

## LETTER OF OFFER

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

This Letter of Offer (LOO) is sent to you as shareholder(s) of Chettinad Cement Corporation Limited. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Merchant Banker (Indbank Merchant Banking Services Limited) or Registrar (Integrated Enterprises (India) Ltd.) to the Offer. In case you have recently sold your shares of Chettinad Cement Corporation Ltd., please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was affected.

#### Chettinad Software Services Pvt. Ltd. (as the Acquirer)

Regd. Office: Rani Seethai Hall, 5<sup>th</sup> Floor, 603, Anna Salai, Chennai – 600 006  
Tel No.: (044) 28292188 Fax No: (044) 42037708 E-mail: chettinadsoftware@gmail.com

along with

**Dr. M.A.M. Ramaswamy**  
Chettinad House, Rajah Annamalaipuram,  
Chennai – 600 028.

Tel No.: (044) 28291586 Fax No.: (044) 28293864  
E-mail: mdchettinad@airtelbroadband.in

**Mr. M.A.M.R. Muthiah**  
Chettinad House, Rajah Annamalaipuram,  
Chennai – 600 028.

Tel No.: (044) 28292040 Fax No.: (044) 28293864  
E-mail: mdchettinad@airtelbroadband.in

**Mrs. Geetha Muthiah**  
Chettinad House, Rajah Annamalaipuram,  
Chennai – 600 028.

Tel No.: (044) 28292040 Fax no.: (044) 28293864  
E-mail: mdchettinad@airtelbroadband.in

#### As Persons Acting in Concert (PACs)

#### MAKES A CASH OFFER AT Rs. 450.00 PER EQUITY SHARE TO ACQUIRE

Up to 40,82,621 fully paid up Equity Shares representing 13.84% of the Share and Voting Capital of the Target Company

#### CHETTINAD CEMENT CORPORATION LIMITED

Regd Office: Rani Seethai Hall Bldg., 603, Anna Salai, Chennai – 600 006.  
Tel No: 044-28292727, 044-42149955 Fax: 044-28291558 E-Mail: chtdmds@vsnl.com

#### Notes:

- The voluntary Offer is being made pursuant to, and in compliance with, among others, sub-regulations 2 and 2A of Regulation 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- It is an unconditional offer.
- It is not a competitive bid
- No statutory approval is required to complete the Offer except the approval from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") to acquire the shares from non-resident shareholders. As on the date hereof there are no other statutory approvals required to implement this offer.
- Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer (i.e. November 30, 2007, Friday)
- The Acquirer can revise the Offer Price upwards up to 7 (seven) working days prior to the date of closure of the Offer (i.e. November 26, 2007, Monday). If there is any upward revision in the Offer Price by the Acquirer or if the Offer is withdrawn, the same would be communicated by a public announcement in the same newspapers where the original Public Announcement appeared. The Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.
- If there is a competitive bid(s):**
  - (i) The public offers under all the subsisting bids shall close on the same date;**
  - (ii) As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- There has been no competitive bid.**
- A copy of the Public Announcement and the Letter of Offer (including the Form of Acceptance cum Acknowledgment and Form of Withdrawal) is available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)).



#### Merchant Banker to the Offer

**Indbank**  
Merchant Banking Services Ltd

1st Floor, Khivraj Complex I  
480, Anna Salai, Nandanam, Chennai 600 035.  
Ph. No.: (044) 24313094 – 97 Fax No: (044) 224313093  
E-mail: cccloffer@indbankonline.com  
SEBI Regn. No: INM000001394  
Contact Person: Mr. Sanjay Varghese, Vice President



#### Registrar to the Offer

**INTEGRATED ENTERPRISES (INDIA) LTD.**

2<sup>nd</sup> Floor, Kences Towers, 1, Ramakrishna street,  
North Usman Road, T.Nagar, Chennai – 600 017

Ph. No.: (044) 28140801  
Fax No: (044) 28142479  
E-mail: sureshbabu@iepinidia.com  
SEBI Regn. No: INR000000544

Contact Person: Suresh Babu K, General Manager

A schedule of some of the major activities pertaining to the offer is given below:

Activity	Original Schedule (Date & Day)	Revised Schedule (Date & Day)
Public Announcement (PA) Date	25.06.07, Monday	25.06.07, Monday
Specified Date	20.07.07, Friday	20.07.07, Friday
Last date for a competitive bid, if any	16.07.07, Monday	16.07.07, Monday
Date by which Letter of Offer will be dispatched to the shareholders of the Target Company	01.08.07, Wednesday	10.11.07, Saturday
Offer Opens on	17.08.07, Friday	16.11.07, Friday
Last date for revising the Offer Price / Offer Size	27.08.07, Monday	26.11.07, Monday
Last Date for Withdrawal of acceptance by the shareholders	31.08.07, Friday	30.11.07, Friday
Offer Closes on	05.09.07, Wednesday	05.12.07, Wednesday
Last date for communicating rejection/ acceptance (in part or full) and mailing of consideration for applications accepted	17.09.07, Monday	20.12.07, Thursday

### Risk Factors relating to the transaction, the proposed Offer and probable risks involved in associating with the Acquirer

1. The Acquirer has no experience in manufacture of cement, the main activity carried out by the Target Company. However, the PACs (Dr. M.A.M. Ramaswamy and Mr. M.A.M.R. Muthiah) are Promoter Directors of the Target Company.
2. This offer is made for the purpose of consolidation of holdings and will not result in a change of control of the Target Company. The Acquirer and the PACs make no assurance with respect to the financial performance of the Target Company after consolidation of holdings.
3. Shareholders accepting this Offer will be tendering their Equity Shares before getting payment of consideration. Further, they will not be able to take advantage of any favorable price movements.
4. As on date of this Letter of Offer, no statutory approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer except the approval from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") to acquire the shares from non-resident shareholders. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The dispatch of consideration can be delayed beyond 15 days, in case any statutory approval, which becomes so applicable on a later date, is not received. In terms of Regulation 22 (12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days.

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### DEFINITIONS

Acquirer	Chettinad Software Services Pvt. Ltd. (CSSL)
Act	The Companies Act, 1956
BSE	Bombay Stock Exchange Limited
Escrow Account	Escrow Account in accordance with Regulation 28 of the Regulations, created by the Acquirer with Indian Bank, Adyar Branch, Chennai in the form of Deposits of Rs 33.50 Crores (Rs. Thirty Three Crores and Fifty Lakhs only), being more than the stipulated amount under Regulation 28(2) (25% of the total consideration payable under the Offer upto Rs.100 Crores and 10% thereafter).
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
Merchant Banker	Manager to the Offer, Indbank Merchant Banking Services Limited
MSE	Madras Stock Exchange Limited
NRIs	Non-Resident Indians
NSE	National Stock Exchange of India Ltd.
Offer	Offer for acquisition of up to 40,82,621 fully paid-up Equity shares of face value of Rs.10/- each of Chettinad Cement Corporation Ltd representing 13.84% of the share and voting capital at a price of Rs.450.00 per share payable in cash
Offer Period	From 25.06.07 to 20.12.07
Offer Price	Rs. 450/- (Rupees Four Hundred and Fifty Only)
PACs	Persons Acting in Concert namely, Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah and Mrs. Geetha Muthiah.
PA	Public Announcement of the Offer, as per Regulation 15 of the Regulations, made by the Acquirer on 25.06.2007
Persons eligible to participate in the offer	All owners of shares, registered or unregistered, of Chettinad Cement Corporation Ltd., and also persons who own the shares at any time prior to the closure of the offer (other than the Acquirer and PACs, and other promoters of Chettinad Cement Corporation Ltd).
Promoter Group	The promoter group of CCCL comprising of Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah, Mrs. Geetha Muthiah, Late Dr. Rajah Sir M.A. Muthiah Chettiar, Late Mr. Kumararajah M.A.M. Muthiah Chettiar, Late Mrs. Rani Lady Meyyammai Achi and South India Corporation Limited.
RBI	Reserve Bank Of India
Registrar	Integrated Enterprises (India) Ltd.
SEBI	Securities and Exchange Board of India.
Specified Date	20.07.2007 (Friday)
Target Company	Chettinad Cement Corporation Ltd. (CCCL)
The Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

## 1. 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 CHETTINAD CEMENT CORPORATION LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES HIS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INDBANK MERCHANT BANKING SERVICES LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED 29.06.2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## 2. DETAILS OF THE OFFER

### 2.1 Background of the offer

2.1.1 This open offer (this "Offer") is being made by Chettinad Software Services Pvt. Ltd. ("the Acquirer"), having Registered Office at Rani Seethai Hall, 5<sup>th</sup> Floor, 603, Anna Salai, Chennai – 600 006, pursuant to and in compliance with sub-regulations 2 & 2A of Regulation 11 of the SEBI (SAST) Regulations, 1997 and subsequent amendments thereto. Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah and Mrs. Geetha Muthiah are termed as the Persons Acting in Concert (PACs). This offer is made for substantial acquisition of shares for consolidation of holdings.

2.1.2 The Acquirer is a part of the Chettinad Group. The Acquirer as on date does not hold any shares in the Target Company and is not a part of the promoter group of the Target Company. However, the PACs are shareholders and promoters in the target company and they collectively hold 2,17,24,038 equity shares (Dr. M.A.M. Ramaswamy – 91,83,834 equity shares, Mr. M.A.M.R. Muthiah – 55,86,546 equity shares, and Mrs. Geetha Muthiah – 69,53,658 equity shares) forming 73.63% of the fully paid up equity Share Capital of the target company as on date. The PACs together with other promoters (hereinafter collectively referred to as the "Promoter Group") collectively hold 2,24,70,394 fully paid up equity shares of CCCL representing 76.16% of the fully paid up equity share capital of the Target Company as on date. On acquisition of shares under this offer, the Acquirer, by virtue of being promoted by Mrs. Geetha Muthiah (PAC and part of the promoter group of the Target Company and owner of 99.90% of the equity shareholding of the Acquirer), would form part of the Promoter Group of the Target Company, as per the provisions of Regulations 2 (1)(h) of the Regulations. This offer will not result in change of control of the Target Company.

2.1.3 The shareholding of the promoter group in the Target Company as on date is as follows:

Sl. No.	Name of the Shareholder	No. of Shares	Percentage Holding (%)
1.	Dr. M.A.M. Ramaswamy	9183834	31.13
2.	Mr. M.A.M.R. Muthiah	5586546	18.94
3.	Mrs. Geetha Muthiah	6953658	23.57
4.	Dr. Rajah Sir M.A. Muthiah Chettiar *	419778	1.42
5.	Mr. Kumararajah M.A.M. Muthiah Chettiar *	152500	0.52
6.	Mrs. Rani Lady Meyyammai Achi *	500	0.00
7.	South India Corporation Ltd.	173578	0.59
Total		22470394	76.16

\* These shareholders are no more and their holdings are vested in their legal estate.

2.1.4 The Acquirer/ PACs and the Target Company have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.1.5 There is no person on the Board of the Target Company representing the Acquirer. However, Dr. M.A.M. Ramaswamy and Mr. M.A.M.R. Muthiah (PACs) are the Chairman and Managing Director respectively, of the Board of the Target Company, and represent the Promoter Group, including the PACs, on the Board of the Target Company. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person on the Board of the Target Company representing the Acquirer or the PACs or who may be termed as an "Insider" within the meaning of Securities and Exchange Board of India (Insider Trading) Regulations 1992, as on the date of the PA. During the offer period no additional Directors representing the Acquirer/ PACs shall be appointed on the Board of the Target Company.

2.1.6 The Acquirer belongs to the Chettinad Group, of which the Target Company is also a part. This Offer is made with a view to consolidate the holdings of the Promoter Group in the Target Company from 76.16% to 90% and is in compliance with the provisions of the Listing Agreement. As per sub clause (iii) of Clause 40 A of the Listing Agreement read with explanation 1 of the said clause, since the Target Company's Outstanding Listed Equity Shares are more than two crores and the average market capitalization for the previous financial year (2006-07) is more than Rs.1000 crores, it is required to maintain on a continuous basis, public shareholding of at least 10% of the total Outstanding Listed Equity Capital.

### 2.2 Details of the proposed Acquisition/ Offer

2.2.1 The Public Announcement (PA), in accordance with Regulation 15 of the SEBI (SAST) Regulations, 1997, was published on 25.06.2007 in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Mumbai and New Delhi
Jansatta	Hindi	Delhi and Kolkatta
Loksatta	Marathi	Mumbai, Nagpur, Pune and Ahmednagar
Dina Mani	Tamil	Chennai, Madurai, Coimbatore, Tirunelveli, Trichy and Vellore

The PA is also available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)

- 2.2.2 Pursuant to and subject to the terms and conditions of this Letter of Offer, the Acquirer proposes to acquire up to 40,82,621 fully paid up equity shares ("Shares") of the Target Company (the "Offer Size") representing 13.84% of the voting equity capital of the Target Company at a price of Rs.450.00 (Rupees Four Hundred and Fifty only) for each fully paid-up equity share of the Target Company (such price, the "Offer Price"), to be paid in cash in accordance with the Regulations.
- 2.2.3 The offer size has been decided in accordance with Regulation 21(3) of the Regulations such that, assuming full subscription to the offer, the total shareholding of the Promoter Group does not exceed 90%, which is consistent with the target company meeting the requirement of minimum public shareholding laid down in the Listing Agreement.
- 2.2.4 The Target Company has no partly paid up shares or any outstanding convertible instruments. The offer is not subject to any minimum level of acceptance and is an unconditional offer.
- 2.2.5 This is not a Competitive Bid.
- 2.2.6 There has been no competitive bid as on the date of this letter of offer.
- 2.2.7 The Acquirer/ PACs have not acquired any equity shares of the Target Company, since the date of Public Announcement and up to the date of this Letter of Offer.
- 2.2.8 The Merchant Banker to the Offer does not hold any shares in the Target Company, as on the date of the PA. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Merchant Banker to the Offer till the expiry of 15 days from the closure of the offer
- 2.2.9 To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer. There is no agreement by the Acquirer and/ or PACs with any other person in connection with the offer and no other person/ entity proposes to take part in the acquisition.
- 2.2.10 The Acquirer is permitted to revise this Offer upwards up to seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the Offer.

### 2.3 Object and Purpose of the Acquisition and Future plan about Target Company

- 2.3.1 The Acquirer/ PACs wish to increase their stake in the Target Company and to consolidate the holdings of the Promoter Group. Hence, this Offer is pursuant to sub-regulations 2 & 2A of Regulation 11 and other applicable provisions of the Regulations involving consolidation of holdings without change in control. This Offer, assuming full acceptance, will lead to an increase in the stake of the Promoter Group from 76.16% to 90%. The Offer is as per the provisions of Regulation 21 (2) of the Regulations. Pursuant to this Offer, the public shareholding will not reduce to less than 10% of the voting equity capital of the Target Company, which is consistent with the target company meeting the requirement of minimum public shareholding laid down in the Listing Agreement.

## 3 Background of the Acquirer & PACs

### 3.1 Background of the Acquirer

- 3.1.1 The Acquirer, Chettinad Software Services Pvt. Ltd., having its Registered Office at Rani Seethai Hall, 5th Floor, 603, Anna Salai, Chennai – 600 006, (Tel No.: (044) 28292188 Fax No: (044) 42037708 E-mail: [chettinadsoftware@gmail.com](mailto:chettinadsoftware@gmail.com)) was incorporated on June 9, 2004, as a private limited company. It belongs to the same group as the Target Company, namely, "House of Chettinad" (Chettinad Group) and is promoted by Mrs. Geetha Muthiah (one of the PACs) who holds 99.90% of the equity shareholding of the Acquirer. It was set up for undertaking designing, testing and implementation of software packages and other allied services including consultancy services for both hardware and software related problems and other ITES services like data capture, type setting, medical transcription, etc. However, the Acquirer is yet to undertake any of these activities since inception. The Acquirer has acquired Lands for setting up an IT Park, and is in the process of conducting survey before commencing construction.
- 3.1.2 The Acquirer and the Target Company belong to the Chettinad Group. The PACs are part of the promoter group of the Target Company. This Offer is undertaken to consolidate the holdings of the Promoter Group. Pursuant to this offer, the Acquirer shall become a part of the Promoter Group of the Target Company.
- 3.1.3 The major shareholder and promoter of the Acquirer is Mrs. Geetha Muthiah holding approx. 99.90% (5,09,500 shares) of the Share Capital of the Acquirer. The only other shareholder is Chettinad Financial Management Services Ltd., a Chettinad Group company, holding 500 shares.
- 3.1.4 Details regarding the Board of Directors of the Acquirer are as follows :

Name & Age	Residential Address	Experience	Date of Appointment
Mr. A. N. Somasundaram, 55 Years	225, Ganesh Avenue 9 <sup>th</sup> Street, Sakthi Nagar, Porur, Chennai – 600 116	37 years of experience in the Construction division of Chettinad Group	09.06.2004
Mr. N. Ramanathan, 56 Years	Flat No.R-1, Door No.4 Park Side Road Nungambakkam, Chennai – 600 034	36 years of experience in the Textile division of Chettinad Group	30.03.2006

None of the Directors of the Acquirer are on the Board of the Target Company as on the date of the PA.

3.1.5 The details of the financial performance of Chettinad Software Services Pvt. Ltd. are as follows:

**Profit and Loss Statement**

(Rs. in lakhs)

Particulars for Year Ending	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Income from operations	0.00	0.00	0.00
Other Income - Agricultural Income	0.00	0.00	1.74
Profit on sale of Land	0.40	0.00	0.00
Land development charges	9.09	0.00	0.00
Interest Income	0.00	0.88	50.52
<b>Total Income</b>	<b>9.49</b>	<b>0.88</b>	<b>52.26</b>
Total Expenditure	8.99	0.38	6.40
Profit before Depreciation, Interest and Tax	0.50	0.50	45.86
Depreciation	0.00	0.00	0.00
Interest	0.00	0.06	0.00
Profit/ (Loss) Before Tax	0.50	0.44	45.86
Provision for Tax (incl. FBT/Deferred Tax)	0.21	0.15	15.44
Profit/ (Loss) after Tax	0.29	0.29	30.42

**Balance Sheet Statement**

(Rs. in lakhs)

Particulars as on	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Sources of funds			
Equity Share Capital	51.00	51.00	51.00
Reserve & Surplus (excl. Revaluation Reserves)	0.29	0.58	31.00
Net worth <sup>1</sup>	49.95	50.57	81.33
Secured Loans	0.00	0.00	0.00
Unsecured Loans	37.27	1623.03	1429.03
Deferred Tax Liability	0.00	0.00	0.00
<b>Total</b>	<b>88.56</b>	<b>1674.61</b>	<b>1511.03</b>
Uses of Funds			
Net Fixed Assets	72.50	157.90	170.28
Investments <sup>2</sup>	0.00	14.03	1339.38
Net Current Assets	14.72	1501.67	0.70
Miscellaneous Expenses Not Written off	1.34	1.01	0.67
<b>Total</b>	<b>88.56</b>	<b>1674.61</b>	<b>1511.03</b>

**Other Financial Data**

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Dividend (%)	Nil	Nil	Nil
Earnings Per Share (Rs.) – Fully Diluted *	0.06	0.06	5.96
Return on Net Worth – Fully Diluted *	0.58%	0.57%	37.40%
Book Value Per Share (Rs.) *	9.79	9.92	15.95

<sup>1</sup> Net Worth = Equity Capital + Reserves – Miscellaneous Expenses Not Written Off

<sup>2</sup> Investments – These comprise of holdings in

Chettinad Corporation Pvt. Ltd. - 40 equity shares of Rs. 1000 each (Cost – Rs. 14,03,500)

Haacienda Infotech & Realtors Pvt. Ltd. (HIRL) - 22,85,080 equity shares of Rs. 10 each (Cost – Rs. 13,25,34,640/-). These are unlisted Companies of the Chettinad Group.

\* Earning per share = Profit After Tax / Number of equity shares issued & subscribed

Book Value per Share = Net Worth / Number of equity shares issued & subscribed

Return on Net Worth = Profit After Tax / Net Worth

3.1.6 Since, the incorporation of the company in June 2004, Income earned by the acquirer is only on account of non-operating income like, agricultural income and interest income. The expenses are also of related nature. During the year-ended 31.03.2006, the Acquirer has raised large amounts as unsecured loans from Group Companies for investment in Haacienda Infotech & Realtors Pvt Ltd, a group company, and purchase of lands. These amounts were initially deployed as

Inter Corporate Deposits (which has led to an increase in interest income from 0.88 Lakhs in 2005-06 to 50.52 Lakhs in 2006-07) and subsequently utilized for investments in the year-ended 31.03.07. The increase in Interest Income from increased deployment of Inter Corporate Deposits has resulted in a jump in PAT in the year 2006-07.

- 3.1.7 As per the audited accounts for the Year ended 31.03.07, there are no contingent liabilities.
- 3.1.8 The significant accounting policies followed are as follows:
- Accrual system of accounting
  - Preliminary expenses are written off over five accounting periods from the commencement of business operations.
  - Unsecured loans from Group Companies are Long Term Borrowings
- 3.1.9 During the current financial year (2007-08) the Acquirer has obtained unsecured loans of Rs. 185 Crores from two group companies viz. Chettinad Logistics Pvt Ltd (CLPL) and Chettinad Lignite Transport Services Pvt Ltd (CLTS) for funding this open offer. CLPL and CLTS are promoted by Mrs. Geetha Muthiah, PAC, who owns more than 99.9% shareholding in both companies. CLPL and CLTS do not hold any shares in the Target Company. CLPL and CLTS will have no rights over the shares to be acquired by the Acquirer in this offer since the loans given by them to the Acquirer are unsecured in nature.

## **3.2 Background of the Persons Acting in Concert (PACs)**

- 3.2.1 Dr. M.A.M. Ramaswamy, aged 75 years, residing at Chettinad House, Rajah Annamalaipuram, Chennai – 600 028, (Tel no.: (044) 28291586 Fax No.: (044) 28293864 E-mail: mdchettinad@airtelbroadband.in) is the Chairman of the Target Company. He, along with son Mr. M.A.M.R. Muthiah, oversees and manages the affairs of the Chettinad Group, which has diverse interests in cement, engineering, silica, information technology, plantations, transportation and logistics. He is the Chairman of Chettinad Morimura Semiconductor Material Pvt Ltd, a group company. He is the Pro – Chancellor of Annamalai University for the past twenty two years and also Member of Parliament, Rajya Sabha since 2004. The Government of Tamil Nadu nominated him for two terms as Sheriff of Madras. He was conferred Doctorate of Literature in the year 2001 by the Anna University.
- 3.2.2 Mr. M.A.M.R. Muthiah, aged 36 years, is a Bachelor of Engineering from Bangalore University. He is the son of Dr. M.A.M. Ramaswamy and resides at Chettinad house, Rajah Annamalaipuram, Chennai – 600 028, (Tel No.: (044) 28292040 Fax No.: (044) 28293864 E-mail: mdchettinad@airtelbroadband.in). He is the Managing Director of the target company, responsible for its day-to-day operations. He, along with his father, oversees and manages the affairs of the Chettinad Group. He is also the Managing Director of Chettinad Morimura Semiconductor Material Pvt Ltd and the President of South India Corporation Ltd (group companies of the Chettinad Group).
- 3.2.3 Mrs. Geetha Muthiah, aged 30 years, is a Bachelor of Science, residing at Chettinad house, Rajah Annamalaipuram, Chennai – 600 028 (Tel no.: (044) 28292040 Fax no.: (044) 28293864 E-mail: mdchettinad@airtelbroadband.in) is a part of the promoter group of the Chettinad Group. She holds 99.90% equity stake in the Acquirer. She is the wife of Mr. M.A.M.R Muthiah.
- 3.3 The Acquirer, Chettinad Software Services Pvt. Ltd. belongs to the same Group as the target company, namely, the Chettinad Group. Dr. M.A.M. Ramaswamy and Mr. M.A.M.R. Muthiah, Directors of the Target Company, represent the Promoter Group, including the PACs, on the Board of the Target Company. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person on the Board of the Target Company representing the Acquirer or the PACs or who may be termed as an "Insider" within the meaning of Securities and Exchange Board of India (Insider Trading) Regulations 1992 on the Board of the Target Company, as on the date of the PA.
- 3.4 Other than the target company, there are no listed companies forming part of the Chettinad Group. Except for the Target Company, the PACs are not on the Board of Directors of any listed company nor do they have a controlling stake in any listed company either individually or in concert with any others. The PACs are not whole time directors in any company other than the Target Company and Chettinad Morimura Semiconductor Material Pvt Ltd, as disclosed under 3.2 above.
- 3.5 As per the certificates issued by Mr. V. Jayaraman, Chartered Accountant (Membership No. 10163), 131, Chamiers Road, Raja Annamalaipuram, Chennai – 600028, as on 22.06.07 the Net Worth of the PACs, Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah and Mrs. Geetha Muthiah is Rs 47104 Lakhs, Rs. 26394 Lakhs and Rs. 37642 Lakhs, respectively.
- 3.6 The Acquirer does not have any experience in cement industry. However, Dr. M.A.M Ramaswamy and Mr. M.A.M.R Muthiah, PACs, are promoter Directors of the Target Company and have sufficient knowledge and experience in the cement industry, the main activity carried out by the Target Company.
- 3.7 There is no agreement by the Acquirer and/ or PACs among themselves or with any other person in connection with the offer and no other person/ entity proposes to take part in the acquisition. The shares in the Open Offer are proposed to be solely and entirely acquired by Chettinad Software Services Pvt. Ltd., the Acquirer
- 3.8 The Acquirer has never held any shares in the Target Company till the date of this Letter of Offer. The PACs are Promoters of the Target Company. Details of changes in their shareholding in the Target Company and compliance with provisions of Chapter II of SEBI (SAST) Regulations, 1997, are given under 5.18 below
- 3.9 Declaration under Regulation 16 (ix)
- 3.9.1 As of date of this PA, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/ or rationalization, reorganization, arrangements of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.
- 3.9.2 Other than in the ordinary course of business, the Acquirer/ PACs undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

## **4. Declaration in terms of Regulation 21(2)**

The Offer is as per the provisions of Regulation 21 (2) of the Regulations. Pursuant to this Offer, the public shareholding will not reduce to less than 10% of the voting equity capital of the Target Company.

## **5. Background of Chettinad Cement Corporation Limited (" Target Company")**

- 5.1 Chettinad Cement Corporation Ltd., a part of the Chettinad Group and having its registered office at Rani Seethai Hall Bldg., Post Box No.748, 603, Anna Salai, Chennai – 600 006 (Tel No.: 044 – 42149955 / 28292727 Fax no.: 044 – 28291558 E-mail: chtdmds@vsnl.com), was incorporated on 11<sup>th</sup> December 1962. The company was promoted by Dr. Rajah Sir M.A. Muthiah Chettiar. Its first manufacturing unit was started in Puliur, Karur Dist., Tamil Nadu. A second Green Field cement plant with a capacity of 9 Lakh tonnes per annum commenced production in October 2001 at Karikkali Village, Tamil Nadu. A third cement plant is being planned at Ariyalur, Tamil Nadu with a capacity of 20 Lakh tonnes.

- 5.2 The Target Company manufactures and sells clinker and cement under various grades like Ordinary Portland Cement 43 grade, super grade, sulphate resistant Portland Cement and Portland Slag Cement. The Target Company has increased its production capacity from 2 lakh tonnes at the inception to 20 lakh tonnes at present. The company's cement is sold through a network of stockists spread throughout Tamilnadu, Karnataka and Kerala. The sulphate resistant cement and slag cement find specific use in coastal areas because of inherent in-built qualities of these products suited to these regions. Apart from the trade segment, the company also sells their products directly to institutional clients like Government, Corporates and Builders.
- 5.3 The company also has power generation facilities in the form of a 15MW Captive Thermal Power Plant at Karikkali and 66 windmills located at Pulavadi near Udumalpet. The power generated from these windmills is fed into the local power grid and is adjusted towards the power consumption of Puliur Unit.
- 5.4 The Target Company had acquired 100% equity shares of four unlisted companies, Alagappa Cements Pvt. Ltd, Valliammai Limes Pvt Ltd, Sabari Cements (Chennai) Limited and High Tech Lime Products Ltd during the financial year 2005-06. These acquisitions were made mainly to acquire control over the limestone bearing lands owned by these companies. The said acquisitions did not result in the Target Company acquiring any new business or additional production capacity, as the said companies were not engaged in any business activities and the assets of these companies mainly consist of limestone bearing lands. Alagappa Cements Pvt. Ltd and Valliammai Limes Pvt Ltd were subsequently amalgamated with the Target Company w.e.f. 01.04.2005, while Sabari Cements (Chennai) Limited and High Tech Lime Products Ltd were amalgamated with the Target Company w.e.f 01.04.2006. Other than these there have been no mergers/ demergers/ spinoff during the last three years involving the Target Company.
- 5.5 Share Capital Structure of Target Company ("Chettinad Cement Corporation Limited")

Paid up Equity Share of Target Company	No. of Shares/ Voting rights	% of Shares/ Voting Rights
Fully Paid Up Equity Shares	2,95,03,350	100%
Partly Paid Up Shares	Nil	Nil
Total Paid Up Equity Shares	2,95,03,350	100%
Total Voting Rights in Target Company	2,95,03,350	100%

The authorised capital of the Target Company is Rs. 100,00,00,000 while the Issued Capital is Rs. 29,60,01,000. The Face Value of the Equity Shares is Rs. 10/- each. The difference between the issued capital, and the subscribed /paid up capital, of Rs. 9,67,500/- relates to -

- Shares kept in abeyance against orders from Courts & Statutory authorities – 7080 shares of Rs. 10/- each
  - Unsubscribed shares – 89670 shares of Rs. 10/- each
- 5.6 The Target Company, as on the date of this public offer does not have any outstanding convertible instruments (options, warrants, FCD/ PCDs, etc). The Target Company as on the date of this public offer does not have any partly paid up equity shares and hence voting right in case of partly paid up equity shares is Nil.
- 5.7 Capital History of Chettinad Cement Corporation Ltd.

Date of Allotment	No and % of shares allotted	Cumulative paid up share capital (No. of Shares)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)		Status of regulatory compliance with SEBI (SAST) Regulations and other relevant provisions where applicable.
				Promoters	Others	
25.06.1965	2100000 (100 %)	2100000	IPO	91200	2008800	Requirements as per Companies' Act, Comptroller of Capital Issues and Listing requirements have been complied with
01.01.1989	2115850 (50.19 %)	4215850	Rights Issue	699721	1416129	
18.12.1995	4215850 (50 %)	8431700	Bonus Issue	1885081	2330769	
23.08.2000	12643650 (59.99 %)	21075350	Rights Issue	7540376	5103274	As per SEBI DIP guidelines. The promoter group has applied and acquired shares over and above their eligibility in the Rights Issue to avoid under subscription. The promoter group has not filed the requisite report under Regulations 3(4) of the Regulations within the due date, which would entitle them to the exemption under Regulation 3(1)(b) from the provisions of Regulation 11(1).
19.03.2003	8427910 (28.57 %)	29503260	Rights Issue	8056344	371566	As per SEBI DIP guidelines. Promoters have subscribed to shares over and above their rights entitlement to ensure minimum subscription. Requisite disclosure has been made under Regulation 3(1)(b) in the Offer Document
29.05.2003	90 (0 %)	29503350	Rights Issue		90	Complied
Total	29503350	29503350		18387088	11116262	

- 5.8 Status of compliance with Chapter II of the Regulations by the Target Company  
The Target company has filed requisite disclosures with the Stock Exchanges within the respective due dates as per the provisions of the Listing Agreement and Chapter 2 of the Regulations with exceptions as detailed below. SEBI has initiated proceedings against the company for the following violations:  
(i) Under Regulation 6(2): Filed on 15.07.98 with delay of almost 14 months. (ii) Under Regulation 6(4): Not filed (due on 20.05.1997)  
(iii) Under Regulation 8(3) for FY 1998 (Letter dt. 8/4/98 dispatched by courier to MSE)  
SEBI has vide its letter dt. 16.11.2004 has considered the Target Company's request for a consent order on payment of a penalty of Rs. 75,000/- for the above violations. The company has conveyed its acceptance for the penalty, but is yet to receive the final order from SEBI, and is yet to pay the penalty.
- 5.9 Compliance with listing requirements of Stock Exchanges
- 5.9.1 The Equity shares of the Chettinad Cement Corporation Limited ("Target Company") are listed on  
(i) The Madras Stock Exchange Limited (MSE)  
(ii) The National Stock Exchange of India Ltd (NSE) w.e.f. 17<sup>th</sup> May 2007. The shares of the Target Company were earlier traded under the permitted category on the NSE from Nov 1994 to Feb 2002.  
The Equity Shares of the Target Company are also traded as a Permitted Security on the Bombay Stock Exchange Ltd (BSE) w.e.f. 22.04.2002.

5.9.2 The Target Company has complied with the listing requirements and no punitive action has been initiated against CCCL by any of the Stock Exchanges where its shares are listed.

5.9.3 The provisions of Corporate Governance and provisions under Clause 49 of the Listing Agreement are complied with by CCCL. The details of compliance are given hereunder:

	Particulars	Clause of Listing agreement	Compliance Status Yes / No	Remarks
<b>I</b>	<b>Board of Directors</b> (A) Composition of Board (B) Non-executive Directors' compensation & disclosures (C) Other provisions as to Board and Committees (D) Code of Conduct	49(1) 49(1A) 49 (1B) 49 1C) 49 (1D)	Yes Yes Yes Yes	Only sitting fees paid to Non-Executive Directors. The shareholders have authorised the Board to fix the fees within the limits of the Companies Act, 1956.
<b>II</b>	<b>Audit Committee</b> (A) Qualified & Independent Audit Committee (B) Meeting of Audit Committee (C) Powers of Audit Committee (D) Role of Audit Committee (E) Review of Information by Audit Committee	49 (II) 49 (IIA) 49 (IIB) 49 (IIC) 49 (IID) 49 (IIE)	Yes Yes Yes Yes Yes	
<b>III</b>	<b>Subsidiary Companies</b>	49 (III)	Not Applicable	The company does not have any material non-listed subsidiary company.
<b>IV</b>	<b>Disclosures</b> (A) Basis of related party transactions (B) Board Disclosures (C) Proceeds from public issues, rights issues, preferential issues etc (D) Remuneration of Directors (E) Management (F) Shareholders	49 (IV) 49 (IV A) 49 (IV B) 49 (IV C) 49 (IV D) 49 (IV E) 49 (IV F) 49 (IV G)	Yes Yes Yes Yes Yes Yes Yes	The Managing Director appraises the Board of Directors regularly on the assessed risks and the measures taken to mitigate the same. No Director other than the Managing Director is being paid any remuneration other than the sitting fees for attending the Board/ Committee Meetings. The Managing Director's Remuneration will be 5% on Net Profit and incase of loss or inadequacy of profits it will be paid in accordance with Section 1 (B) of Section II of Schedule XIII of Companies Act, 1956. Remuneration Committee has been formed on 26.03.2002 with three Non-Executive Directors as its members. The Share Transfer Committee itself acts as the Shareholder's Grievance Committee. Integrated Enterprises (India) Ltd., Registrar of the company, administers both physical and demat shares.
<b>V</b>	<b>CEO/CFO Certification</b>	49 (V)	Yes	Complied
<b>VI</b>	<b>Report on Corporate Governance</b>	49 (VI)	Yes	The Code of Corporate governance has been adopted in 2000-01 and is being submitted every year to the shareholders along with the Annual Report.
<b>VII</b>	<b>Compliance</b>	49 (VII)	Yes	Included in Annual Report

5.9.4 The Target Company, in compliance with sub-clause 3 of Clause 40 A of the Listing Agreement, will maintain the public shareholding of at least 10% of the total issued share capital. The Promoter Group/ Target Company have no intention of delisting the shares of Target Company from the Stock Exchanges as on date. Further the promoter group has undertaken not to initiate any proceedings for delisting the shares of the company for the next two years.

5.10 The Board of Directors of Chettinad Cement Corporation Limited as on the date of Public Announcement i.e. 25.06.2007 is as under.

Name & Age	Residential Address	Qualifications	Experience	Date of Appointment
Dr. M.A.M. Ramaswamy, Chairman, 75 yrs	Chettinad House, Greenways Road, Rajah Annamalaipuram Chennai – 600 028	B.A, D.Lit	55 years, Industrialist	11.12.1962
Shri M.A.M.R. Muthiah, Managing Director, 36 yrs	Chettinad House, Greenways Road, Rajah Annamalaipuram Chennai – 600 028	B.E	14 years, Industrialist	18.05.1998
Shri Ramanathan Palaniappan, Director, 74 yrs	"Sri Bhuwaneswari", 3362 "AX", 11 <sup>th</sup> Main Road, Anna Nagar (West), Chennai - 600040	B.E (Hons), MIE	52 years, Engineering Consultant	22.09.1984

Shri R. Krishnamoorthy, Director, 76 yrs	No.9, Masilamani Road, Balaji Nagar Chennai – 600 014	M.A, B.L	51 years, Senior Advocate	27.08.1990
Shri N. Thiagarajan, Director, 73 yrs	79, Bharathi park Road, 8 <sup>th</sup> Cross, Coimbatore - 641011	B.Com, B.L	53 years, Industrialist	10.10.1979
Shri S.P. S.T. Palaniappan, Director, 79 yrs	Karumugil, Old No.42, New No.8, Maharaja Surya Rao Road, Alwarpet Chennai – 600 018	B.Com, FCA	54 years, Chartered Accountant	15.12.1992
Shri K. Ganapathy, Director, 71 yrs	No.12 Kanakasabai Nagar, Chidambaram – 608 001	B.A (Hons)	46 years, Banker	25.07.1994
Shri C.S. Pani, Director, 76 yrs	D-301, Adarsh Gardens, 47 <sup>th</sup> Cross, 8 <sup>th</sup> Block, Jayanagar, Bangalore – 560082	B.Sc, B.E, Dip. In Mgt.	Retd. IDBI Executive	26.07.1996
Shri S.K. Prabhakar IAS, Director, 41 yrs	Managing Director, The Tamil Nadu Industrial Investment Corpn Ltd, 692, Anna Salai, Nandanam, Chennai - 600035	I.A.S	TIIC Nominee Director (Managing Director of TIIC)	23.04.2007

The Board of the Target Company includes two of the PACs, namely, Dr. M.A.M. Ramaswamy and Mr. M.A.M.R. Muthiah. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person on the Board of the Target Company representing the Acquirer or the PACs or who may be termed as an "Insider" within the meaning of Securities and Exchange Board of India (Insider Trading) Regulations 1992, as on the date of the PA.

Since the date of the PA, Shri C S Pani and Shri N Thiagarajan have retired by rotation from the Board of Directors of the Target Company at AGM held on 25.09.2007. No new Directors have been appointed in their place.

- 5.11 There has been no merger/ demerger, spin off involving the Target company in the last 3 years other than as detailed under 5.4 above, and no change of name since incorporation. CCCL shifted its Registered Office to the current address in 1987.
- 5.12 The Financial details of Chettinad Cement Corporation Limited are as follows:

(Rs. in Lakhs)			
Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Income from operations (Net of excise)	42777	48549	72530
Other Income	187	298	260
Total Income	42964	48847	72790
Total Expenditure	33533	36946	48857
Profit before Depreciation, Interest and Tax	9421	11901	23933
Depreciation	3111	3609	5317
Interest	2038	1877	1725
Profit/ (Loss) Before Tax	4272	6415	16891
Provision for Tax (incl. FBT)	342	138	5859
Deferred Tax	1134	2271	(439)
Profit/ (Loss) after Tax	2796	4006	11471

**Balance Sheet Statement** (Rs. in Lakhs)

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
<b>Sources of funds</b>			
Equity Share Capital	2950	2950	2950
Reserve & Surplus (excl. Revaluation Reserves)	11796	14492	23374
Net Worth <sup>1</sup>	14746	17442	26324
Secured Loans	5906	2404	903
Unsecured Loans	26762	28087	22233
Deferred Tax Liability	5604	7874	7435
<b>Total</b>	<b>53018</b>	<b>55807</b>	<b>56895</b>
<b>Uses of Funds</b>			
Net Fixed Assets	44511	48228	52344
Investments	0	361	58
Net Current Assets	8507	7218	4493
Misc. Exp Not Written off	0	0	0
<b>Total</b>	<b>53018</b>	<b>55807</b>	<b>56895</b>

**Other Financial Data**

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Dividend (%)	40	50	75
Earnings Per Share (Rs.) – Fully Diluted *	9.48	13.58	38.88
Return on Net Worth – Fully Diluted *	18.96%	22.97%	43.58%
Book Value Per Share (Rs.) *	49.99	59.13	89.23

<sup>1</sup> Net Worth = Equity Capital + Reserves – Misc. Exp not Written Off

\* Earning per share = Profit After Tax / Number of equity shares issued & subscribed

Book Value per Share = Net worth/ Number of equity shares issued & subscribed

Return on Net Worth = Profit After Tax / Net Worth

5.13 The company's total income has grown by 13.69% in FY 2006 and by 49.02% in FY 2007 with no major variation in other income. The improvement in PAT has been even better at 43.28% in FY2006 and 186.35% in FY 2007. The improvement in performance is attributable partially to improved sales (quantity) and partially to improved realizations due to buoyancy in the economy in general and the construction industry in particular. The cement and clinker sales stood at 23.36 Lakhs Metric Tonnes (MT) in FY 2005 and 24.47 Lakh MT in FY 2006. During March 2006 CCCL has commissioned an additional grinding unit at Karikkali, which has led to an increase in the overall cement grinding capacity of CCCL to 20 Lakh Tonnes per annum. This was done to utilize the existing excess capacity for manufacture of clinker at Karikkali. As a result sales during FY 2007 stood at 26.87 Lakh MT comprising almost entirely of cement sales. Additional depreciation has been provided in the year 2007 on certain plants based on technical evaluation. The funds in the form of investments and cash have been deployed to settle off secured and unsecured loans in the FY 2007.

5.14 The Contingent liabilities for the year ended 31<sup>st</sup> March 2007 were as follows:

- Letter of Credit given by bank – Rs. 2020 Lakhs
- Guarantees given by bank – Rs. 334 Lakhs
- Sales Tax and Income Tax Penalty – Rs. 285 Lakhs
- Disputed Royalty on Limestone – Rs. 547 Lakhs
- Lease Rent on Government Lands – Rs. 74 Lakhs

5.15 The Pre and Post-offer Equity Shareholding pattern of Chettinad Cement Corporation Ltd.

Shareholders' Category	Shareholding & Voting rights prior to the agreement/ the acquisition and offer		Shares & voting rights agreed to be acquired / (sold) which triggered off the Regulations		Shares/ Voting rights to be acquired/ (sold) in the offer (assuming full acceptance)		Share holding/ voting rights after the acquisition and offer i.e.	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
I. Promoter Group								
(a) Parties to the agreement	NA	NA	NA	NA	NA	NA	NA	NA
(b) Acquirer (Chettinad Software Services Pvt. Ltd.)	Nil	Nil	Nil	Nil	4082621	13.84	4082621	13.84
(c) PACs (Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah, Mrs. Geetha Muthiah)	21724038	73.63	Nil	Nil	Nil	Nil	21724038	73.63
(b) Other Promoters	746356	2.53	Nil	Nil	Nil	Nil	746356	2.53
Total	22470394	76.16	Nil	Nil	Nil	Nil	26553015	90.00
II. Parties to the agreement other than I (a) and II (a) above	NA	NA	NA	NA	NA	NA	NA	NA
IV. Public (other than above)								
(a) Institutional Investors								
(i) Mutual Fund & UTI	84349	0.29						
(ii) Bank/ Fls	2234145	7.57						
(iii) FIs	1500	0.01						
Total	2319994	7.86	Nil	Nil				
(b) Others	4712962	15.97	Nil	Nil				
Total (Public)	7032956	23.84	Nil	Nil	(4082621)	(13.84)	2950335	10.00
Grand Total (I+II+III+IV)	29503350	100.00	Nil	Nil	0.00	0.00	29503350	100.00

The PACs, Dr. M.A.M. Ramaswamy, Mr. M.A.M.R. Muthiah and Mrs. Geetha Muthiah are a part of the Promoter Group. The Acquirer will be joining the Promoter Group on completion of this Offer. Hence their shareholding is accounted for under the Promoter Group.

- 5.16 The total number of shareholders in the Public category as on 20.07.07 is 5175.
- 5.17 There has been no agreement between the Acquirer and PACs as regards the open offer. The PACs have not entered into any agreement with regard to the acquisition of shares.
- 5.18 Details of change in shareholding of current promoter group in the Target Company & Status of compliance with the Regulations.

Date of Purchase	Mode of Purchase/ Sale	Shares Purchased		Cumulative Shareholding		Status of compliance with SEBI SAST Regulations 1997 and amendments thereto
		Number	% of share and voting capital	Number	% of share and voting capital	
1966	Public Issue	91200	4.34%	91200	4.34%	SEBI SAST Regulations not applicable
1972 to 1988	Market Purchase	295993	14.09%	387193	18.44%	
1989	Rights Issue	699721	16.60%	1086914	25.78%	
1991 to 1995	Market Purchase	798167	18.93%	1885081	44.71%	
18/12/95	Bonus	1885081	22.36%	3770162	44.71%	
1996	Market Purchase	11400	0.14%	3781562	44.85%	
21/01/97	Market Purchase	13600	0.16%	3795162	45.01%	
05/03/97 to 6/11/97	Market Purchase	215900	2.56%	4011062	47.57%	The Acquisitions were made by South India Corporation of India, a company belonging to the Chettinad Group, and Mr. M.A.M.R. Muthiah. Creeping acquisition limits were exceeded.
28/7/98 to 27/1/99	Market Purchase	148100	1.76%	4159162	49.33%	
21/6/99 to 4/10/99	Market Purchase	13200	0.16%	4172362	49.48%	
17/08/00	Market Purchase	154400	1.83%	4326762	51.32%	
23/08/00	Rights Issue	7540376	35.78%	11867138	56.31%	The promoter group has applied and acquired shares over and above their eligibility in the Rights Issue to avoid under-subscription. The promoter group has not filed the requisite report under Regulation 3(4) of the Regulations within the due date, which would entitle them to the exemption under Regulation 3(1)b from the provisions of Regulation 11(1).
23/8/2000 to 27/11/2000	Market Purchase	219603	1.04%	12086741	57.35%	Disclosure under Regulation 7 filed by CCCL with MSE on 5/9/2000 for Mr. M.A.M.R. Muthiah's stake crossing 5%.
28/11/2000 to 27/11/2001	Market Purchase	1056790	5.01%	13143531	62.36%	Disclosure under Regulation 7(1A) for the purchase of more than 5% Mr. M.A.M.R Muthiah filed by CCCL with MSE on 03.12.2001
28/11/2001 to 31/3/2002	Market Purchase	1107945	5.26%	13743039	65.21%	
	Market Sale	508437	2.41%			
1/4/2002 to 27/9/2002	Market Purchase	722622	3.43%	14414050	68.39%	Disclosure under Regulation 7(1) for Mrs. Geetha Muthiah's stake crossing 5% filed by CCCL with MSE on 30.09.2002.
	Market Sale	51651	0.24%			
19/03/03	Rights Issue	8056344	27.31%	22470394	76.16%	The promoter group has applied and acquired shares over and above their eligibility in the Rights Issue to avoid under subscription, with disclosure to the effect in the Offer Document, as required under Regulation 3(1)b of the Regulations.

The transactions as detailed above are net of inter-se transfers within the Promoter Group. All the dates of purchase as shown under the above table are the dates of Transfer of shares (date of Board Meeting for transfer of physical shares or date of receipt of demat shares in the beneficiary account). As can be seen from the above table, there have been the following occasions of non-compliance with the SEBI Regulations by the Promoter Group.

- 5.18.1 The acquisitions by the promoter group in the period 05.03.97 to 06.11.97 have exceeded the creeping acquisition of 2%. The details of the acquisitions during this period are as follows :

Date of Acquisition (Date of Board meeting for transfer of shares)	Date of receipt of delivery of shares from the Broker	Qty of shares
05/03/1997	25/10/1996 to 31/01/1997	44300
08/04/1997	11/03/1997	100
02/05/1997	17/03/1997 to 25/04/1997	64900
26/05/1997	23/04/1997 to 30/04/1997	1500
08/07/1997	15/05/1997 to 18/06/1997	17600
08/07/1997	15/05/1997 to 23/06/1997	52700
05/08/1997	30/06/1997 to 05/07/1997	7700
01/09/1997	30/06/1997	1500
06/11/1997	22/10/1997	600
06/11/1997	27/09/1997 to 06/10/1997	25000
Total		215900

The total acquisition during this period stood at 2.56% of the voting equity capital of the company as per the date of transfer and 2.03% of the voting equity capital as per the date of receipt of delivery of the shares. SEBI may initiate suitable action against the Promoter Group, which includes the PACs, for non-compliance with the provisions of Regulation 11(1) of the Regulations

5.18.2 The promoter group has applied and acquired shares over and above their eligibility in the Rights Issue in 2000 to avoid under-subscription. The promoter group has not filed the requisite report under Regulation 3(4) of the Regulations within the due date, which would entitle them to the exemption under Regulation 3(1)b from the provisions of Regulation 11(1). The report has been filed on 27.07.2007. SEBI has initiated adjudication proceedings against the Promoter Group, which includes the PACs, for delay in filing the report vide adjudication order dated 05.09.07. The promoter group has undertaken to co-operate with SEBI in the adjudication proceedings.

#### 5.19 Outstanding Litigations

5.19.1 The Target Company is involved in 5 different cases pending before the High Court, Magistrate Court and MRTP Commission.

5.19.2 There is no pending case or restraint order of any Court against this Open offer.

5.19.3 Three cases pending before the High Court are as follows:

- WMP 14639/87 in WP9978/87: The case was filed by the company against the Ministry of Textiles challenging the usage of a certain percentage of gunny bags for packaging the cement. The case was later transferred to the Supreme Court, which upheld the validity of the Act. The Worker's Unions of various South Indian Cement companies then filed a case in the Madras High Court (CMP No.33816 to 33835/87 (TP No. 696 –715)) and obtained stay. Cement is exempt from usage of gunny bags for packaging from 1997 onwards. Amount involved cannot be ascertained. The case is still pending.
- WP no. 14447/2002: The company has filed a petition in the High Court against the Government of Tamil Nadu represented by the Secretary to the Government, Director of Geology and Mining and District Collectors, Dindigul and Karur, seeking stay and challenging the demand by the State Government amounting to Rs. 547 lakhs. Interim stay has been obtained.
- WP no. 15162/2007: The company has filed a petition in the Madras High Court challenging the demand by the State Government for Rs.73.44 lakhs regarding usage of waste lands. Interim stay has been obtained.

5.19.4 One case is pending before the Magistrate Court the details of which are as follows:

- OS No. 71/99:Tamil Nadu Civil Supplies Corporation Ltd. has filed a case against the company claiming the balance Advance amount of Rs. 74477.39 whereas the company admits liability of Rs.362 alone. The proceedings are on in II Additional Sub Court, Erode.

5.19.5 The details of a case filed with the MRTP Commission are as follows:

- MRTP 99/90: DGIR, Government of India has filed a MRTP case against the Cement Manufacturers Association and its constituents for forming a cartel and hiking price of Cement in 1990. The amount of claim has not been ascertained. The case is till pending with the MRTP Commission.

5.20 The Company Secretary as well as Compliance Officer of the Target Company is Mr. S. Hariharan who is available at the Registered Office of the Target Company at Rani Seethai Hall Bldg., Post Box No.748, 603, Anna Salai, Chennai – 600 006 (Tel No.: 044 – 42149955 / 28292727 Fax no.: 044 – 28291558 E-mail: chtdmds@vsnl.com)

## 6. Offer Price and Financial Arrangements

### 6.1 Justification of offer Price

6.1.1 The equity shares of Chettinad Cement Corporation Limited are listed on Madras Stock Exchange Limited (MSE), the National Stock Exchange of India Ltd. (NSE) and are traded as a Permitted security on the Bombay Stock Exchange Ltd. (BSE). The company has been listed on NSE from 17.05.2007 onwards. The annualized trading turnover during six calendar months preceding the month in which the public announcement has been made in each of the stock exchange is detailed below:

Name of the Stock Exchange	Total no. of shares traded from Dec 2006 - May 2007	Total no. of shares listed	Annualised trading turnover
MSE	Nil	2,95,03,350	Nil
NSE	1,06,602*	2,95,03,350	8.79%
BSE	4,02,257	2,95,03,350	2.73%

\* - For a period of 15 calendar days from 17.05.07 to 31.05.07.

Source: Websites www.bseindia.com and www.nseindia.com and Letter from the Madras Stock Exchange Limited.

6.1.2 The Shares of the Target Company are frequently traded on the NSE. This Offer is being made at a price of Rs 450.00 (Rupees Four hundred and fifty only) per Share, being the price in terms of the applicable provisions of the Regulations. The Offer Price is justified in terms of Regulation 20(4) of the Regulations as it is higher than the highest of the following:

i. Negotiated price: If the Acquirer /PAC has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	NA
ii. Highest price paid by the Acquirer /PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this PA	Nil
iii. Higher of (A) or (B) below	
(a) The average of the daily high and low prices for Shares of the Target Company on NSE (being the Stock Exchange on which the Shares of the Company are most frequently traded) for the two weeks period preceding the date of this Public Announcement	Rs. 393.85/-
(b) The average of the weekly high and low of the closing prices of the Shares of the Target Company as quoted on NSE (being the Stock Exchange where the Shares of the Target Company are most frequently traded) during the twenty six weeks preceding the date of the Public Announcement	Rs. 388.30/-

6.1.3 The price and volume data on the NSE used for calculating the prices under (iii) (a) above are as follows:

**2 week daily high/ low**

Day No	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	11 June	389.90	330.30	360.10	11017
2	12 June	389.20	380.00	384.60	166
3	13 June	385.00	354.10	369.55	37
4	14 June	460.10	388.50	424.30	794
5	15 June	399.95	375.00	387.48	10028
6	18 June	401.00	377.00	389.00	25894
7	19 June	427.00	391.00	409.00	25688
8	20 June	410.00	400.00	405.00	26465
9	21 June	409.00	400.05	404.53	27390
10	22 June	408.90	401.05	404.98	41027
<b>Average</b>				393.85	

6.1.4 The price and volume data on the NSE used for calculating the prices under (iii) (b) above are as follows:

**26 weeks weekly high/ low of closing prices**

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	18 May	400.00	371.65	385.83	15022
2	25 May	400.15	375.10	387.63	40159
3	1 June	409.95	380.00	394.98	51531
4	8 June	380.00	367.20	373.60	2844
5	15 June	398.15	380.00	389.08	22042
6	22 June	403.55	393.90	389.73	146464
<b>Average</b>				388.30	

Note: The Target Company has been listed on the NSE from 17.05.2007, thus only 6 weeks of trading upto the PA has been considered.

6.1.5 The Equity Shares of the Target Company are infrequently traded on the MSE and BSE within the meaning of Regulation 20, Sub-regulation (5), of the Regulations. The offer price of Rs. 450.00 (Rupees four hundred and fifty only) is payable in cash in terms of Regulation 20(2). The offer price is determined by the acquirer in consultation with the Merchant Banker in terms of Regulation 20(5) taking into account the following factors:

i. Negotiated price: If the Acquirer /PAC has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	NA
ii. Highest price paid by the Acquirer /PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this PA	Nil
iii. Other Parameters (As per Audited results for year ended 31.03.2007)	
Return on net Worth	43.58%
Book Value Per Share (Rs.)	89.23
Earning Per Share (Rs.) – Fully Diluted	38.88
Price Earning Multiple on the Offer Price	11.57
Industry (Cement) Average P/E (Source: Capital Market Vol XXII/ 07 June 04 – 17, 2007)	8.8

The Offer Price of Rs.450.00 is justified based on the above parameters.

6.1.6 There are no partly paid shares in the target company

6.1.7 Non Compete Fee – There is no non-compete agreement

6.1.8 The Acquirer/ PACs cannot and will not acquire any shares in the target company till the completion of the offer formalities, other than through the offer.

**6.2 Financial Arrangement for the Offer**

6.2.1 The total financial resources required for this Offer, assuming full acceptance will be Rs. 183,71,79,450/- (Rupees One Hundred and Eighty Three Crores Seventy One Lakhs Seventy Nine Thousand Four Hundred and Fifty only) ("Maximum Consideration").

6.2.2 In accordance with Regulation 28 of the Regulations, an escrow account has been created with Indian Bank, Adyar Branch, Chennai in the form of cash deposit of Rs. 33.50 Crores (Rupees Thirty Three Crores and Fifty Lakhs only), being more than the stipulated amount under Regulation 28(2) (25% of the total consideration payable under the Offer upto Rs. 100 Crores and 10% thereafter). Upon completion of the offer formalities the Acquirer does not propose any changes in the composition of the Board of the Target Company.

6.2.3 The Acquirer has arranged a lien on the cash deposit in favour of the Merchant Banker to the Offer. The Merchant banker to the Offer is authorised to realise the value of the escrow in terms of the Regulations.

- 6.2.4 As per the latest audited financial results for the year ended 31.03.2007 the Net Worth of the Acquirer is Rs. 81.33 Lakhs. The funds requirement for this offer has been arranged by the Acquirer through unsecured loans of Rs. 185 Crores from group companies viz. Chettinad Logistics Pvt Ltd and Chettinad Lignite Transport Services Pvt. Ltd, as certified by the Acquirer's auditor J. Karthik Bharathi & Co, Chartered Accountants, 61/30, Rangoon Street, Thousand Lights, Mount Road, Chennai – 600 006, vide their certificate dt. 22.06.07. J Karthik Bharathi & Co have also certified vide their certificate dated 22.10.2007 that the Target Company has not directly or indirectly funded the Acquirer or the group companies which have funded the Acquirer for the purpose of this offer. The said group companies are promoted by Mrs. Geetha Muthiah, PAC, who holds more than 99.9% shareholding in both the companies. The loans given by them to the Acquirer for the purpose of this offer are unsecured in nature and carry a three year holiday period for payment of interest. At the end of the three year period interest will be paid on mutually agreeable terms. No borrowings from Fls/ Banks or foreign sources such as NRIs or otherwise is envisaged.
- 6.2.5 Mr. V. Jayaraman, Chartered Accountant (Membership No. 10163), 131, Chamiers Raod, Raja Annamalaipuram, Chennai – 600028 has certified vide his certificates dt. 22.06.07 that the Net Worth of the PACs as on 22.06.07 is as follows: Dr. M.A.M. Ramaswamy – Rs. 47104 Lakhs, Mr. M.A.M.R. Muthiah- Rs. 26394 Lakhs and Mrs. Geetha Muthiah – Rs. 37642 Lakhs.
- 6.2.6 The Acquirer has sufficient financial resources to meet the financial requirements of the offer and financial resources required to implement the offer are already in place. The Merchant Banker to the Offer confirms that adequate funds (liquid resources) are available with the Acquirer through verifiable means to implement this Offer in full.

## 7. Terms and conditions of the Offer

- 7.1
- 7.1.1 This Offer will open on Friday, November 16, 2007 and will close on Wednesday, December 05, 2007. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, all rights of dividends, bonuses or rights from now on and hereafter.
- 7.1.2 This is not a conditional Offer and is not subject to any minimum level of acceptance.
- 7.1.3 To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.
- 7.1.4 The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer, which is conditional or incomplete in any respect, will be rejected without assigning any reason whatsoever.
- 7.1.5 The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of the Target Company.
- 7.1.6 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of the Offer.
- 7.2 Locked-in Shares: There are no locked-in shares in the Target Company. None of the shareholders eligible to participate in this offer are holding locked-in shares.

## 7.3 Eligibility for accepting the Offer

- 7.3.1 The Letter of Offer shall be mailed to all Equity Shareholders/ Beneficial Owners holding Shares in dematerialized form (except the Acquirer/PACs and promoters of the Target Company) whose names appear in the register of the Target Company as on Friday, July 20, 2007, the Specified Date.
- 7.3.2 This Offer is also open to persons (except the Acquirer/ PACs and promoters of the Target Company) who own Equity Shares in the Target Company any time before the closure of the offer but are not registered Shareholders (or beneficial owners holding Shares in dematerialized form as on the Specified date).
- 7.3.3 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way. A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may be downloaded from the site.

## 7.4 Statutory and Other Approvals required for this Offer

- 7.4.1 The offer is subject to the receipt of approval from Reserve Bank of India (RBI) under Foreign Exchange Management Act 1999(FEMA) for acquisition of equity shares by the acquirer from Non-resident persons under the offer.
- 7.4.2 To the best of knowledge and belief of the Acquirer, as of the date of this PA, there are no other statutory approvals required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the Regulations. No approvals are required from Fls/ Banks for the Offer.
- 7.4.3 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, at such rates as may be specified by SEBI. Further, if the delay occurs due to willful default of the Acquirer in obtaining the requisite approvals, Regulation 22 (13) of the Regulations will become applicable.

## 8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

### 8.1 ACCEPTANCE OF THE OFFER

- 8.1.1 Name and Address of the persons (Registrars to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent

Registrars to the Offer	Working days and timings	Mode of delivery
Integrated Enterprises (India) Ltd. 2 <sup>nd</sup> Floor, Kences Towers, 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. Tel no.: (044) 28140801 Fax: (044) 28142479 E-mail: sureshbabu@iepindia.com Contact Person: Suresh Babu K, General Manager	Monday to Friday 10:00 AM to 5:00 PM Saturday 10:00 AM to 1:00 PM	By Post/ Registered Post/ Courier/ Hand delivery

- 8.1.2 Share holders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their form of acceptance, original Share certificates and transfer deeds to the Registrar to the Offer either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Wednesday, December 5, 2007 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent along.
- 8.1.3 Beneficial owners (holders of Equity Shares in Dematerialized Form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant (DP) in favor of the Special Depository Account opened by the Registrar to the Offer, "Integrated Enterprises (India) Limited – CCCL Open Offer", in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance. The details of the Special Depository Account is given below:

DP Name	Integrated Enterprises (India) Ltd
DP ID Number	IN300441
Beneficiary Account Number	11082530
ISIN	INE132B01011
Market	Off-market
Execution Date	On or before December 5, 2007

- 8.1.4 The Acceptance Form along with Share Certificates/ copy of delivery instruction to DP and other relevant documents should be sent to the Registrars only. The same should not be sent to the Acquirer/ PACs, the Target Company or Merchant Banker to the Offer.

**8.2 Procedure for acceptance of the Offer by unregistered Shareholders, owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer**

- 8.2.1 A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may also be downloaded from the site.
- 8.2.2 In case of non-receipt of the letter of Offer, the eligible person(s), holding Equity Shares of the Target Company in physical form, may send his/ her/ their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares Offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the closure of the Offer.
- 8.2.3 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to The Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "Off-market", or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the special depository account, so as to reach the Registrar to the Offer on or before the closure of the Offer.
- 8.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with the Target Company /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) (ii) The acknowledgement of the lodgment with, or receipt issued by the Target Company/its transfer agents for the Share Certificate(s) so lodged, and (iii) other documents, as applicable, as specified in clause 8.1.2
- 8.2.5 Unregistered owners holding Equity Shares in physical Form should enclose (i) Form of Acceptance-cum-acknowledgement duly completed (or else on plain paper with relevant details as per clause 8.2.1 above) and signed in accordance with instructions contained therein (ii) Original Share Certificates. (iii) Original broker contract note of a registered broker of a recognized Stock Exchange (iv) Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for valid acceptance.
- 8.2.6 Unregistered Equity Shareholders and those who apply in plain paper will not be required to provide any Indemnity.
- 8.3 If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of the Regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.
- 8.4 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, at such rates as may be specified by SEBI.
- 8.5 The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Shares (to the extent unaccepted) held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance.
- 8.6 The Registrar will hold in trust the Acceptance Form, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, till the cheques/drafts for the consideration are dispatched and unaccepted share certificates/ Shares, if any, are dispatched/ returned to the relevant shareholders.
- 8.7 The payment of consideration for accepted applications will be made by the Acquirer by Thursday, December 20, 2007 through account payee cheques/ drafts sent by registered post for amount exceeding Rs. 1,500 and otherwise by UCP in accordance with the Regulations. The Acquirer may also choose to credit the payment for the consideration to the shareholder's bank account through ECS, as per bank details furnished in the acceptance form. The acquirer is required to deduct tax at source as may be applicable.
- 8.8 Shareholders who have accepted this Offer by tendering the requisite documents, in terms of the PA / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of this Offer, in terms of regulation 22(5A). The withdrawal option can be exercised by submitting the form of

withdrawal attached to the Letter of Offer duly filled in, with relevant particulars, so as to reach the Registrars to the Offer on or before Friday, November 30, 2007. The withdrawal option can also be exercised by making an application in plain paper with the following details:

If held in physical form – Name, Address, Distinctive numbers, Folio Nos., No of shares tendered/ withdrawn

If held in dematerialized form – Name, Address, DP Name, DP ID, Client ID No. of the account from where the shares were tendered, No of shares tendered/ withdrawn, photocopy of the delivery instruction in “ Off Market Mode” duly acknowledged by the DP in favor of the Special Depository Account in the name of Registrar

8.9 The marketable lot of the target company's shares is 1 (one only)

## 9. Documents for Inspection

9.1 The following documents will be available for inspection to the shareholders of Chettinad Cement Corporation Limited on all working days between 10:00AM and 5:00PM (except Saturdays between 10:00 AM and 2:00 PM) from the date of this offer letter till the closure of the Offer (i.e. December 5, 2007) at the office of the Acquirer at the following address: Chettinad Software Services Pvt. Ltd., Rani Seethai Hall, 5<sup>th</sup> Floor, 603, Anna Salai, Chennai – 600 006.

9.1.1 Certificate of Incorporation, Memorandum and Articles of association of the Chettinad Software Services Pvt. Ltd.

9.1.2 Certificates issued by V. Jayaraman (ICAI Membership No 10163), Chartered Accountant, 131, Chamiers Road, Rajah Annamalaipuram, Chennai – 600 028 as on 22.06.07 certifying the Net Worth of the PACs.

9.1.3 Certificate issued by S. Baskaran (ICAI Membership No. 211403), Partner, J. Karthik Barathi & Co., Chartered Accountants, 61/30, Rangoon Street, Thousand Lights, Mount Road, Chennai – 600 006 as on 22.06.07 certifying availability of funds for the Open offer with the Acquirer.

9.1.4 Certificate issued by S. Baskaran (ICAI Membership No. 211403), Partner, J. Karthik Bharathi & Co., Chartered Accountants, 61/30, Rangoon Street, Thousand Lights, Mount Road, Chennai – 600 006 as on 22.06.07 certifying that funds of the Target Company have not been used for funding this acquisition.

9.1.5 Copies of Annual Reports of Chettinad Software Services Pvt. Ltd. for 2004-05, 2005-06 and 2006-07.

9.1.6 Copies of Annual Reports of Chettinad Cement Corporation Ltd for 2004-05, 2005-06 and 2006-07.

9.1.7 Letter from Indian Bank, Adyar Branch, dated 22.06.07 confirming creation of Escrow account by the Acquirer for Rs. 33.50 Crores, and marking of lien in favour of the Indbank Merchant Banking Services Ltd.

9.1.8 Published copy of the Public Announcement as it appeared in the Newspapers on 25.06.07.

9.1.9 Copy of Account Opening Form and Agreement for special depository account opened by Registrar to the Offer.

9.1.10 Copies of complaints/ petitions for outstanding litigations totaling 5 as listed under 5.19 of this Letter of Offer

9.1.11 SEBI Observation Letter No. CFD/DCR/TO/SA/107477/07 dt. October 30,2007

9.1.12 Due Diligence Certificate dt. 29.06.07 submitted to SEBI by the Manager to the Offer

## 10. DECLARATION

10.1 The directors of the Acquirer and the PACs jointly and severally accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance and also for the obligations of the Acquirer laid down in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Signed By

Mr. A.N. Somasundaram, Director  
Chettinad Software Services Pvt. Ltd.(Acquirer)

Mr. N. Ramanathan, Director  
Chettinad Software Services Pvt. Ltd. (Acquirer)

Dr. M.A.M. Ramaswamy  
Person Acting In Concert

Mr. M.A.M.R. Muthiah  
Person Acting in Concert

Place: Chennai  
Date : 05.11.07

Mrs. Geetha Muthiah  
Person Acting in Concert

**FORM OF ACCEPTANCE-CUM ACKNOWLEDGEMENT**  
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**  
(Please send this Form with enclosures to the Registrars to the Offer at their address given below)

From  
(Name & Full address of Sole/ First Holder)

Offer Opens On: 16.11.2007  
Offer Closes On: 05.12.2007

To  
Integrated Enterprises (India) Limited  
(Unit: Chettinad Cement Limited - Open Offer)  
2<sup>nd</sup> Floor Kences Towers, 1, Ramakrishna Street,  
North Usman Road, T.Nagar, Chennai 600 017

Dear Sirs,

**SUB:** Open Offer for purchase of 40,82,621 Equity Shares of Chettinad Cement Corporation Limited representing 13.84% of its voting capital at an Offer Price of Rs.450.00 per fully paid up equity share by Chettinad Software Services Pvt. Ltd.(Acquirer)

I/we refer to the Letter of Offer dated 05.11.07 for acquiring the equity shares held by me/us in Chettinad Cement Corporation Ltd.  
I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

**For Shares in Physical Form**

I/We accept the offer and enclose the original share certificate(s) and duly signed transfer deeds in respect of my/our shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive nos.		Number of shares
			From	To	
<b>Total No. of Shares</b>					

(Please attach an additional sheet of paper and authenticate the same, if the above space is insufficient)

**For Shares held in Demat Form**

I/We hold the following Equity Shares of Chettinad Cement Corporation Ltd in Dematerialized Form and accept the Offer and enclose a photocopy of the Depository Delivery instruction(s) duly acknowledged by the DP in respect of my/our Equity Shares, details of which are given below:

<b>DP Name</b>	
<b>DP ID</b>	
<b>Client ID</b>	
<b>No. of shares</b>	
<b>Name of Beneficiary</b>	

I/We have done an Off-market transaction for crediting the Shares to the Special Depository Account, "Integrated Enterprises (India) Limited Escrow Account – CCCL Open Offer" whose particulars are DP Name: Integrated Enterprises (India) Ltd., DP ID IN300441, Client ID 11082530

-----Tear along this line -----

App No. **Acknowledgement slip** (To be filled in by the shareholder)  
Folio No: For Shares tendered against open offer made by M/s.Chettinad Software Services Pvt Ltd.

Received from Mr./Ms./M/s \_\_\_\_\_  
Address \_\_\_\_\_  
Folio No.: \_\_\_\_\_  
No. of Share certificates enclosed \_\_\_\_\_ Certificate No. \_\_\_\_\_  
Total number of Share(s) enclosed \_\_\_\_\_  
Copy of delivery instruction slip received from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

Stamp of Registrar
Date of Receipt

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

I/We confirm that the equity shares of Chettinad Cement Corporation Ltd., which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that the share holders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement/Letter of Offer, shall have the option to withdraw acceptance tendered by them up to three working days prior to the date of closure of the offer i.e. 30.11.2007 (Friday), by submitting an application in the Form of Withdrawal or on plain paper along with relevant details.

I/ We note and understand that the original share certificate(s) and valid share transfer deed(s)/ shares transferred to Special Depository Account will be held in trust for me/us by Registrar to the Offer until the time the Acquirer gives the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

I/ We authorize the Acquirer to accept the shares so offered which they may decide to accept in consultation with the Merchant Banker and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, the equity share certificate(s)/ shares in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/ We authorize the Acquirer to send by registered post/ Under Certificate of Posting the cheque/ demand draft/pay order, in settlement of the amount to the sole/first holder at the address mentioned above or to credit the proceeds through ECS to our bank account, details of which are mentioned below.

So as to avoid fraudulent encashment in transit, the applicants are requested to provide details of Bank account of the sole/first Shareholder and the consideration Cheque will be drawn accordingly.

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	
9 digit MICR Code	

The Permanent Account No. (PAN) Allotted under the Income Tax Act 1961 is as under

Holder	PAN / GIR No.
Sole/ First	
Second	
Third	

Yours Faithfully

Signed & Delivered

Holder	Full Name	Holder's Signature
Sole/ First		
Second		
Third		

Note: In case of joint holdings all holders must sign.

Place:

Date:

-----Tear along this line -----

**FORM OF WITHDRAWAL**  
**PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION**

You have an "Option to Withdraw" the acceptance tendered in response to the offer any time up to three working days prior to the date of closure i.e. on or before 30.11.2007. In case you wish to withdraw your acceptance, please use this form

**OFFER SCHEDULE**

OFFER OPENS ON : 16.11.2007  
 LAST DATE FOR WITHDRAWAL : 30.11.2007  
 OFFER CLOSES ON : 05.12.2007

From  
 (Name & Full Address of Sole/ First Holder)

To  
 Integrated Enterprises (India) Ltd.,  
 2<sup>nd</sup> Floor, Kences Towers,  
 1, Ramakrishna Street,  
 North Usman Road, T.Nagar  
 Chennai – 600 017

Dear Sir,

**SUB: Open Offer for purchase of 40,82,621 Equity Shares of M/s. Chettinad Cement Corporation Limited representing 13.84% of its share & voting capital at an Offer Price of Rs.450.00 per fully paid up equity share by Chettinad Software Services Ltd. (Acquirer).**

I/we refer to the Letter of Offer dated 05.11.07 for acquiring the equity shares held by me/us in Chettinad Cement Corporation Limited.

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

I/ We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/ sent our Form of Acceptance to you on \_\_\_\_\_ along with original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares/xerox copy of delivery instruction slip as detailed below:

**(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')**

**For Shares in Physical Form**

**Ledger Folio No** \_\_\_\_\_

Sr. No.	Certificate No.	Distinctive nos.		Number of shares
		From	To	
<b>Total no. of Shares</b>				

(Please attach an additional sheet of paper and authenticate the same, if the above space is insufficient)

-----Tear along this line -----

**(Acknowledgment Slip)**

**Folio No.:** \_\_\_\_\_

**Sl. No.:** \_\_\_\_\_

Date of receipt to the offer \_\_\_\_\_

Received from Mr./Ms./M/s \_\_\_\_\_

Address \_\_\_\_\_  
 \_\_\_\_\_

Form of Withdrawal in respect of

\_\_\_\_\_ Number of share certificates Representing \_\_\_\_\_ number of shares

Copy of instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_ number of shares \_\_\_\_\_

Stamp of Registrar
Date of Receipt
Signature of Officer

**For Shares in Demat Form**

<b>DP Name</b>
<b>DP ID</b>
<b>Client ID</b>
<b>No. of shares</b>
<b>Name of Beneficiary</b>

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed/ credit the shares to my DP Account and authorise you not to remit the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Merchant Banker and in terms of the Letter of Offer and,

I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned above or credit the shares in demat form to my/ our DP Account as mentioned above

Yours faithfully,

Signed

	<b>FULL NAME (S)</b>	<b>SIGNATURE (S)</b>
First/ Sole Holder		
Second Holder		
Third Holder		

Place:

Date:

Note: In case of joint holdings, all holders must sign.

-----Tear along this line -----