PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

# SHRI CHLOCHEM LIMITED

Reg. Office: 25/9/A, Phase - III, G.I.D.C. Naroda, Ahmedabad - 382 330 (Gujarat)

*This Public Announcement ("P.A.") is being issued by the Manager to the Offer i.e.,* ***Chartered Capital and Investment Limited,*** *on behalf of the Acquirers, i.e. Mr. Kandarp K Amin alongwith Mrs. Archna K. Amin and Mr. Archit K. Amin pursuant to Regulations 10 and 12 as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "SEBI (SAST) Regulations, 1997") and subsequent amendments thereto.*

**1. THE OFFER:**

**1.1 Mr. Kandarp K Amin,** *Mrs. Archna K. Amin,* and Mr. Archit K. Amin *residents of* Lane No. 17, Bunglow No. 387, Satyagrah Chhavni Society, Satellite, Ahmedabad *are* the Acquirers in the present offer (hereinafter referred to as **"The Acquirers"**) No other entity/person is acting/deemed to be acting in concert with the Acquirers for the purpose of this offer.

**1.2** The Acquirers have entered into a Share Purchase Agreement **[SPA]** on **28th January 2005** to acquire an aggregate of 7,24,375 fully paid up equity shares of Rs.10/- each representing 23.75% of the total subscribed equity share capital and *23.99 %* of the total voting rights of **M/s SHRI CHLOCHEM LIMITED**, having its registered office at Plot No. 25/9/A, Phase III, GIDC Naroda, Ahmedabad-382 330 (hereinafter referred to as **"SCL/the Target Company"**)" from the promoter group of SCL, namely Mr. Mahesh S Shah, Mr. Bipin S Shah, Harshad R Shah, Mr. Ashish B Shah, Mr. Shakalchand B Shah, Mr. Haribhai K Mehta, Aruna R Shah, Bharti M Shah, Dipika V Mehta and Kalpana V Mehta (hereinafter collectively referred to as **"Sellers"**) at a price of Rs. 3.00/- (Rs. three only) per fully paid up equity share payable in cash ("Negotiated Price"). The total consideration payable in cash for the shares acquired as mentioned above is Rs. *21,73,125/-* (Rupees Twenty one lacs seventy three thousand one hundred twenty five only). The acquirer Mr. Kandarp K Amin is holding 1,16,133 fully paid up equity shares representing 3.81% of the total subscribed share capital and 3.85% of voting rights of the Target Company. By the above acquisitions, the acquirers will hold in aggregate 8,40,508 fully paid equity shares in SCL, constituting 27.56% of total subscribed share capital and 27.84% of voting rights, that resulted in triggering of SEBI (SAST) Regulations, 1997.

**1.3** The Offer is not as a result of global acquisition resulting in indirect acquisition of the target Company.

**1.4** The Acquirers intend to make an Open Offer in terms of the SEBI (SAST) Regulations, 1997 to the shareholders of SCL to acquire 6,10,000 equity shares of Rs. 10/- each representing 20% of the total subscribed capital and resultant voting rights of 20.21% of "SCL" at a price of Rs. 4/- (Rupees Four Only) per fully paid equity share and Rs. **2**/- (Rupees Two Only) per partly paid up equity shares ("Offer Price"), payable in cash subject to the terms and conditions mentioned hereinafter, to those shareholders whose names appear on the register of members on Specified Date i.e. **3rd February, 2005**. There are 31,330 partly paid equity shares. These partly paid up shares do not have any voting rights as per Articles of Association of the Target Company and therefore there is difference between paid up capital and voting rights.

**1.5** The shares of "SCL" are at present listed on The Stock Exchange Ahmedabad, and The Stock Exchange, Mumbai.

The shares are infrequently traded as per the data available with The Stock Exchange, Mumbai (Source: www.bseindia.com) and the Stock Exchange Ahmedabad. The Offer Price of Rs.4/- (Rupees Four) per fully paid up equity share and Rs. 2/- (Rupees Two Only) per partly paid up shares has been arrived at as per the Regulation 20(5) of SEBI (SAST) Regulations, 1997, after taking into account the highest of Negotiated Price of Rs 3/- (Rupees Three only) per share and other parameters based on the last three years audited results of the company, which are as follows:

| Financial Parameters | As on 30/11/04 | Year ended 31/03/04 | Year ended 31/03/03 | Year ended 31/03/02 |
|---|---|---|---|---|
| Earning per Share (Rs.) | -1.03 | 0.38 | 0.08 | 0.02 |
| Networth (Rs. in lacs) | 185.11 | 213.91 | 198.25 | 194.53 |
| Return on Networth (%) | -17.03% | 5.40% | 1.2% | 0.32% |
| Book Value per fully paid up shares (Rs.) | 3.99** | 7.01 | 6.50 | 6.38 |
| Chemical Industry PE (Sources: Capital Market 17 - 30) January, 2005 edition | | 14.0 | | |

(Sources: Audited Annual Accounts of SCL for the years 2003-04, 2002-03, 2001-02 and as on 30/11/2004 certified by the auditors)

**The book value per fully paid up share, after taking into consideration the realizable value of Inventory, debtors and providing for loans and advances not recoverable and due for more than 6 months, would be Rs.3.99/- (Source: Certificate of M/S S A Parikh & Co., Chartered Accountants, dated 28th January, 2005). The offer price is therefore justified based on negotiated price and book value per share of the target company.

**1.6** As on the date of share purchase agreement and as on date of Public Announcement, the acquirer Mr. Kandarp K Amin is holding 1,16,133 fully paid up equity shares representing 3.81% of the total subscribed share capital and 3.85% of voting rights of the Target Company.

**1.7** The Acquirers have not acquired any equity share of **SCL** during the past 12 months prior to the date of this Public Announcement except the shares acquired as mentioned in para **1.2** above. The Acquirers have not acquired any share in the paid up equity share capital of SCL during the last 26 weeks period prior to the date of this PA by way of (a) allotment in public issues or (b) allotment in rights issues or (c) preferential allotment of SCL except the shares covered in the SPA as per the details given above.

**1.8** There is no non-compete agreement entered into between the acquirers and the sellers and accordingly, no non-compete fee is being paid which should have any bearing on the offer price. Thus, the offer price is also justified under regulation 20(11) of the Regulations.

**1.9** The Manager to the Offer i.e. Chartered Capital and Investment Limited does not hold any shares in the Target Company as on the date of this PA.

**1.10** The Offer is not subject to any minimum level of acceptance from the shareholders i.e. it is not a Conditional Offer. The acquirers will accept those equity shares of SCL, which are tendered in valid form in terms of this offer upto maximum of 6,10,000 equity shares.

**2 INFORMATION ABOUT THE ACQUIRERS AND THE PERSON ACTING IN CONCERT**

**2.1** The Open Offer is being made by Mr. Kandarp K Amin Son of Mr. Krishnakant Amin, Aged 47 years, an Indian Resident, residing at Lane No. 17, Bunglow No. 387, Satyagrah Chhavni Society, Satellite, Ahmedabad 380 015. Tel No. 079-2656 3035, 079-2644 8514 and Fax No. 079-26564964 , Mrs. Archna K. Amin wife of Mr. Kandarp K Amin, Aged 45 years, an Indian Resident, residing at Lane No. 17, Bunglow No. 387, Satyagrah Chhavni Society, Satellite, Ahmedabad 380 015. Tel No. 079-2656 3035, 079-2644 8514 and Fax No. 079-26564964 and Mr. Archit K. Amin son of Mr. Kandarap K. Amin, Aged 21 years, an Indian Resident, residing at Lane No. 17, Bunglow No. 387, Satyagrah Chhavni Society, Satellite, Ahmedabad 380 015. Tel No. 079-2656 3035, 079-2644 8514 and Fax No. 079-26564964.

**2.2** Mr. Kandarp K Amin alongwith his wife Mrs. Archna K Amin and his son Mr. Archit K. Amin are the Acquirers in the present offer and there is no person(s) acting in concert with them. There is no formal agreement entered between the Acquirers.

**2.3** Mr. Sandip A Parikh Partner of M/s. S A Parikh & Co. Chartered Accountants, having Office at 203, Hemkoot, B/h, LIC Building, Opp. Capital Comm. Centre, Ashram Road, Ahmedabad - 380 009, Phone No. 079-26588672 Fax: 079 - 26588671 (Membership No. 40727) has certified vide certificates dated 27th January 2005 that as on 30th November, 2004 the Net worth of Mr. Kandarp K. Amin, Mrs. Archna K. Amin and Mr. Archit K. Amin is Rs. 99.83 lacs, Rs. 144.97 lacs and Rs. 2.01 lacs respectively and that they have sufficient investible liquid financial resources to fulfill their obligations under this Offer. The Acquirers have already deposited Rs.24,40,000/- (Rupees twenty four lacs forty thousand only) in Escrow Account, which is 100% of the amount required for open offer.

**2.4** Mr. Kandarp K. Amin and Mrs. Archna K. Amin are the Directors on the Board of the Target Company from 22/01/2000 and 30/09/1999 respectively.

Mr. Kandarp K. Amin is a Commerce Graduate and a Law Graduate by qualification and an industrialist having experience of 24 years in the field of manufacturing and trading of chemicals.

Mrs. Archna K. Amin is a Science Graduate by qualification and an industrialist having experience of 10 years in the field of manufacturing and trading of chemicals. Mr. Archit K. Amin, is a student and pursuing a degree of Chemical engineer.

**3 INFORMATION ABOUT THE TARGET COMPANY**

**3.1** The Target Company i.e. **M/s. Shri Chlochem Limited, "SCL"** was incorporated on 4th August, 1993 with the Registrar of Companies, Gujarat, as a Public Limited Company and got Commencement of Business Certificate on 23.09.1993 from the Registrar of Companies, Gujarat. The Company has its Registered Office at 25/9/A, Phase - III, G.I.D.C. Naroda, Ahmedabad – 382 330(Gujarat) INDIA.

**3.2** As on the date of this PA, SCL has an authorized share capital of Rs. 330.00 lacs, comprising of 33,00,000 equity shares of Rs 10/- (Rupees Ten Only) each. It has an issued and subscribed equity share capital of Rs.305.00 lacs, consisting of 30,50,000 equity shares of Rs.10/- each, and paid up capital of Rs. 303.43 lacs. Out of its total issued and subscribed number of shares of 30,50,000 of Rs.10/- each 30,18,670 shares are fully paid up, where as 31,330 shares are partly paid up. The call money of Rs. 5/- per share remains unpaid on these 31,330 partly paid shares. These partly paid up shares do not have any voting rights as per Articles of Association of the Target Company.

**3.3** SCL has been engaged in the business of manufacturing and marketing of Monochloro Acetic Acid(MCAA) and Sodium Monochloro Acetate (SMCA) chemicals and having manufacturing facilities at 25/9/A, Phase - III, G.I.D.C. Naroda, Ahmedabad and Plot No. B/18, Phase II, G.I.D.C. Naroda, Ahmedabad – 382 330.

**3.4** The shares of "SCL" are at presently listed on The Stock Exchange Ahmedabad and The Stock Exchange, Mumbai (BSE) (as per the Annual Report of SCL for the financial year 2003-2004). Due to some non-compliances of listing agreement trading in shares of the target company has been suspended by BSE.

**3.5** Shares of the Target company are not in dmat form and all the shares of the company are in Physical form.

**3.6** Based on the latest available audited accounts for the year ending 31st March, 2004, the Company has made Net Income including other income Rs. 974.44 lacs, and Net Profit of Rs. 11.56 lacs. As at 31.03.2004, the paid up share capital was Rs. 303.43 lacs and the earning per share (EPS) was Rs.0.38/- and due to no trading in the shares of the company with any stock exchanges the P/E ratio is not ascertainable.

**4. REASON FOR THE ACQUISITION/OFFER**

**4.1** This offer has been made pursuant to Regulation 10, 12 and other provisions of Chapter III and in compliance with the SEBI (SAST) Regulations

**4.2** The Offer to the Public shareholders of SPL is for the purpose of acquiring 20% of the total subscribed share capital and 20.21% of voting rights in the SPL. After the proposed offer and implementation of the agreement for purchase of shares, the Acquirers will achieve substantial acquisition of shares to the extent of 47.56% of total subscribed capital and 48.05% of total voting rights accompanied with effective management control over the Target Company. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason for the acquisition.

**4.3** The Acquirers are experienced in the business of Chemical. After the acquisition the acquirers intend to improve the operational performance of the company. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 1956, Articles of Association of SCL and all applicable laws, rules and regulations, the Board of Directors of SCL will take appropriate business decisions from time to time in order to improve the performance of the Target Company.

**4.4** The Acquirers may make changes in the management and Board of Directors of the Target Company. The Acquirers may also change the name of the Target Company after completion of the Offer.

**4.5** The Acquirers at present have no intention to sell, dispose off or otherwise encumber any significant assets of SCL in the succeeding two years, except in the ordinary course of business of SCL. SCL's future policy for disposal of its assets, if any, will be decided by it's Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders at a General Body Meeting of SCL.

**5 STATUTORY APPROVALS / OTHER APPROVALS REQUIRED FOR THE OFFER**

**5.1** Approval for transfer of shares of a Company registered in India by a Non Resident to a person resident in India is required. The Acquirers shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.

**5.2** As on the date of Public Announcement, no approval from any Bank/Financial Institutions is required for the purpose of this Offer, to the best of the knowledge of the Acquirers.

**5.3** As on the date of Public Announcement, to the best of the Acquirers' knowledge, no other statutory approvals are required to be obtained for the purpose of this Offer.

**5.4** In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI (SAST) Regulations, 1997, will be adhered to, i.e. SEBI has power to grant extension of time to the Acquirers for payment of consideration to the shareholders subject to Acquirers agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of willful default by the Acquirers in obtaining the approvals, Regulation 22 (13) of SEBI (SAST) Regulations, 1997, will also become applicable.

**6 DELISTING OPTION TO THE ACQUIRERS**

Assuming full acceptances, the offer would not reduce the public shareholding below the minimum limit prescribed by SEBI. After this offer, public shareholding will be 52.44% of subscribed capital and 51.95% of the voting capital of the Target Company. Hence, pursuant to this offer, the acquirers will not exercise the delisting option.

**7 FINANCIAL ARRANGEMENTS**

**7.1** The Acquirers have adequate resources to meet the financial requirements of the Offer. The Acquirers have made firm arrangement for the resources required to complete the Offer in accordance with the SEBI (SAST) Regulations, 1997. The acquisition will be financed through internal resources.

**7.2** Assuming full acceptance, the total requirement of funds for the Offer would be Rs. 24,40,000/- (Rs Twenty four lacs forty thousand only). The Acquirers have already made firm arrangements for the financial resources required to implement the Offer in full. As per Regulation 28, Acquirers have opened an Escrow Account with Union Bank of India, SSI Branch, Ashram Road, Ahmedabad, and have deposited Rs 24,40,000/- (Rs. Twenty four lacs forty thousand Only), being 100 % of the amount required for the Open Offer.

**7.3** The Acquirers have duly empowered M/s Chartered Capital and Investment Limited, Manager to the Offer, to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 1997.

**7.4** The Manager to the Offer, M/s Chartered Capital and Investment Limited, hereby confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

**8 OTHER TERMS OF THE OFFER**

**8.1** The Offer is not subject to any minimum level of acceptances from shareholders

**8.2** Letters of Offer (hereinafter referred to as **"LOO"**) will be dispatched to all the equity shareholders of SCL, whose names appear in its Register of Members on **3rd February 2005** being the Specified Date, except the Parties to the **SPA** i.e. Acquirers and Sellers.

**8.3** All shareholders of the Target Company, except for the Parties to the **SPA** i.e. Acquirers and Sellers, who own the shares any time before the Closure of the Open Offer, are eligible to participate in the Offer

**8.4** Shareholders who wish to tender their equity shares will be required to send their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and duly signed Share Transfer Form(s) to the Manager to the Offer Chartered Capital And Investment Limited 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad – 380 006 Ph. 079 – 26575337, 26577571 Fax: (079) 26575731 Email: cciladl@sancharnet.in and Contact Person is Mr. Manoj Kumar Jain, either by registered post, Courier or Hand Delivery (between 10.30 AM to 5.30 PM on all working days), or as the case may be, on or before the date of closure of the offer i.e. **13th April, 2005** in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

**8.5** In case of (a) shareholders who have not received the LOO, (b) unregistered shareholders and (c) owner of the shares who have sent the shares to the Company for transfer, may send their consent to the Manager to the Offer on plain paper, stating the name, addresses, number of shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such shares such as broker note, succession certificate, original share certificate/ original letter of allotment and valid share transfer deeds (one per folio), duly signed by all the shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with SCL), and witnessed (if possible) by the Notary Public or a Bank Manager or the Member of the stock exchange with membership number, as the case may be, so as to reach the Manager to the Offer on or before 5.30 PM upto the date of Closure of the Offer i.e. **13th April, 2005.**

Such shareholders can also obtain the LOO from the Manager to the Offer by giving an application in writing.

**8.6** In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO, so as to reach Manager to the Offer upto three working days prior to the date of Closure of the Offer, i.e. **8th April, 2005** The withdrawal can also be exercised by submitting an application on a plain paper, alongwith the details such as name, address, distinctive nos., folio no., number of equity shares tendered, etc.

**8.7** The Letter of Offer alongwith the Form of Acceptance cum acknowledgement/ withdrawal would also be available at SEBI's website, *www.sebi.gov.in,* and shareholders can also apply by downloading such forms from the website.

**8.8** No indemnity is needed from unregistered shareholders.

**8.9** Applications in respect of shares that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/orders regarding these shares are not received together with the shares tendered under the Offer.

**9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

**9.1** Shareholders who have offered their shares would be informed about acceptance or rejecting of the Offer within 15 days from the date of Closure of the Offer. The payment to the shareholders whose shares have been accepted, and will be paid by cheque / demand draft / pay order crossed 'Account Payee' only in favour of the first holder of equity shares (and sent by registered post) within 15 days from the date of Closure of the Offer.

**9.2** The Manager to the Offer will hold in trust the shares / share certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of SCL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned by registered post.

**9.3** In case of number of shares received under the offer exceeds the offer size, then the Aquirers will accept shares on pro-rata basis.

**10. TIME SCHEDULE OF THE OFFER**

**Schedule of the major activities of the open offer are as under:**

| Activity | DATE and Day |
|---|---|
| Specified Date (For the purpose of determining the names of shareholders to whom Letter of Offer would send) | February 3, 2005 Thursday |
| Last date for a competitive bid | February 24, 2005 Thursday |
| Date by which Letter of Offer will be dispatched to the shareholders | March 19, 2005 Saturday |
| Offer Opening Date | **March 24, 2005 Thursday** |
| Last date for revising the offer price/number of shares | April 04, 2005 Monday |
| Last date for withdrawal by shareholders | April 08, 2005 Friday |
| Offer Closing Date | **April 13, 2005 Wednesday** |
| Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be dispatched | April 27, 2005 Wednesday |

**11. GENERAL CONDITIONS**

**11.1** In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the date of Closure of the Offer i.e. **8th April, 2005.** The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed in the Letter of Offer. The shareholders are advised to ensure that the Form of Withdrawal should reach the Manager to the Offer at the address mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. **8th April, 2005.**

**11.2** The withdrawal option can be exercised by submitting the Form of Withdrawal enclosing with it Copy of the Form of Acceptance-cum-Acknowledgement / Plain paper application submitted and the Acknowledgement slip. In case of non receipt of Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

**11.2.1** Name, address, distinctive numbers, Folio Number, share certificate number, number of shares tendered, and date of tendering the shares.

**11.2.2** The shares withdrawn by the shareholders will be returned by registered post only.

**11.2.3** The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Manager to the Offer.

**11.3** The intimation of returned shares to the Shareholders will be sent at the address as per the records of SCL as the case may be.

**11.4** If there is any upward revision in the Offer Price (in terms of Regulation 26) by the Acquirers till the last day of revision, viz., at any time upto seven working days prior to the date of Closure of the Offer i.e. 4th April, 2005, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised offer would be payable to all the shareholders who tender their shares in the offer.

**11.5 "If there is competitive bid:**

**11.5.1 The public offers under all the subsisting bids shall close on the same date.**

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

**11.6** The Acquirers hold the shares of the Target Company as on the date of this Public Announcement as mentioned in para 1.2 and 1.6 above.

**11.7** Based on the information available from the Acquirers, Sellers and the Target Company that they have not been prohibited by SEBI from dealing in securities, in terms of direction issued U/s 11B of SEBI Act, 1992 or under any other Regulation under the SEBI Act, 1992.

**11.8** The Public Announcement would also be available at SEBI's website: *www.sebi.gov.in*.

**11.9** Pursuant to the Regulation 13 of SEBI (SAST) Regulations, 1997, the Acquirers have appointed M/s Chartered Capital and Investment Limited as Manager to the Offer.

**11.10 This Public Announcement is being issued on behalf of the Acquirers by the Manager to the Offer, M/s Chartered Capital and Investment Limited.**

**11.11 The Acquirers, Mr. Kandarp K. Amin, Mrs. Archana K. Amin and Mr. Archit K. Amin accept full responsibility for the information contained in this Public Announcement (except for the information regarding the Target Company which has been compiled from the publicly available information) and also for the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations, 1997 and subsequent amendments made thereof.**


**Manager to the Offer**

**CHARTERED CAPITAL AND INVESTMENT LTD.**

Contact Person: ***Mr. Manoj Kumar Jain***

711, Mahakant, Opp. V.S. Hospital, Ellisbridge, Ahmedabad-380 006.

Phone (079) - 2657 5337 / 2657 7571; Fax: (079) - 26575731

E-mail: cciladl@sancharnet.in or ccil@egujarat.net

***Website: www.charteredcapital.net***


'Sobhagya'

**Place:** Ahmedabad **Date:** 2nd February, 2005