") Regulations, 2011.

The minimum Offer Price for Open Offer, in case of direct acquisition, has to be arrived in accordance with Sub-Regulation (2) of Regulation 8 read with Sub-Regulation (6) of Regulation 8 of SEBI Substantial Acquisitions and Takeovers ("SAST") Regulations, 2011. Thus the Target Company needs to comply with Regulation 8 for determining the Offer Price.

Further, as per provisions of Sub-Regulation (6) of Regulation 26 of the of SEBI SAST, the Board of Directors of the Target Company shall constitute a committee of Independent Directors ("the Committee") to provide written reasoned recommendations on such open offer. The provisions further provide that such Committee shall be entitled to seek external professional advice at the expense of the Target Company.

In this regard, the Committee has appointed S.S. Kothari Mehta & Company ("SSKM") as an Independent Professional Advisor pursuant to Regulation 26(6) of SEBI (SAST) Regulations, 2011, to confirm the following and issue the report in terms of SEBI SAST Regulations 2011:-

- i. To confirm whether that the Open Offer Price offered by the Acquirers is in compliance with Regulation 8 (2) read with Regulation 8(6) and 2 (1) (j) of SEBI (SAST) Regulations 2011.
- ii. To confirm and issue Report to the Committee of Independent Directors on fairness and reasonableness of this Open Offer Price in terms of SEBI (SAST) Regulations, 2011

The Report issued by us is pursuant to Regulation 26 (6) of the SEBI (SAST) 2011 and thus can be used by the committee of Independent Directors of the Target Company to provide reasoned recommendation for Open Offer.

CHAPTER 2: DATA RELIED UPON

For the purpose of this Report, we have relied upon the data, facts, information, documents and explanations authenticated and provided to us by the Company.

We have relied upon the following information provided by the Target Company:

1. Audited Financial Statements for the years ending 31st March,2011, 31st March, 2012 and 31st March,2013;
2. Shareholding pattern as on 25th March,2013, 31st March,2013 and 13th August,2013;
3. Board Resolution for Conversion of 5% Convertible Preference shares ("CPS") and 0.001% Compulsorily Convertible Preference Shares ("CCPS");
4. Public Announcement made on the behalf of the acquirer on 13th August, 2013.
5. Detailed Public Statement made to the shareholders of the company dated 20th August, 2013.
6. Open Offer documents submitted to SEBI on 13th August, 2013 in compliance with, Regulation 3(2), read with Regulation 13(2) and Regulation 15(1) of the SEBI (SAST) Regulations, 2011 and subsequent amendments thereto;
7. Details of price paid or payable for any acquisition of Equity Shares of Target Company by the acquirer or by any person acting in concert with him, from 13th August,2012 to 12th August,2013;

We have also relied upon some of the data required for the purpose of this exercise (including Share price and volume of trades of the company shares) from www.bseindia.com, www.dseindia.com, Prowess software and other publicly available sources from internet believed to be reliable and true.



CHAPTER 3: DISCLAIMER CLAUSE

1. This Report is based on the information received from the sources mentioned in this Report and based on the oral explanations given by the management of Intec Capital Limited. The framing of Report has been restricted and kept limited to and based on the documents, records, files, registers and information provided to us. We have not verified the information independently with any other external source unless as specifically mentioned in the Report. We have not verified the reliability or completeness of the information supplied or provided to us.
2. We have assumed the genuineness of all the signatures, the authenticity of all the documents submitted to us though they may be in photocopy, and the conformity of the copies or extracts submitted to us with that of the original documents by the management itself even though officers have not signed it as True Copy.
3. We have assumed that the documents submitted to us by the management in connection with the subject matter of this Report are the only documents related to such matter and fully reflect the correct state of affairs as stated by the Company.
4. This Report has been issued as per our Mandate dated 26th September, 2013 for limited purpose mentioned therein and for the purpose of the committee of Independent Directors of the Target Company and should not be used or relied for any other purpose. If unauthorized persons choose to rely on any of the contents of this Report, they may do so at their own risk.
5. In furnishing the Report, SSKM reserves the right to amend or replace the Report at any time. The information contained herein is based on certain assumptions and management's analysis of information available at the time the Report was prepared. SSKM does not purport to give any representation, warranty or other assurance in relation to this Report.
6. We have reviewed the documents and records from the limited perspective of examining valuation issues and we do not express any report as to the legal or technical implications of the same.



7. The Company has to indemnify and hold us harmless from time to time and at all times hereafter, from and against (i) all loss, damage, harm or injury suffered or incurred by us or any of our Partner, Director, Officers, Affiliates or employees and (ii) all notices, claims, demands, action, suits or proceedings given, made or initiated against us on account of arising out of any default committed by the Company in performance of all or any of its obligations hereunder, as also against all costs, charges and expenses suffered or incurred by us on account of the aforesaid
8. This Report does not purport to be all inclusive or contain all the information that a recipient may desire or require to form the basis of any investment activity or decision to enter into any contract and should not be relied on as such. The investor should carry out an independent assessment and analysis of the investment opportunity and due diligence of the information, facts and observations contained herein and base their investment decision solely based on their independent assessment.
9. This Report shall be read in complete. The Annexures attached to this Report form the part of the Report.



CHAPTER 4: BACKGROUND OF COMPANY

4.1 Background

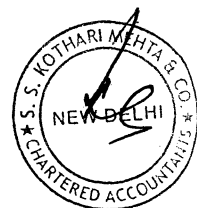
Intec Capital Limited is a listed Company incorporated under the provisions of The Companies Act, 1956. It is one of the Non- Banking Financial Institutions in India and commenced its operations in the year 1994. The Company serves small and medium-scale enterprises across a broad spectrum of industries covering more than 137 SME clusters of the country.

The Company is registered with RBI under Registration Number B-14.00731 as NBFC. Its stock/scrip is listed on Bombay Stock Exchange (BSE) and Delhi Stock Exchange (DSE).

4.2 Operations

Intec Capital Limited is actively engaged in the financing of asset categories catering to industries such as Auto & Ancillary, Machine & Engineering, Printing & Packaging, Plastic & Injection Moulding, Health Care & Pharmaceuticals, Food Processing & various others industries particularly for the small and medium enterprises.

The Company offers loan, financing services, other finance service, corporate advisory service and life/general insurance service. It focuses on looking after the financial requirements of Small and Medium Enterprises (SMEs) and providing finance in the form of Assets Finance, Working Capital Finance and Loan against Property to SMEs. Corporate advisory services provide personalized consulting, forecasts and advice for organizations. It offers a range of financial products and services like life and health insurance products, retirement savings products, trust services and investment funds and mortgages.



4.3 Financials

The financial highlights of the Company are as follows:

Table- 1: Profit and Loss Account of Intec Capital Ltd.

(Rs. in Cr.)

Particulars	2010 – 2011 Audited	2011 – 2012 Audited	2012 – 2013 Audited
Total Income	37.07	80.99	115.47
Total Operating Expenditure	10.18	17.14	26.16
PBIDTA	26.89	63.85	89.31
Depreciation	0.1	0.22	0.31
Interest	19.02	49.41	68.93
PBT (before exceptional items)	7.77	14.22	20.07
Exceptional items	0	0	0
PBT	7.77	14.22	20.07
Tax	3.02	4.76	6.94
PAT	4.75	9.46	13.13

Table- 2: Balance Sheet of Intec Capital Ltd.

(Rs. in Cr.)

Particulars	31 st March, 2011 Audited	31 st March, 2012 Audited	31 st March, 2013 Audited
Equity & Liabilities:			
Shareholders' Funds	60.65	69.29	124.85
Non-Current Liabilities	68.47	98.62	155.50
Current Liabilities	162.51	244.94	310.42
Total	291.63	412.85	590.77
Assets			
Non-Current Assets	86.33	147.63	306.18
Current Assets	205.3	265.22	284.59
Total	291.63	412.85	590.77



4.4 Transaction

The purpose of this Report is to advise whether the "Offer Price" stated in the Public Announcement dated 13th August, 2013 is in compliance with Regulation 8 of SEBI (SAST) Regulations, 2011.

The Acquirers Intec Worldwide Private Limited ("Acquirer I"), Pantec Devices Private Limited ("Acquirer II"), Pantec Consultants Private limited ("Acquirer III"), India Business Excellence Fund-II ("Acquirer IV") and India Business Excellence Fund-IIA ("Acquirer V") (Acquirer I together with Acquirer II, Acquirer III, Acquirer IV and Acquirer V hereinafter collectively referred to as the "Acquirers") have made an Open Offer for acquisition upto 4,775,225 fully paid-up equity shares of face value of Rs. 10 each from the public shareholders of Target Company, constituting 26% of the voting share capital as of the 10th working day from the closure of the tendering period ("Offer Size") at an Offer Price of Rs. 109.45 (Rupees One Hundred Nine And Paise Forty Five) payable per Equity Share calculated in accordance with Regulation 8(1) and Regulation 8(2) read with Regulation 8(6) of the SEBI (SAST) Regulations, 2011.

A Public Announcement ("PA") to this effect has been issued on 13th August, 2013 by ICICI Securities Limited ("Manager to the Offer") for and on behalf of the Acquirers, to the shareholders of the Target Company in compliance with Regulation 3(2), read with Regulation 13(2) and Regulation 15(1) of SEBI (SAST) Regulations, 2011.

The Acquirers vide Acknowledgement of conversion dated 13th August, 2013

1. converted 5% CPS,
2. converted 0.001% CCPS and;
3. subscribed to the preferential allotment of Equity Shares

which triggered the Open Offer in accordance with Regulation 3(2) of the SEBI (SAST) Regulations, 2011.



CHAPTER 5: ANALYSIS AND RECOMMENDATION

Our Report is based on the following analysis based on information and explanation provided to us related to the compliance with SEBI (SAST) Regulations, 2011:

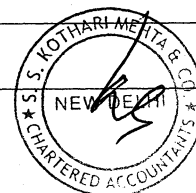
1. The Offer Price for the acquisition is calculated in accordance with Regulation 8 (2), 8(6) read with 8(1) of SEBI (SAST) Regulations, 2011. (Annexure 1)
2. There is a direct acquisition of shares by the Acquirers in accordance with Regulation 3 (2) of SEBI (SAST) Regulations, 2011.
3. Therefore, Regulation 8(2), 8(6) of SEBI (SAST) Regulations, 2011 will govern the valuation for Direct Acquisition to determine the Open Offer Price (Annexure 1).
4. The Equity Shares of the Target Company are frequently traded in terms of Regulation 2(1) (j) of SEBI (SAST) Regulations, 2011. (Annexure 2).
5. Regulation 8(6) of SEBI (SAST) Regulations, 2011 provides that "where any acquirer or any person acting in concert has any outstanding convertible instruments convertible into shares of the target company at a specific price, the price at which such instruments are to be converted into shares, shall also be considered as a parameter under sub-Regulation (2) of Regulation 8".

The price for such conversion as provided in Board Resolution dated 13th August, 2013 is 109.44.

6. Offer Price for the said acquisition is governed by Regulation 8(2) read with 8(6) of SEBI (SAST) Regulations, 2011, which provides that the Offer price shall be higher of:

Regulation	Price as per Regulation (in Rs.) (per Equity Share)	Remarks
8(2)(a)	109.45	Highest negotiated price per share
8(2)(b)	109.44	As per Certificate dated 27 th September 2013
8(2)(c)	109.44	
8(2)(d)	93.99	as per Annexure 3
8(2)(e)	Not applicable	8(2)(e) relates to infrequent traded shares
8(2)(f)	Not applicable	8(2)(f) relates to indirect acquisitions
8(6)	109.44	As per the Board Resolution dated 13 th August, 2013.

The highest of 8 (2) (a) to (f) is Rs. 109.45. Thus, the Open Offer Price computed is in accordance with Regulation 8 (2) read with 8(6) and 2(1)(j) of SEBI (SAST) Regulations, 2011.



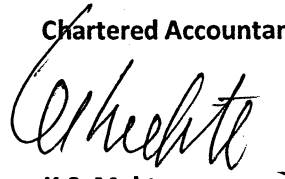
Conclusion:

On the Basis of the foregoing, in our opinion and information provided to us, the Open Offer Price of Rs. 109.45 (Rupees One Hundred Nine and Forty Five Paise only) per Equity Share for the said Open Offer is fair and reasonable and has been computed in compliance with Regulation 8(2) read with 8(6) and 2(1)(j) of the SEBI (SAST) Regulations 2011.

The Report can be used by the committee of Independent Directors of the Target Company to provide reasoned recommendations on Open Offer in terms of Regulation 26(6) and 26(7) of SEBI (SAST) 2011.

For S.S. Kothari Mehta & Co.

Chartered Accountants



K.S. Mehta

Managing Partner



Date: 30th September, 2013

Place: New Delhi

Membership Number: 008883

Firm No: 000756N

Annexure 1 to Advisory Report on compliance with SEBI (SAST) Regulations, 2011

1. Extract of Regulation 8(1) of SEBI (SAST) Regulations, 2011:

"8. (1) The Open Offer for acquiring shares under Regulation 3, Regulation 4, Regulation 5 or Regulation 6 shall be made at a price not lower than the price determined in accordance with sub-Regulation (2) or sub Regulation (3), as the case may be."

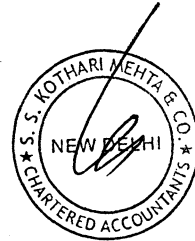
2. Extract of Regulation 8(2) of SEBI (SAST) Regulations, 2011:

"(2) In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-Regulation (2) of Regulation 5 are met, the offer price shall be the highest of,—

- (a) 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;*
- (b) 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;*
- (c) 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;*
- (d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are **frequently traded**;*
- (e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the Open Offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and*
- (f) the per share value computed under sub-Regulation (5), if applicable."*

3. Extract of Regulation 8(6) of SEBI (SAST) Regulations, 2011:

"(6) For the purposes of sub-Regulation (2) and sub-Regulation (3), where the acquirer or any person acting in concert with him has any outstanding convertible instruments convertible into shares of the target company at a specific price, the price at which such instruments are to be converted into shares, shall also be considered as a parameter under sub-Regulation (2) and sub-Regulation (3)."



Annexure 2 to Advisory Report on compliance with SEBI (SAST) Regulations, 2011

Extracts from Regulation 2 (1) (j) of SEBI (SAST) Regulations, 2011 relating to "Frequently traded shares"

"Frequently traded shares" means shares of a target company, in which the traded turnover on any stock exchange during the twelve calendar months preceding the calendar month in which the public announcement is made is at least ten per cent of the total number of shares of such class of the target company:

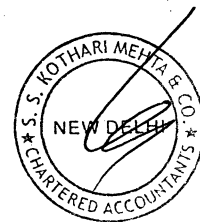
Provided that where the share capital of a particular class of shares of the target company is not identical throughout such period, the weighted average number of total shares of such class of the target company shall represent the total number of shares"

The Total Number of Equity of the company traded in the above mentioned Stock Exchanges from 1st August, 2012 to 31st July, 2013 (12 Calendar Months preceding the calendar month in which Public Announcement was made) is as given below:

Stock Exchange	Total No. of Equity Shares traded (for a period of 12 calendar month in which the PA is made)	Total No. of Equity Shares of Target Company*	Traded Shares as a % of Total Shares)
BSE	49,50,023*	1,34,58,630	36.78%
DSE	--	1,34,58,630	--

*(Source: www.bseindia.com)

Based on the above, The Equity shares of Target Company are **frequently traded** on BSE within the meaning of Regulation 2(1) (j) of the SEBI (SAST) Regulations 2011. There have been no trades reported in DSE for the said period.



Annexure 3 to Advisory Report on compliance with SEBI (SAST) Regulations, 2011

Calculation of the volume weighted average market price of equity shares of Target Company for a period of sixty trading days immediately preceding the date of Public Announcement as traded on BSE (as the maximum volume of trading in the shares of Target Company is recorded on BSE during such period) as per Regulation 8(2)(d) of SEBI (SAST) Regulations, 2011 is as follows:

Data Type	Total Traded Quantity No. of Shares (Refer Note 2 below)- "A"	Price (In Rs. ,000) Refer Note 2 below)- "B"	Weighted Average Price (Rs.) (Refer Note 1 below)- "C"
BSE Data	3,82,137	35,916.81	93.99

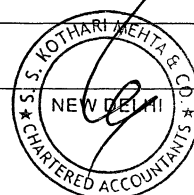
Note 1: Weighted Average Price C = (B*1000)/A

Note 2: Details of Trading of Equity shares of the company till the date of Public Announcement-

Downloaded from BSE Website

BSE Data		
Date	Total Traded Quantity	Turnover (in Rs. ,000)
12-Aug-13	700.00	63.47
8-Aug-13	600.00	54.30
7-Aug-13	450.00	40.72
6-Aug-13	466.00	42.21
5-Aug-13	480.00	43.41
2-Aug-13	603.00	54.36
1-Aug-13	450.00	40.74
31-Jul-13	1,152.00	104.93
30-Jul-13	1,042.00	94.14
29-Jul-13	941.00	85.52
26-Jul-13	900.00	81.73
25-Jul-13	1,201.00	108.27
24-Jul-13	901.00	81.23

BSE Data		
Date	Total Traded Quantity	Turnover (in Rs. ,000)
23-Jul-13	1,001.00	89.77
22-Jul-13	1,121.00	96.99
19-Jul-13	470.00	42.46
18-Jul-13	520.00	47.10
17-Jul-13	526.00	48.10
16-Jul-13	790.00	65.17
15-Jul-13	510.00	45.91
11-Jul-13	329.00	29.64
10-Jul-13	94.00	8.93
8-Jul-13	10,586.00	990.70
5-Jul-13	10,265.00	952.18
4-Jul-13	9,799.00	911.77
3-Jul-13	10,604.00	990.96
2-Jul-13	9,557.00	904.11
1-Jul-13	9,898.00	937.54
28-Jun-13	10,284.00	973.61
27-Jun-13	9,784.00	925.22
26-Jun-13	9,985.00	945.62
25-Jun-13	9,792.00	922.17
24-Jun-13	6,200.00	590.15
21-Jun-13	11,290.00	1,065.02
20-Jun-13	9,688.00	910.98
19-Jun-13	10,904.00	1,030.48
18-Jun-13	9,800.00	927.21
17-Jun-13	11,349.00	1,074.94
14-Jun-13	9,608.00	901.33
13-Jun-13	9,201.00	871.19
12-Jun-13	7,027.00	658.66
11-Jun-13	9,670.00	908.82



BSE Data		
Date	Total Traded Quantity	Turnover (in Rs. ,000)
10-Jun-13	11,438.00	1,077.40
7-Jun-13	9,700.00	920.48
6-Jun-13	9,000.00	854.35
5-Jun-13	9,506.00	897.78
4-Jun-13	10,155.00	963.20
3-Jun-13	9,625.00	911.02
31-May-13	9,600.00	905.26
30-May-13	6,300.00	593.78
29-May-13	8,072.00	759.44
28-May-13	8,164.00	770.12
27-May-13	10,000.00	940.65
24-May-13	9,601.00	898.16
23-May-13	11,150.00	1,045.81
22-May-13	8,242.00	768.64
21-May-13	11,200.00	1,051.76
20-May-13	9,600.00	899.04
17-May-13	11,791.00	1,101.24
16-May-13	8,455.00	796.94
Total	382,137.00	35,916.81

