

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an equity shareholder(s) of Fairfield Atlas Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have sold your shares in Fairfield Atlas Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the shares or the member of stock exchange through whom the sale was effected.

CASH OFFER

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

by

OC Oerlikon Corporation AG, Pfäffikon ("Acquirer" or "Oerlikon")

Churerstrasse 120, 8808 Pfäffikon SZ (Community of Freienbach), SWITZERLAND

Tel. No.: +41 58 360 96 96; Fax: +41 58 360 91 96

and

TH Licensing Inc., USA ("THL" or "Person Acting in Concert" or "PAC")

103 Springer Building, 3411 Silverside Boulevard, Wilmington, Delaware 19810, USA

Tel: +1-765-7724383; Fax: +1-765-7724022

for

the acquisition of upto 54,64,108 fully paid-up equity shares representing 20% of the paid-up equity share capital of

Fairfield Atlas Limited ("Target Company" or "FAL")

Survey No. 157, Devarwadi, Chandgad Taluka, Post Shinoli, Dist. Kolhapur, Maharashtra 416507, INDIA

Tel: +91-2320-236605 / 06; Fax: +91-2320-236416

at

**Rs. 81 (Rupees Eighty One only) per fully paid-up Equity Share of face value of Rs. 10 each
(the "Offer Price") payable in cash**

ATTENTION:

- The PAC has obtained approval from the RBI for opening Escrow Account, Rupee Payment Account and acquiring shares tendered under the Open Offer in accordance with the SEBI (SAST) Regulations. Specific approval of the RBI needs to be obtained by the OCB in the event that any OCB shareholder tenders its shares in the Open Offer. No specific approval from RBI is required in case shares are tendered by NRI shareholders. As of the date of this Letter of Offer, no other statutory approval is required.
- Shareholders 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 their acceptance on or before Friday, July 20, 2007, i.e., 3 (three) working days prior to the date of closure of the Offer i.e. Wednesday, July 25, 2007.
- If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the Offer Price viz., Monday, July 16, 2007, you will be informed by way of another Public Announcement in the newspapers in which the first Public Announcement was published. The Acquirer shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer.
- The Offer is not conditional on any minimum level of acceptance by the shareholders.
- If there is competitive bid :**
 - The public offers under all the subsisting bids shall close on the same date.**
 - As the offer price can not be revised during 7 working days prior to the closing date of the Offer, 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.**
- No competitive bid has been announced till the date of this Letter of Offer.**
- Form of Acceptance-cum-Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.
- A copy of the Public Announcement, this Letter of Offer including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will also be available on SEBI's website (www.sebi.gov.in) from the Offer opening date viz., Friday, July 6, 2007. A copy of the Form of Acceptance may also be obtained from the Registrar to the Offer commencing on the date of the dispatch of the Letter of Offer.

MANAGER TO THE OFFER



ICICI Securities
Primary Dealership Limited

ICICI Securities Primary Dealership Limited

ICICI Centre, H.T. Parekh Marg, Churchgate,

Mumbai 400 020, INDIA

Tel: +91 22 2288 2460, Fax: +91 22 2282 6580

Contact Person: Mayank Lunawat

E-mail: mayank_lunawat@isecltd.com

OFFER OPENS: FRIDAY, JULY 6, 2007

REGISTRAR TO THE OFFER



Sharepro Services (India) Pvt. Ltd.

Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road,

Chakala, Andheri (E), Mumbai – 400 099, INDIA

Tel: +91-22-28215168/69; Fax: +91-22-28375646

Contact person: V. Kumaresan

Email: kumaresh@shareproservices.com

OFFER CLOSES: WEDNESDAY, JULY 25, 2007

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SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER			
	Activity	Original Schedule	Revised Schedule
1	Public Announcement Date	Friday, February 9, 2007	Friday, February 9, 2007
2	Specified date*	Tuesday, March 6, 2007	Tuesday, March 6, 2007
3	Last date for announcement of a competitive bid	Friday, March 2, 2007	Friday, March 2, 2007
4	Date by which Letter of Offer will be dispatched to shareholders	Friday, March 23, 2007	Monday, July 2, 2007
5	Offer Opening Date	Friday, March 30, 2007	Friday, July 6, 2007
6	Last date for revising the Offer Price / number of Shares	Friday, April 6, 2007	Monday, July 16, 2007
7	Last date for withdrawing acceptance from the Offer	Thursday, April 12, 2007	Friday, July 20, 2007
8	Date of Closure of the Offer	Wednesday, April 18, 2007	Wednesday, July 25, 2007
9	Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired shares and / or the unaccepted shares/share certificates will be credited / dispatched.	Thursday, May 3, 2007	Thursday, August 9, 2007

* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent except the Acquirer and the PAC.

RISK FACTORS

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

1. The Offer involves an offer to acquire up to 20% of fully paid-up equity share capital of FAL from the Eligible Persons for the Offer. In the case of oversubscription in the Offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the shareholders in the Offer will be accepted.
2. In the event that either (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of FAL whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed. In case of delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI.
3. Shareholders should note that after the last date of withdrawal i.e. Friday, July 20, 2007, the shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
4. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.
5. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares (equity) of FAL. Accordingly, Acquirer and the PAC make no assurance with respect to the market price of the Shares both during the Offer Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of FAL on whether to participate or not to participate in the Offer.

Risk involved in associating with the Acquirer

6. The Acquirer makes no assurance with respect to the future financial performance of the Target Company.

CURRENCY OF PRESENTATION

In this Letter of Offer, certain financial details contained herein are denominated in U. S. Dollars ("USD" or "U.S. Dollars", the legal currency of the United States of America). The Rupee equivalent quoted for USD is calculated in accordance with the RBI Reference rates as of February 5, 2007, namely 1 USD = Rs. 44.11 (Source: www.rbi.org.in). Similarly, certain financial details contained herein are denominated in Swiss Francs ("CHF", the legal currency of Switzerland). The Rupee equivalent quoted for CHF is calculated in accordance with the Bloomberg Reference rates as of February 5, 2007, namely 1 CHF = Rs. 35.25 (Source: *Bloomberg*). Also, certain financial details contained herein are denominated in Euro ("Euro", the currency of 13 European Union member states). The Rupee equivalent quoted for Euro is calculated in accordance with the RBI Reference rates as of February 5, 2007, namely 1 Euro = Rs. 57.04 (Source: www.rbi.org.in).

In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding.

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1	Acquirer / Oerlikon	OC Oerlikon Corporation AG, Pfäffikon
2	BIFR	Board for Industrial & Financial Reconstruction
3	BSE	Bombay Stock Exchange Limited, Mumbai, India
4	CDSL	Central Depository Services (India) Limited
5	CHF	Swiss Francs, the legal currency of Switzerland
6	Eligible Persons	All owners of Equity Shares, registered or unregistered of Fairfield Atlas Limited other than the Acquirer and Person Acting in Concert, who own Equity Shares at any time prior to the closure of the Offer
7	Equity Shares or Shares	Fully paid-up Equity Shares of Rs. 10 each of Fairfield Atlas Limited
8	EURO	Euro, the currency of 13 European Union member states
9	FAL / the Company/ Target Company	Fairfield Atlas Limited
10	FEMA	Foreign Exchange Management Act, 1999
11	Foreign Escrow Agent	Deutsche Bank, Konstanz, Germany
12	Form of Acceptance	Form of Acceptance-cum-Acknowledgement
13	Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto
14	IDBI	Industrial Development Bank of India
15	IFRS	International Financial Reporting Standards
16	Income-tax Act	Income Tax Act, 1961 of India
17	Indian GAAP	Generally Accepted Accounting Principles in India
18	Manager / Manager to the Offer / ICICI Securities	ICICI Securities Primary Dealership Limited
19	NSDL	National Securities Depositories Limited
20	NRI	Non Resident Indian
21	NSE	The National Stock Exchange, Mumbai
22	OCB	Overseas Corporate Body
23	Offer	Cash offer being made by the Acquirer to the Shareholders of the Target Company to acquire up to 54,64,108 fully paid-up equity shares
24	Offer Price	Rs. 81 per Equity Share of Fairfield Atlas Limited
25	Person Acting in Concert / THL	TH Licensing Inc., USA
26	Public Announcement	Announcement of the Offer made by Acquirer and Person Acting in Concert on Friday, February 9, 2007
27	RBI	Reserve Bank of India
28	Registrar/ Registrar to the Offer	Sharepro Services (India) Pvt. Ltd.
29	Rs.	Indian Rupees, the legal currency of India
30	SEBI	Securities and Exchange Board of India
31	SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, and subsequent amendments thereto
32	Shareholders	Shareholders of Fairfield Atlas Limited
33	Specified Date	Tuesday, March 6, 2007
34	USD	U.S. Dollars, the legal currency of the United States of America
35	US GAAP	Generally Accepted Accounting Principles in the United States of America

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 FAIRFIELD ATLAS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC 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 ACQUIRER(S) 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(S) DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, ICICI SECURITIES PRIMARY DEALERSHIP LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 23, 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(S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

The Acquirer, PAC and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the Public Announcements or in any advertisement or other announcement issued by, or at the instance of the Acquirer, PAC or the Manager to the Offer, and any person placing reliance on any other source of information for purpose of this Offer or in relation thereto would be doing so entirely at its own risk.

2 DETAILS OF THE OFFER

2.1 Background of the Offer

- 2.1.1 The Offer is a mandatory open offer under Regulations 10 and 12 of the SEBI (SAST) Regulations for substantial acquisition and change in control.
- 2.1.2 This offer (the “**Offer**” or “**Open Offer**”) is being made by OC Oerlikon Corporation AG, Pfäffikon, a company incorporated under the laws of Switzerland, with registered office at Churerstrasse 120, 8808 Pfäffikon SZ (Community of Freienbach), Switzerland (“**Oerlikon**” or “**Acquirer**”) and TH Licensing Inc., a company incorporated under the laws of Delaware, USA, having its registered office at 103 Springer Building, 3411 Silverside Boulevard, Wilmington, Delaware 19810 (“**THL**” or “**PAC**”) to the equity shareholders of Fairfield Atlas Limited (“**FAL**” or the “**Target Company**”).
- 2.1.3 On September 6, 2006, Oerlikon published a pre-announcement (the “**Swiss Public Announcement**”) for its public tender offer for all publicly held shares of Saurer AG. Saurer AG, a listed company incorporated under the laws of Switzerland, with registered office in Arbon, Switzerland (“**Saurer**”), indirectly owns 100% shares in THL, which in turn holds 75.77% of the total issued and paid up share capital of the Target Company. Prior to and after the Swiss Public Announcement, Oerlikon acquired shares and options to purchase shares in Saurer outside the public tender offer. Effective September 13, 2006 Oerlikon held approximately 24% in shares and approx. 26% in options for the purchase of shares in Saurer. The options did not grant Oerlikon any voting rights. On October 11, 2006, Oerlikon sold the options to purchase shares in Saurer back to the issuing banks and purchased the shares in Saurer underlying the options. Effective October 17, 2006, after the settlement of these transactions, Oerlikon held approximately 44% in shares in Saurer.
- 2.1.4 In connection with the public tender offer of Oerlikon for all publicly held registered shares of Saurer, Oerlikon and Saurer entered into a transaction agreement, dated October 13, 2006, regarding an increase of the offer price and the recommendation to the shareholders of Saurer to accept the public tender offer. Under the agreement, the parties agreed that Oerlikon would increase its offer price to CHF 135 and notify the Swiss Takeover Board, the market and the SWX Swiss Exchange on October 16, 2006. In return, on October 17, 2006, the board of directors of Saurer was obliged to issue a press release in which it qualified the increased offer price as fair and stated its intention to recommend to the shareholders of Saurer to accept the offer, subject to a recommendation of the Swiss Takeover Board ordering a higher offer price. Also, Saurer committed itself to support the public tender offer and to refrain from any acts that could have a negative impact on the success of the offer. The agreement was concluded under the condition that both board of directors would consent to the agreement and

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inform the other party until October 16, 2006. This condition was met, and the agreement became effective on October 16, 2006. The agreement is governed by Swiss law.

- 2.1.5 The formal offer prospectus was published on October 18, 2006. Subsequent to the publication of this prospectus, Oerlikon purchased additional shares outside the public tender offer. After the settlement of these purchases on November 3, 2006, Oerlikon held 50.2% of the share capital of Saurer. The offer period of the public tender offer in Switzerland, which had opened on November 6, 2006, ended on January 4, 2007 (end of the additional offer period under Swiss law). The settlement of the offer took place on January 10, 2007 on which date the shares tendered in the offer were delivered to Oerlikon and the offer price of CHF 135 was paid by Oerlikon to the shareholders who had tendered their shares. After the settlement of the public tender offer, Oerlikon held, and as of the date of the PA holds, approximately 99% of the share capital and voting rights in Saurer. On February 13, 2007, Oerlikon was registered in the share register of Saurer with all the shares in Saurer which it holds; such registration entitles Oerlikon to exercise its voting rights at the shareholders' meeting of Saurer, e.g. to elect new members to the board of directors of Saurer.
- 2.1.6 Oerlikon entered into separate agreements, which became effective on January 1, 2007, (the "**Agreements**") with each of the current members of the board of directors of Saurer (the "**Members**"). Oerlikon and the Members agreed on a delegation of the management control to Oerlikon for the period until Oerlikon could formally control the Company by appointing new members to the board of directors. The Members agreed to act according to the orders and instructions of Oerlikon, provided that such orders and instructions are in compliance with the law and the interests of Saurer.
- 2.1.7 Accordingly, this Offer is being made as a result of the above-mentioned global acquisition of Saurer by Oerlikon, resulting in the indirect acquisition of FAL by Oerlikon.
- 2.1.8 No action has been taken against the Acquirer, the PAC, and the Target Company or its promoters / directors under the Securities Exchange Board of India Act, 1992 ("SEBI Act") or any of the regulations made under the SEBI Act. The Acquirer, the PAC, and the Target Company or its promoters / directors have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or any of the regulations made under the SEBI Act.
- 2.1.9 There is no change proposed in Board of Directors of FAL after the Offer.

2.2 Details of the Offer

- 2.2.1 The Public Announcement for the Open Offer were made in all editions of the following newspapers in accordance with Regulation 15(1) of the SEBI (SAST) Regulations:

Newspaper	Language	Edition	Date of publication
Navbharat	Hindi	All India	Friday, February 9, 2007
Financial Express	English	All India	Saturday, February 10, 2007
Navshakti	Marathi	Maharashtra	Saturday, February 10, 2007

- 2.2.2 A copy of the Public Announcement for the Open Offer is also available on the SEBI website at www.sebi.gov.in
- 2.2.3 The Acquirer and the PAC are making an Open Offer to acquire up to 54,64,108 Equity Shares of the face value of Rs. 10 each, representing in aggregate 20% of the paid-up equity share capital of Target Company in terms of Regulation 21(1) of the SEBI (SAST) Regulations, at a price of Rs. 81 per share payable in cash subject to the terms and conditions mentioned hereinafter.
- 2.2.4 There are no partly paid-up shares of FAL.
- 2.2.5 This is not a competitive bid and there has been no competitive bid as of the date of this Letter of Offer.
- 2.2.6 The Offer is not conditional upon any minimum level of acceptance.
- 2.2.7 The PAC will acquire all the Equity Shares of the Target Company that are validly tendered as per terms of the Offer upto a maximum of 54,64,108 shares.
- 2.2.8 In the event the Equity Shares tendered in the Offer by the Shareholders of FAL are more than the Equity Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per provisions of Regulation 21(6) of the SEBI (SAST) Regulations on a proportionate basis, irrespective of whether the Equity Shares are held in physical or dematerialised form.
- 2.2.9 For the purpose of this open offer, no other companies of the Oerlikon group except for THL are "Persons Acting

in Concert” within the meaning of Regulation 2(1)(e)(1) of the SEBI (SAST) Regulations.

2.2.10 The Acquirer and the PAC have not acquired any Equity Shares of the Target Company after the date of Public Announcement and up to the date of Letter of Offer through open market purchases or otherwise.

3 OBJECTS OF THE OFFER

- 3.1 This Offer is being made as a result of global acquisition of Saurer AG by Oerlikon, resulting in indirect acquisition of FAL by Oerlikon, in accordance with Regulations 10 and 12 read with other applicable provisions of the SEBI (SAST) Regulations. The Acquirer and the PAC intend to review from time to time FAL’s business affairs and financial position. Based on such review, as well as general economic and industry conditions existing at the time, the Acquirer and the PAC may consider from time to time, various alternative courses of action.
- 3.2 Except to the extent that may be required (i) in the ordinary course of business of the Target Company, and/or, (ii) for the purposes of restructuring, rationalising and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company, the Acquirer and the PAC currently do not intend to sell, dispose of or otherwise encumber any assets of the Target Company in the succeeding two years.
- 3.3 Further, except with the prior approval of Shareholders of FAL, to the extent required by the SEBI (SAST) Regulations and applicable laws, the Acquirer and the PAC undertake not to sell, dispose off or otherwise encumber any substantial assets of FAL.
- 3.4 The Acquirer and the PAC are in a similar line of business / operations as the Target Company. No significant impact is expected on the Acquirer’s and PAC’s business and operations as a result of an increase in its equity stake in the Target Company.

4 BACKGROUND OF THE ACQUIRER

- 4.1 Oerlikon is a Swiss stock company with registered office at Churerstrasse 120, 8808 Pfäffikon SZ (Community of Freienbach), Switzerland. Oerlikon was incorporated under the name Oerlikon-Bührle Holding AG (with registered office in Zurich) on May 1973 and changed its name to Unaxis Holding AG in May 2000. On September 12, 2006 (date of entry into the Commercial Register) the Acquirer changed its name from Unaxis Holding AG to OC Oerlikon Corporation AG, Pfäffikon.
- 4.2 The following are details of all previous name changes in the history of Oerlikon.

Date	Event
May 24, 1973	Incorporated under the name Oerlikon-Bührle Holding AG
May 9, 2000	Oerlikon-Bührle Holding AG changed its name to Unaxis Holding AG
Sept 12, 2006	Unaxis Holding AG changed its name to OC Oerlikon Corporation AG, Pfäffikon

- 4.3 Registered and Corporate office -
OC Oerlikon Corporation AG, Pfäffikon
Churerstrasse 120, 8808 Pfäffikon SZ (Community of Freienbach), Switzerland.
Tel. No.: +41-58-360 96 96; Fax: +41-58-360 91 96
- 4.4 Oerlikon is a enterprise in the field of thin layer, vacuum and precision technology. Relying on these core competences, Oerlikon manufactures production systems as well as components and provides services for high-tech products. The main activities comprise the coating of tools and components (Coating Services), systems for the creation of vacuums and extraction of processing gases (Vacuum Solutions), manufacturing systems for data storage (Data Storage Solutions), optical components (Optics), space technology (Space Technology) as well as industrial facilities for solar modules (Solar). Oerlikon also utilizes its core competences as supplier of semiconductor technology (Semiconductor Equipment).
- 4.5 Oerlikon has a long history. In 1906, the Schweizerische Werkzeugmaschinenfabrik Oerlikon (“SWO”) was founded in Zurich-Oerlikon, Switzerland, and acquired the machine tools division of Maschinenfabrik Oerlikon. In 1924, Emil Georg Bührle was sent to Oerlikon by the new owners. Soon afterwards, SWO acquired all patents and manufacturing license from the Maschinenbau AG in the neighboring Zurich-Seebach. From now on, the SWO produced weapons and ammunition of all kinds which soon became the main pillar of the company. In 1936, Emil Georg Bührle became the sole owner of SWO. The company was renamed into Oerlikon Bührle & Co. In 1939, Bührle founded the Pilatus Flugzeugwerke in Stans, Switzerland, today a very important and independent manufacturer of multi-purpose and training aircrafts. In 1944, Bührle took over the company Contraves, a company for applied research in the field of anti-aircraft. Two years later, Bührle incorporated a company in Balzers (Principality of Liechtenstein). which was dedicated to the industrialization of the sparsely researched thin film technology.

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Approximately ten years later, Balzers expanded its business towards vacuum technology. In 1973, Oerlikon-Bührle Holding AG, the legal predecessor of OC Oerlikon Corporation AG, Pfäffikon, today's ultimate parent company of the Oerlikon group, was founded in Zurich. In 1990, the recapitalization of the highly indebted Oerlikon-Bührle Holding was initiated. Regardless of the successful branches in the portfolio, the armament section and the shoe manufacturer Bally became the hot spots of the group. In the late nineties, the decision to divest the conglomerate was taken: Oerlikon Contraves Defence, Bally, Pilatus and the Oerlikon Bührle Immobilien were sold. Starting in 2000, the corporation was orientated towards High Tech and changed its legal name to Unaxis Holding AG ("Unaxis"). As a consequence of its stronger focus on Information Technology, Unaxis acquired 57 % of the shares in ESEC Holding S.A., Switzerland, one of the world's leading manufacturers of chip assembly machines and solutions. In November 2000, the former Instrumentation Division of Unaxis was listed as Inficon Holding Inc., both on the main segment of the SWX Swiss Exchange and on the Nasdaq. The sale of Pilatus Aircraft Company in 2001 to a group of Swiss investors and the divestiture of Leybold Optics Division, specialized in coating systems for optical components, concluded the transformation of the former Oerlikon-Bührle conglomerate. In 2004, ESEC Holding SA, Switzerland, was merged into Unaxis. At the Unaxis extraordinary general meeting held on June 28, 2005, a new board of directors was elected by a wide majority of shareholders in response to the motion of Victory Industriebeteiligung AG, Vienna, which is still the largest shareholder of Oerlikon today. Under the leadership of this reconstituted board of directors and a new management team, the steps necessary for a turnaround at Unaxis were immediately initiated. In 2006, Unaxis changed its name into Oerlikon. At the end of 2006, Oerlikon launched a public tender offer for Saurer which was successful.

4.6 The registered shares of Oerlikon are listed on the SWX Swiss Exchange and traded on the pan-European virt-x platform. (Security number: 81682, Ticker symbol: OERL). The closing price of Oerlikon on the SWX Swiss Exchange on February 5, 2007 was CHF 684 (Source: www.swx.com)

4.7 No person or persons acting individually or in concert, directly or indirectly, hold(s) more than 50% of the share capital and voting rights of Oerlikon. As of February 1, 2007, by far the largest shareholder of Oerlikon is Victory Industriebeteiligung AG, Vienna, which holds 34.12 % of the share capital and voting rights of Oerlikon. As of February 1, 2007, the shareholders of Oerlikon holding more than 5% of the voting rights of Oerlikon are as follows:-

S. No.	Name of Shareholder	Number of Shares	% holding
1.	Victory Industriebeteiligung AG, Vienna	48,24,863	34.12 %
2.	Zürcher Kantonalbank, Zurich	25,06,601	17.72 %
3.	Renova Industries Ltd., Nassau	19,50,000	13.79 %
4.	Merrill Lynch Capital Markets AG, Zurich and other companies of the Merrill Lynch Group	12,75,436	9.02 %

Source: Notification by the shareholders to Oerlikon and the SWX Swiss Exchange pursuant to Swiss Stock Exchange Regulations.

4.8 Selected financial data from Oerlikon's consolidated financial statements is provided below:

Year ending December 31

Profit & Loss Statement	CHF Mn.	CHF Mn.	CHF Mn.	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
	2004	2005	2006	2004	2005	2006
Total Sales	1,850	1,605	2,291	6,52,107	5,65,746	8,07,378
Cost of Sales	1,398	1,105	1,517	4,92,781	3,89,501	5,34,868
Gross Profit	453	500	773	1,59,678	1,76,245	2,72,510
Other Expenses	782	534	444	2,75,647	1,88,230	1,56,506
Earning Before Interest and Tax	(329)	(34)	329	(1,15,969)	(11,985)	1,16,004
Other Income / (Expenses)	(17)	73	(26)	(5,992)	25,732	(9,165)
Profit Before Tax	(346)	40	303	(1,21,962)	14,100	1,06,840
Provision for Tax	(26)	(21)	1	9,165	7,402	352
Profit After Tax	(372)	18	302	(1,31,126)	6,345	1,06,487
Less minority interest	6	2	2	2,115	705	705
Profit After Tax less minority interest	(379)	16	300	(1,33,594)	5,640	1,05,782

As at December 31

Balance Sheet Statement	CHF Mn. 2004	CHF Mn. 2005	CHF Mn. 2006	Rs. Lakhs 2004	Rs. Lakhs 2005	Rs. Lakhs 2006
Sources of funds						
Paid up share capital	283	283	283	99,755	99,755	99,755
Treasury Shares	(42)	(244)	(183)	(14,805)	(86,008)	(64,506)
Reserves & Retained Earnings	975	1,000	1,382	3,43,678	3,52,490	4,87,141
Net worth	1,215	1,039	1,482	4,28,275	3,66,237	5,22,390
Minority Interest	6	7	24	2,115	2,467	8,460
Non Current Liabilities	410	393	1,128	1,44,521	1,38,529	3,97,609
Current Liabilities	779	544	3,400	2,74,590	1,91,755	11,98,466
Total	2,411	1,983	6,034	8,49,853	6,98,988	21,26,925
Uses of funds						
Non Current Assets	940	907	3,544	3,31,341	3,19,708	12,49,225
Current assets	1,471	1,076	2,490	5,18,513	3,79,279	877,700
Total	2,411	1,983	6,034	8,49,853	6,98,988	21,26,925

Year ending December 31

Other Financial Data	CHF 2004	CHF 2005	CHF 2006	Rs. 2004	Rs. 2005	Rs. 2006
Dividend (%)	0%	0%	0%	0%	0%	0%
Earning Per Share	(26.3)	1.3	23.44	(927.0)	45.8	826.2
Return on Net worth	N.A.	1.5%	23.8%	N.A.	1.5%	23.8%
Book Value Per Share	85.9	73.5	104.7	3,029.2	2,590.8	3,691.8

(Source: Annual Reports of Oerlikon, Company)

1CHF = Rs.35.25

4.9 Significant Accounting Policies for the audited financial statements of the business year ending on December 31, 2006

Basis of preparation:

The consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with International Financial Reporting Standards (IFRS) and with Swiss company law. These accounting standards have been consistently applied in all periods represented herein. The consolidated financial statements were approved by the Board of Directors on March 22, 2007 and will be submitted to the annual general meeting of shareholders on May 8, 2007 for approval. All standards issued by the IASB and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) effective at the date of the consolidated financial statements have been taken into account. The consolidation was based on audited annual individual company accounts of the Group's subsidiaries, and prepared according to uniform Group accounting principles. The reporting currency of the Group is Swiss franc (CHF). All line item amounts in the consolidated financial statements are reflected in millions of Swiss francs and all such amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus an addition of the amounts can result in rounding differences. All assets and liabilities have been determined in accordance with the historical cost principle, with the exception of derivative financial instruments and financial assets available for sale or held for trading purposes, which are stated at fair value.

Judgments, estimates and assumptions:

Preparation of the annual financial statements in accordance with IFRS requires that management makes estimates

and assumptions that may have an impact on the level of the reported revenues, expenses, assets, liabilities and contingent liabilities at the time of accounting. These estimates and assumptions are constantly being revised. Depending on the issues involved, adjustment of such basic presumptions can have an effect on the current period as well as potentially on future periods. The estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable and justified. However, actual results can differ from these estimates. Moreover, application of the accounting principles can require management to make decisions that may have a material impact on the amounts reported in the annual financial statements. Above all, the assessment of business cases that involve complex structures or legal forms call for decisions on management's part. The most important accounting estimates are to be found in:

- Property, plant and equipment, goodwill and other intangible assets
- Provisions
- Pension plans
- Income taxes

Consolidation Principles

Method and scope of consolidation December 31 is the uniform closing date for all companies included in the consolidated financial statements. All companies in which OC Oerlikon Corporation AG, Pfäffikon has either a direct or indirect interest exceeding 50 percent of the shareholders' voting rights and companies over which control is assured through contractual arrangements are consolidated. Using the full consolidation method the assets, liabilities, income and expenses of these consolidated subsidiaries are included in their entirety. Minority interests are recorded under equity in the consolidated financial statements. Group companies acquired or sold during the course of the financial year are included in or, respectively, eliminated from, the consolidated financial statements as of the date of purchase or sale. All consolidated investments held are shown in the organization chart at the end of this report.

Changes in scope of consolidation and group structure

Acquisition of the Saurer Group, Switzerland

The Saurer group was included in the consolidation as from November 1, 2006. As at December 31, 2006 Oerlikon Group held 85.9% of the shares of Saurer AG, Arbon. A liability has been recognized in respect of the outstanding shares to be acquired after the year-end under the terms of the public tender offer. This acquisition adds two new segments: Oerlikon Saurer Textile and Oerlikon Graziano Drive Systems. The Oerlikon Saurer Textile segment is a provider of yarn processing solutions for the textile industry - natural and synthetic fibers. The Oerlikon Graziano Drive Systems segment develops and manufactures transmission systems for motor vehicles.

Oerlikon Balzers Coating segment

Acquisition of Gold Star Coatings, USA

On May 1, 2006 Oerlikon Group acquired the assets and the PVD coating business of Gold Star Coatings.

Oerlikon Components segment, business unit Space

Acquisition of Snecma Moteurs, France

On January 23, 2006 Oerlikon Group acquired from the French Snecma Moteurs their business in developing and manufacturing high-precision machinery for use in spacecraft. Their main activity is manufacture of Solar Array Drive Mechanisms (SADM), a key component of energy provision for spacecraft.

Oerlikon Components segment, business unit Optics

Acquisition of Exitech Ltd., GB

On November 14, 2006 Oerlikon Group acquired the assets of Exitech Ltd. Exitech specializes in sale of nano and micro laser systems worldwide.

Acquisition of associated company

On June 13, 2006 Oerlikon Group acquired 21% of the shares of Novalux Inc., USA. Novalux specializes in development of semiconductor laser technology. With this contract Oerlikon acquired two non-exclusive worldwide trading licenses, and agreement was reached on joint future development of Novalux's solid state laser technology.

Business combinations and goodwill

The equity consolidation follows the purchase method. At the time of their initial consolidation the assets, liabilities and contingent liabilities of subsidiaries are restated to fair value. The difference between the purchase price and the equity of the acquired company at fair value is capitalized in the books of the subsidiary company. Goodwill denominated in foreign currencies is translated into Swiss francs at the rates prevailing at the balance sheet date. Since January 1, 2005, capitalized goodwill may no longer be systematically amortized, but instead is tested annually for possible value impairment.

Translation of foreign currencies

Assets and liabilities of foreign subsidiaries are translated into Swiss francs at the exchange rate prevailing on the balance sheet date; income and expenses of foreign subsidiaries are translated into Swiss francs using average rates for the year. Differences resulting from the application of different exchange rates are added to or deducted from equity with no impact on the income statement. Exchange gains and losses as recorded in the individual company accounts of subsidiaries are included in the income statement. Excluded from this rule are specific long-term inter-company monetary items that form part of the net investment in a foreign subsidiary, whose exchange translation differences are also credited or charged directly to equity. In the year that a foreign company is divested, the cumulative translation differences recorded directly in equity are included in the income statement as part of the gain or loss on sales of investments.

Elimination of inter-company profits

Profits on inter-company sales not yet realized through sales to third parties, as well as profits on transfers of fixed assets and investments in subsidiaries, are eliminated.

Valuation principles

The group accounts are prepared on a historical cost basis, with the exception of monetary assets available for sale and certain financial assets and liabilities which are held at market values (in particular financial instruments).

Cash and cash equivalents are placed with various financial institutions with top-quality international ratings. Time deposits included therein mature in three months or less.

Receivables are valued at the original invoiced amount less any necessary value adjustments for default risks. These risks are insured with third parties only in exceptional cases.

Financial instruments are recorded at fair value on their respective settlement dates. Exceptions to this are financial investments held to maturity as well as receivables, credits and financial liabilities, which are carried at amortized cost using the effective interest method. Gains and losses from changes in the fair value of financial investments available for sale are temporarily recorded in equity until such investments are sold or disposed of, at which time the gains or losses are transferred to the income statement. Any loss from value impairment is immediately recorded in the income statement.

Derivative financial instruments: forward contracts and options are utilized systematically and mainly for the purpose of reducing business-related foreign currency and interest rate risks. These transactions are concluded with first-rate financial institutions and, as a general rule, have a term to maturity of up to 12 months. These derivative financial instruments are stated at fair values. If all requirements are fulfilled with regard to documentation, probability of occurrence, effectiveness and reliability of valuation, hedge accounting is applied in accordance with IAS 39, i. e. until the hedged underlying business transactions are accounted for, the unrealized profits and losses resulting from the valuation of derivative financial instruments at fair value are recorded in equity with no impact on the income statement.

Securities: these are assets of high price volatility. They are held at fair values, with their values adjusted as required through profit and loss. For the valuation of unquoted securities, standard methods are used, with value adjustment also through profit and loss.

Inventories: inventories of raw materials, purchased components and trade merchandise are carried at the lower of cost or net realizable value, using FIFO and weighted average cost valuation methods. Self-made components, work in progress and finished goods are carried at production cost. This includes all related material and labor costs as well as a reasonable allocation of overhead. Recognizable reductions in value resulting from excess inventory, declines in replacement cost or sales price and the like are taken into account through appropriate write-downs of inventory items. Customer advances are credited proportionally to inventory.

Investments: investments in associated companies (20 to 50 percent ownership of voting rights) are accounted for in accordance with IAS 28 (Accounting for Investments in Associates) using the equity method. The book value of the investment, initially its acquisition cost, is increased or reduced in response to the development in equity value of the associate, in proportion to the percentage held by OC Oerlikon Corporation AG, Pfäffikon. Unrealized changes in fair value of other investments (under 20 percent ownership of voting rights) that have been classified as available for sale are recorded in equity and transferred to financial income/ loss upon the sale or disposal of the given investment.

Property, plant and equipment: fixed assets are recorded at historical purchase or production costs, less necessary depreciation. Components of PP&E that have a differing useful life are recorded separately and depreciated accordingly (component approach). Depreciation is calculated on a straight line basis according to the expected useful life of the asset, as follows:

- IT hardware 3–7 years
- Company cars 4–7 years
- Trucks and electrically powered vehicles 5–10 years
- Technical installations and machines 5–15 years
- Other operating and business equipment 3–15 years
- Central building installations 10–25 years
- Leasehold improvements Duration of the rental contract (max. 20 years) or, if shorter, individual useful life
- Plant and administrative buildings used in Group operations 20–60 years Estimated useful life and residual worth are examined annually. Fixed assets under financial lease agreements are treated identically to fixed assets owned. Non-operating properties available for sale are carried at the lower of their net book value or estimated net realizable value (less sale-related costs).

Intangible assets (excluding goodwill): intangible assets are identifiable non-monetary assets without physical substance from which future economic benefits are expected to flow to the Group. Intangible assets are amortized on a straight line basis over their useful lives, when the useful lives can be clearly determined. For example software over two to three years, development costs generally over five years. If the useful life cannot be determined, an annual impairment test of the intangible asset is conducted as at the balance sheet date.

Impairment of assets: assets are tested for potential impairment of value at least once per annum, to establish whether a value impairment is indicated. Should this be the case, possibly as a result of a triggering event, and regarding assets of significant value, an impairment test is carried out in order to determine if and to what extent an adjustment might be needed to reduce the asset to its value in use. The test uses estimates of future cash flows to be expected from use of the assets concerned, or from their possible sale, if such is intended. If a value adjustment is called for, the impairment loss is recorded against the assets concerned and charged to the income statement. In cases where a previously recorded impairment loss is no longer justified (with the exception of impairment losses on goodwill), it is reversed and credited to the income statement. Goodwill and other intangible assets with an indeterminate useful life are subjected to an annual impairment test as at the balance sheet date.

Discontinued operations and long-term assets held for sale: a business unit or segment is reclassified into “discontinued operations” if it is sold, or at an earlier date, if it fulfills the criteria for being classified as “held for sale”. Long term assets held for sale are carried at the lower of their carrying amount or fair value less cost to sell, and any value impairments are booked to the income statement.

Provisions: provisions are set up if the future outflow of resources is likely and reliably predictable for obligations arising from past events. In this regard, the “more likely than not” principle is applied. Other provisions represent uncertainties, for which a best estimate is made in arriving at the amount reserved. The value of provisions whose expected maturity exceeds one is discounted at normal market rates.

- Restructuring provisions: provisions are set up in cases where a detailed restructuring plan exists and the Group has informed those concerned, or the restructuring process has started.
- Onerous customer contracts: provisions are set up when estimated costs to fulfill a contract exceed the related contract revenues. The difference between the two is calculated and provided against income in the current period. When accounts are prepared the related risks are reassessed systematically by all business units and all costs are adjusted as required. This reassessment is based on the so called “most

likely outcome”, which uses assumptions regarding technical feasibility and timely realization of the projects and includes a quantification of the risks. The actual future obligation can vary from these estimates.

- Warranty provisions: provisions are set up for known customer claims and also for latent warranty exposure
- Product liability: provisions are set up for known claims; latent exposure is not provided
- Employee Benefits: provisions are set up in accordance with IAS 19. The interest component of pension costs for unfunded plans is shown as financial expense.

Contingent liabilities: these represent potential obligations whose impact depends on the occurrence of one or more future events which cannot be influenced. Contingent liabilities are also existing obligations which are not expected to result in a future outflow of benefits, or where the outflow of benefits can not reliably be quantified. IAS 37 states that such obligations should not be set up as liabilities on the balance sheet.

Participation plans: OC Oerlikon Corporation AG, Pfäffikon offers members of the Board of Directors and Executive Board, as well as senior managers, options to purchase shares of the company under various participation plans. The fair value is determined on the day such share-based remuneration is granted and charged to the income statement on a straight line basis until the option vests. The fair value is recorded as personnel expense, with a corresponding increase in equity (equity settlement), or as financial debt (cash settlement). The company holds treasury shares that were acquired in accordance with a share buyback program and may be used in the future for employee option plans and potential acquisitions. The acquisition cost of these treasury shares is deducted directly from equity.

Post-employment benefit plans: Oerlikon companies operate various plans for providing employees with post-employment benefits, which conform to local circumstances and practice in the countries concerned. These include defined benefit and defined contribution plans, under which benefits are provided through separate funds, insurance plans or unfunded arrangements. For defined benefit plans, the amount charged to the income statement consists of current service cost, which includes the normal cost of financing benefits in respect of future years of service, as well as net interest on the assets or obligations. Contributions to defined contribution pension schemes are charged to the income statement as incurred. For funded plans, plan assets are held separately from those of the group in independently administered funds. The group’s liability to pay future post employment benefits is determined using the “projected unit credit method” in accordance with IAS 19 (revised), and is provided in the Group’s balance sheet.

As from 2006, all actuarial gains and losses (and the related deferred income taxes) are recognized immediately in the balance sheet and reported as an equity movement in the statement of recognized income and expenses. The restatement of opening balances as at January 1, 2005 called for recognition of actuarial losses for defined benefit plans in the amount of CHF 38 million, increasing the provision for post-employment benefits and reducing equity. The related deferred taxes amounted to CHF 9 million. In the 2006 income statement a cost reduction of CHF 6 million was recorded (2005: CHF 6 million), with a deferred tax expense of CHF 3 million (2005: CHF 2 million). In accordance with IAS19 §58(b) the amount of net assets from pension plans recognized in the balance sheet may not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The effect of this limit in IAS19 §58(b) is also recorded as an equity movement in the statement of recognized income and expenses. Previously it was recorded in the income statement. Assets and liabilities shown in the balance sheet for defined-benefit pension plans are based on statistical and actuarial calculations. The present value of the future benefit obligation depends on assumptions concerning the discount rate used to arrive at the present value, future salary expectations and possible increases in social costs of employment. Other factors included in the calculation are statistical data for employee turnover and life expectancy. These actuarial assumptions can vary substantially from reality as a result of market forces (e.g. higher or lower turnover rates or life expectancy of employees, changes in the economic or regulatory environment etc.). Such variances could affect the assets and liabilities shown in the balance sheet for defined-benefit pension plans in future periods. Actuarial calculations are performed generally on an annual basis.

Financial Liabilities: the financial liabilities consist mainly of loans with floating interest rates. Bonds are valued at cost, whereby the difference between the nominal amount repayable on maturity and the fair value less transaction costs of the bond when issued is recognized over the life of the bond as additional interest expense.

Income statement

Sales of goods and services are recognized when the transaction occurs, when the amounts involved are reliably known and when it is considered likely that the related economic benefit will flow to Oerlikon Group.

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Operating expenses are recognized as a charge to income as they are incurred.

Sales of goods: sales of goods, after deduction of sales taxes and credits for returns and rebates, are recorded when the utility and risks of the sold goods have essentially transferred to the customer. In the business unit Oerlikon Solar (Oerlikon Balzers Coating segment) and the business unit Oerlikon Space (Oerlikon Components segment) revenue accruals for long-term manufacturing and services contracts are accomplished via the percentage of completion method. For Oerlikon Solar, the percentage of completion is determined on the basis of direct contract-related costs, after factoring out cost of materials. The Oerlikon Space business unit uses the milestone method.

Services rendered: revenues from services that have been rendered are recorded on the income statement according to the level of completion at the balance sheet date.

Interest on financial debt: interest expense is charged to the income statement without restriction. Borrowing costs of construction are not capitalized.

Research and development: development costs are recognized as intangible assets if they meet the criteria for such recognition set forth in IAS 38. A new system for control of development costs has been introduced throughout Oerlikon group, under which development costs may be recognized as assets when it can be shown that all IAS 38 criteria have been met. The cost thus capitalized comprises all costs directly attributable to the development process. After the development phase is complete the asset is amortized over its estimated useful life.

Taxes: current-year income taxes are accrued on the basis of income reported locally for the financial year by the individual Group companies in keeping with the current-year taxation principle. The valuation of assets and liabilities pertaining to both current and deferred taxation calls for extensive use of judgement and estimation. The value of deferred tax assets deriving from tax losses carried forward is subject to annual review. Tax losses are only recognized as assets if they are expected to be realized within the next few years, by offset against taxable profits of group companies individually or in tax pools. In countries or companies where realization of the losses is not probable, no asset is recognized. Management believes that its estimates are appropriate and that uncertainties in the valuation of tax assets and liabilities have been appropriately addressed.

Wherever local company tax values differ from Group values (temporary differences), deferred taxes are determined and recorded by applying current effective local tax rates to the differences (liability method). Taxes on dividends from subsidiaries are only accrued when distributions are contemplated. In the case of goodwill, investments in subsidiaries, and other assets and liabilities which do not affect taxable profits, no deferred taxes are set up.

Earnings per share: earnings per share (EPS) is based on the portion of consolidated net profit/loss attributable to equity holders of OC Oerlikon Corporation AG, Pfäffikon, divided by the weighted average number of shares outstanding during the reporting period. Fully diluted earnings per share takes into account additionally all potential equity securities that could have come into existence as the result of an exercise of option rights

Financial risk management/financial instruments

Due to its international activities, the Group is faced with various financial risks, such as those associated with fluctuations in foreign exchange and interest rates. Management continuously monitors and steers such risks with the support of Corporate Treasury. As a fundamental rule, no speculative transactions are conducted in the areas of foreign exchange or interest rates.

Foreign exchange risks: the Group's consolidated financial statements are reported in Swiss francs. Due to its most significant markets, the Group is primarily exposed to price risks versus the US dollar and Euro. When the expenses and revenues of Group companies are incurred in differing or non-local currencies, the underlying business transactions are hedged on a centrally coordinated basis by means of commonly used financial instruments (see "Derivative financial instruments").

Liquidity risks: on the basis of a consolidated, rolling liquidity plan, Corporate Treasury determines the Group's required liquidity and is responsible for ensuring its availability as well as the centralized financing of Group companies.

Interest rate risks: risks related to fluctuations in interest rates are monitored by Corporate Treasury and in certain instances hedged at the Group level.

Default risks: as a fundamental principle, the Group places funds only with first-rate domestic and foreign banking institutions. The credit or default risk associated with operating receivables is monitored locally by the individual Group companies (see "Receivables"). Generally, these risks are reduced by means of customer prepayments, letters of credit and other instruments.

Related-party transactions

Members of the Board of Directors or Executive Board, significant shareholders and companies or associated companies controlled by any of those individuals are deemed to be related parties.

4.10 Major Contingent Liabilities

	CHF Mn. 2004	CHF Mn. 2005	CHF Mn. 2006	Rs. Lakhs 2004	Rs. Lakhs 2005	Rs. Lakhs 2006
Performance guarantees/ guarantees of debt	2	2	8	705	705	2,820
Discounted notes receivable	2	3	8	705	1,057	2,820
TOTAL	4	6	16	1,410	2,115	5,640

1 CHF = Rs. 35.25

4.11 Reasons for fall / rise in income of Oerlikon:

Fiscal 2006 compared to Fiscal 2005:

The positive results in the 2006 business year were boosted in particular by Oerlikon Balzers Coating, Services, Oerlikon Leybold Vacuum and Oerlikon Assembly Equipment, which had above-average development in their markets.

- Oerlikon Balzers Coating, Services grew by 11 percent,
- Oerlikon Leybold Vacuum was also able to expand its business with a growth in sales of 12 percent,
- Another major contributor to sales was the Oerlikon Assembly Equipment business unit, which was able to increase its market share.
- In only its first year, Oerlikon Solar was able to post received orders worth hundreds of millions.
Oerlikon Saurer Textile continued to expand its market position in the 2006 business year. Orders received rose by 37 percent (excluding acquisitions and currency effects 25 percent) to CHF 2.3 billion, and sales by 13 percent (excluding the above 3 percent) to CHF 2.0 billion. Orders on hand at year-end was at its highest ever level at CHF 825 million.

Fiscal 2005 compared to Fiscal 2004:

The sales for the business year 2005 amounted to CHF 1,605 Mn. The sales decline in the first half of 2005 led to an overall 13 % drop in 2005. This is mainly attributable to the following:

- The Data Storage business suffered sales decline due to uncertainty of the next generation of technology for storage device (Blu Ray or HD-DVD);
- The ESEC Semiconductors business was negatively affected by a down turn of market in the first half of 2005;
- The Optics business losing orders as customers (for DLP PRTV products) already built up inventory in 2004 and one of its major customers exiting the light engine business entirely
Sales in second half year 2005 saw an increase compared to the first six months. The main drivers include a recovery of market condition (primarily affecting ESEC Semiconductors) and the launch of new products (mainly in the Wafer business).

4.12 Status of Corporate Governance:

A. Board of Directors

The basis for the organization and duties of the Board of Directors of Oerlikon is anchored in the Swiss Code of Obligations as well as in the Articles of Association of Oerlikon and its Rules of Organization.

B. Members of the Board of Directors

The Board comprises of four members (the Articles of Association permit a maximum of nine).

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C. Composition of the Board of Directors

Name	Position	Age	Elected	Term Expires	Executive Non-Executive
Georg Stumpf	Chairman since Feb 1, 2006, previously Vice Chairman	33	2005	2008	Non-Executive
Vladimir Kuznetsov	Vice Chairman	46	2007	2010	Non-Executive
Dr. Hanno M. Baestlein	Member	44	2007	2010	Non-Executive
Günther Robol	Member	65	2005	2008	Non-Executive

D. Elections and terms of office

Board members are elected by the general meeting of shareholders for a term of three years. They may be reelected for a new three-year term of office prior to the expiration of their current term. The schedule of elections is set if possible in such a way that the term of office of about one-third of the members expires each year. Pursuant to the Rules of Organization, the mandate of Board members expires — notwithstanding the current term of office — at the next ordinary general meeting of shareholders after a given Board member reaches age 70.

E. Internal organizational structure

Allocation of tasks within the Board of Directors: The Board of Directors is the ultimate management body of the Group. It is empowered to rule on all matters not reserved by law, statutes or regulations for, or otherwise delegated to, some other corporate body. Implementation of the Board's resolutions is the responsibility of the Chief Executive Officer.

The Chairman of the Board of Directors presides over the Board and is the immediate superior of the Chief Executive Officer (CEO). The Chairman convokes, prepares and heads meetings of the Board. He also represents the corporation vis-à-vis shareholders, chairs the general meeting of shareholders and, in conjunction with the Audit and Finance Committee, supervises the internal audit. If the Chairman is prevented from performing his duties due to illness, accident or extended absence, then those duties are assumed by the Vice Chairman of the Board for the duration of any such absence or, should he also be unavailable, by some other member to be designated by the Board.

F. Committees of the Board of Directors

Two permanent committees exist to assist the Board of Directors or prepare for important decisions: the Audit Committee (AC) and the Human Resources Committee (HRC). Due to the limited size of the Board of Directors, the previous Corporate Development Committee has been dissolved. The related issues are addressed within the framework of normal meetings of the Board of Directors.

The membership of these committees is as follows:

Name	Audit Committee (AC)	Human Resource Committee (HRC)
Georg Stumpf	Member	Chair from Jan. 31, 2006
Vladimir Kuznetsov	Member	—
Günther Robol	Chair	Member
Hanno M. Baestlein	—	Member

G. Audit Committee (AC)

The AC comprises of at least three individuals, the majority of whom are non-executive, independent members of the Board of Directors. The majority of its members, including the Chairman of the committee, must be experienced in the fields of finance and accounting. The AC primarily advises the Board in the following areas:

- Internal and external audit
- Accounting and financial reporting
- Examination and approval of annual, mid-year and quarterly financial reports on behalf of the Board of Directors

- Corporate governance issues
- Internal control

H. Human Resources Committee (HRC)

The HRC comprises at least three individuals, the majority of whom are non-executive, independent members of the Board of Directors. The HRC primarily advises the Board in the following areas:

- Fundamental human resource issues in the corporation
- Personnel composition of the Board of Directors and key Corporate Functions
- Measures pertaining to management development
- Issues regarding compensation of Board members and senior management

I. Work methods of the Board of Directors and its committees

The Board of Directors meets at the invitation of its Chairman as often as business matters require, or at the request of one of its members. In addition, telephone conferences were also conducted.

The members of the committees, as well as their chairmen, are elected by the Board of Directors at the proposal of the Chairman of the Board. Their respective terms of office correspond to their term of office as Director. Those Board members who are not members of the committees are entitled to take part in committee meetings in an advisory capacity. As a general rule, members of the Executive Board and, as required, individual specialists also take part in such meetings in an advisory capacity. Minutes are kept of the meetings. The committees meet at the invitation of their respective chairmen as often as business matters require.

J. Definition of areas of responsibility

Pursuant to art. 17 Para. 3 of the Articles of Association, the Board of Directors has essentially delegated the business management of Oerlikon and of the Group as a whole to the Chief Executive Officer (CEO). The scope of tasks for which the Board bears responsibility essentially encompasses those inalienable and non-delegable tasks as defined by law. Among these are the overall management of Oerlikon and the Group as a whole, the determination of the company's strategic orientation, the appointment and dismissal of the CEO and other members of the Executive Board and heads of the business units, as well as the ultimate supervision of those individuals entrusted with managing and representing the company.

K. Compensation

The amount of remuneration for Board members is proposed by the Human Resources Committee and set by the Board of Directors.

Members of the Executive Board receive compensation composed of a fixed base salary plus a variable component generally amounting to about 30 percent of total remuneration if goals are met. The actual amount of the variable component is based on attainment of individual (30 percent) and financial (70 percent) goals, which are established in advance each year. The financial goals are based on operating profit. In addition, Executive Board members receive shares and/or options as a long-term bonus. The Human Resources Committee approves compensation plans for Executive Board members at the proposal of the CEO. On December 15, 2005, a stock option plan for the members of the Executive Board was approved.

L. General Meeting of Shareholders

The general meetings of shareholders of the last five years were held as follows:

Annual General Meeting	Date	Venue
Ordinary Annual General Meeting	May 20, 2003	Lucerne
Ordinary Annual General Meeting	June 1, 2004	Lucerne
Ordinary Annual General Meeting	April 26, 2005	Lucerne
Extraordinary General Meeting	June 28, 2005	Lucerne
Ordinary Annual General Meeting	May 23, 2006	Lucerne
Ordinary Annual General Meeting	May 8, 2007	Lucerne

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4.13 Pending Litigation matters:

There are no material litigation proceedings pending against Oerlikon as of December 31, 2006, except for the following:

- Four Oerlikon group companies, two with registered offices in Germany, and one each in Switzerland and the United States, have been joined by a Japanese electronic company (the "Electronic Company") in a trial pending before the Court of Common Pleas of Bucks County, Pennsylvania, USA, in December 2004. A U.S. medical diagnostic imaging company is seeking damages from the Electronic Company in excess of USD 2,000,000 plus punitive damages because of malfunctions of certain MRI machines supplied by the Electronic Company. The Electronic Company has joined the Oerlikon group companies in this trial alleging that the MRI machines malfunctions were caused by a defective part supplied by the Oerlikon group companies. The Electronic Company has asserted claims of breach of warranty, indemnification and contribution against these companies. The Oerlikon group companies deny the claims. As of the date hereof, no trial date has been set.
- In May 2006, a Taiwanese display company (the "Display Company") filed a claim in the courts of Hsinchu, Taiwan, against two Oerlikon group companies, one with registered office in Taiwan and the other with registered office in the Principality of Liechtenstein. The Display Company claims for redemption of the supplied installations and the repayment of the purchase price of CHF 16,490,000. The first hearing regarding the court's jurisdiction was on September 7, 2006. According to the statements in this hearing, the courts jurisdiction over the claim against the Oerlikon company in Principality of Liechtenstein seems to be unlikely. As of the date hereof, no further hearing date has been set. Oerlikon believes that it has meritorious defenses against this action, and will continue to defend it.

The pending litigations will not impact the Open Offer and / or the Acquirer's and PAC's ability to meet their obligations under the Offer.

4.14 Compliance Officer: Mr. Wolfgang R. Niggli, OC Oerlikon Corporation AG, Pfäffikon, Churerstrasse 120, 8808 Pfäffikon SZ (Community of Freienbach), Switzerland Phone: +41-58-3609642, Fax: +41-58-3609842, E-mail (direct): wolfgang.niggli@oerlikon.com

4.15 Details of any merger/demerger, spin off during last 3 years involving Oerlikon: Effective March 12, 2004, Esec Holding AG, Steinhausen, Switzerland, was merged into Oerlikon. The assets amounting to CHF 102,547,000 and the liabilities amounting to CHF 12,592,000 were acquired by Oerlikon by operation of law. As consideration for the merger, the shareholders' of Esec Holding AG received 9,72,345 fully paid-up registered shares with a nominal value of CHF 20 each of Oerlikon.

4.16 The Directors of Oerlikon and their addresses are as listed below:

Name of Director & Designation	Address	Qualifications and Experience	Date of appointment on the Board of Directors
Georg Stumpf Chairman	C/o Oerlikon Corporation AG, Pfäffikon Churerstrasse 120 8808 Pfäffikon SZ (Community of Freienbach) Switzerland	Via his own company, Stumpf AG, Vienna, Austria, Mr. Stumpf has been successfully managing investments projects in Europe since 1995. Millenium Privatstiftung, Vienna, Austria, which was founded by Mr. Stumpf, is a 50 per cent owner of Victory Industriebeteiligung AG, the largest shareholder of Oerlikon. Mr. Stumpf has graduated from the Vienna University of Economics and Business Administration with a degree in business management.	June 28, 2005

<p>Vladimir Kuznetsov Vice Chairman</p>	<p>C/o Oerlikon Corporation AG, Pfäffikon Churerstrasse 120 8808 Pfäffikon SZ (Community of Freienbach) Switzerland</p>	<p>Mr. Kuznetsov joined the Renova Group in 2001 and became Chief Investment Officer and a member of the Executive Board of Renova Management AG, Zurich, in 2004. He was previously head of the Financial Markets Research Department at the Institute for Economics and International Relations (Moscow), in various managerial functions at Goldman Sachs, Moscow, and with Salomon Brothers, Moscow and London, and as from 1998 Director General of Financial Advisory Services, Moscow.</p> <p>Mr. Kuznetsov graduated from the Faculty of Economics at Moscow State University in 1984. In 1990, he received his Candidate of Sciences Diploma (PhD equivalent) in Securities Markets studies from the Institute of World Economy and International Relations (Moscow). In 1991, he received a Master of International Affairs degree from the School of International and Public Affairs at Columbia University (New York).</p>	<p>May 8, 2007</p>
<p>Günther Robol</p>	<p>C/o Oerlikon Corporation AG, Pfäffikon Churerstrasse 120 8808 Pfäffikon SZ (Community of Freienbach) Switzerland</p>	<p>Mr. Robol is an independent management consultant who specializes in auditing, corporate finance, and insolvency law. Prior to that, Mr. Robol headed the Austria affiliate of PricewaterhouseCoopers as the president of its management committee. Mr. Robol has a university degree in business management.</p>	<p>June 28, 2005</p>
<p>Dr. Hanno M. Baestlein</p>	<p>C/o Oerlikon Corporation AG, Pfäffikon Churerstrasse 120 8808 Pfäffikon SZ (Community of Freienbach) Switzerland</p>	<p>Dr. Baestlein, is spokesman of the Executive Board of CONSTANTIA Packaging AG, Vienna, since April 2006. Educated as a banker he started his professional career at HOCHTIEF AG. Having been in different managerial positions he has been significantly involved as CEO of HOCHTIEF International in the internationalization of the corporation. In 2002 he moved as CFO and member of the Executive Board to Plus Europa. In June 2004 he has been appointed CFO of VA Technologie AG, Vienna/ Linz. Hanno Bästlein studied Business Administration and Economics at the University of Witten/Herdecke and graduated with a BA in Economics. He was subsequently a visiting scholar of the Rotary International Foundation at Stanford University. In 1997, he completed his PhD (Dr. rer. pol.) at the Albert-Ludwig University</p>	<p>May 8, 2007</p>

- 4.17 None of the Directors of Oerlikon are on the Board of Directors of the Target Company.
- 4.18 None of the directors of Oerlikon have acquired any Equity Shares of the Target Company in the twelve month period prior to the Public Announcement. Further, none of the directors of Oerlikon have acquired any Equity Shares of the Target Company since the date of the Public Announcement and upto the date of this Letter of Offer.
- 4.19 As Oerlikon does not hold any shares in the Target Company, provisions of Chapter II of the SEBI (SAST) Regulations are not applicable.

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4.20 Information in respect of the companies promoted by the Oerlikon in India:

a. Oerlikon Balzers Coating India Limited

Sr.	Description	Details		
a.	Name of Company	Oerlikon Balzers Coating India Limited (Formerly Balzers India Limited)		
b.	Date of Incorporation	November 1, 1993		
c.	Nature of Business	Coating services (Titanium nitride and wear resistant coatings on tools and wear parts)		
		Financial Year Ended March 31		
		2004	2005	2006
d.	Equity capital, Reserves (excluding revaluation reserves) (Rs. Lakhs)	1,119	1,716	3,423
e.	Total Income (Rs. Lakhs)	1,752	2,561	3,837
f.	Profit After Tax (PAT) (Rs. Lakhs)	261	597	919
g.	Earnings Per Share (EPS) (Rs.)	5.43	12.41	16.57
h.	Net Asset Value (NAV) (Rs. Lakhs)	1,119	1,716	3,423
i.	Whether this is a sick Company.	No	No	No

b. Oerlikon Leybold Vaccum India Pvt. Ltd.

Sr.	Description	Details		
a.	Name of Company	Oerlikon Leybold Vaccum India Pvt. Ltd. (Formerly Leybold Vacuum India Pvt. Ltd.)		
b.	Date of Incorporation	January 17, 2005		
c.	Nature of Business	Sales and Service - Leybold Vacuum Pumps		
		Year Ended March 31, 2006		
d.	Equity capital, Reserves (excluding revaluation reserves) (Rs. Lakhs)	22.12		
e.	Total Income (Rs. Lakhs)	40.66		
f.	Profit After Tax (PAT) (Rs. Lakhs)	2.12		
g.	Earnings Per Share (EPS) (Rs.)	2.76		
h.	Net Asset Value (NAV) (Rs. Lakhs)	22.12		
i.	Whether this is a sick Company	No		

5 BACKGROUND OF PERSON ACTING IN CONCERT

- 5.1 THL is an unlisted company incorporated on December 28, 1989 under the General Corporation Law of the State of Delaware, USA.
- 5.2 There has been no change in the name of THL since its incorporation.

5.3 Registered and corporate office

Registered Office	Corporate Office
103 Springer Building, 3411 Silverside Boulevard, Wilmington, Delaware 19810. USA Tel. No.: +1-765-7724383 Fax: +1-765-7724022	U.S. 52 South P.O. Box 7940 Lafayette, IN 47903. USA Tel. No.: +1-765-7724383 Fax: +1-765-7724022

5.4 THL is an unlisted holding company and holds 20,700,000 equity shares representing 75.77% of the equity share capital of FAL. THL is a wholly owned subsidiary of Fairfield Manufacturing Company Inc., USA. The ultimate parent company of THL is Saurer, which was acquired by Oerlikon pursuant to a public tender offer which was completed in January 2007 (see para 2.1.3 above).

5.5 Selected financial data of THL based on its audited financial is provided below:

Year ending December 31

Profit & Loss Statement	USD MN.	USD MN.	USD MN.	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
	2004	2005	2006	2004	2005	2006
Income from operations	3.3	4.9	5.8	1,471	2,183	2,542
Other Income	0.4	0.4	0.5	167	184	216
Total Income	3.7	5.4	6.3	1,639	2,367	2,758
Total Expenditure	0.0	0.0	0.0	3	4	2
Profit Before Depreciation, Interest and Tax	3.7	5.4	6.2	1,636	2,363	2,756
Depreciation	-	-	-	-	-	-
Interest	0.0	0.0	0.0	1	1	1
Profit Before Tax	3.7	5.4	6.2	1,635	2,362	2,755
Provision for Tax	1.5	2.2	2.6	676	975	1,137
Profit After Tax	2.2	3.1	3.7	959	1,388	1,618

As at December 31

Balance Sheet Statement	USD MN.	USD MN.	USD MN.	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
	2004	2005	2006	2004	2005	2006
Sources of funds						
Paid up equity share capital	0.0	0.0	0.0	0	0	0
Reserves and Surplus (excluding revaluation reserves)	41.0	44.1	47.8	18,085	19,473	21,090
Net worth	41.0	44.1	47.8	18,085	19,473	21,090
Secured Loans	-	-	-	-	-	-
Unsecured Loans	25.6	27.7	30.2	11,272	12,217	13,319
Total	66.6	71.8	78.0	29,357	31,690	34,410
Uses of funds						
Net Fixed Assets	-	-	-	-	-	-
Investments	4.5	4.5	4.5	1,985	1,985	1,985
Net current assets	62.1	67.3	73.5	27,372	29,705	32,425
Miscellaneous exp. not written off	-	-	-	-	-	-
Total	66.6	71.8	78.0	29,357	31,690	34,410

Year ending December 31

Other Financial Data	USD	USD	USD	Rs.	Rs.	Rs.
	2004	2005	2006	2004	2005	2006
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
Earning Per Share	2,173	3,146	3,667	95,851	138,770	161,751
Return on Average Net worth	5.45%	7.39%	7.98%	5.45%	7.39%	7.98%
Book Value Per Share	41,000	44,146	47,813	1,808,501	1,947,270	2,109,035

(Source: Annual Reports of THL, Company).

1 USD = Rs. 44.11

The financial statements of THL have been audited in accordance with the auditing standards generally accepted in India. THL is an unlisted holding company and holds shares in the target company. In addition to its ownership in FAL, THL owns certain intangible assets including various patents and trademarks associated with the Torque-Hub® product line. THL has also advanced loans to FAL. The current sources of income for THL are-

- Royalty income received by as a result of ownership of intangible assets including various patents and trademarks associated with the Torque-Hub® product line which are sold by Fairfield Manufacturing Inc., USA and
- Interest income

There is no income from operations for THL except Royalty Income & Interest Income. Hence royalty income is included in income from operations.

5.6 Significant Accounting Policies

a) Basis of Accounting

The Accounts are prepared under the historical cost convention on accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Loans and Advances

- (i) Loans and Advances to affiliates are stated at their respective carrying amounts. As the Company's loans and advances are to related parties, their carrying values may not be reflective of their respective fair values.
- (ii) Interest income is recorded on an accrual basis based on the terms specified in the respective loan agreements.
- (iii) Management considers the need for a provision for doubtful debts and advances based on specific identification and evaluation of outstanding loan and interest receivable balances.

c) Royalty Income

Royalty income is recorded on an accrual basis based on the specific terms of the royalty agreement with the Parent.

d) Investment in Subsidiary

Investments are classified into long-term and current investments. Long-term investments are stated at cost, except there is a diminution in value other than temporary in which case the carrying value is reduced to recognize the decline.

e) Loan funds

The payable to the Parent is stated at the carrying amount. As the payable is to a related party, its carrying amount may not be reflective of its fair value.

f) Income Tax

The provision for income taxes has been provided based on the Company's share of income tax liability based on the consolidated financial statements of Fairfield Manufacturing Company Inc., USA

g) Deferred Tax

Deferred Tax is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are not recognized unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

5.7 There are no major contingent liabilities in THL.

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

Fiscal 2006 Compared to Fiscal 2005 -

Total income from operations increased in fiscal 2006 due to higher royalty income driven by continued strong sales of Fairfield Manufacturing's Torque-Hub® product line. Higher interest income resulting from increased interest rates also contributed to the improvement in income from operations.

Fiscal 2005 Compared to Fiscal 2004 -

The increase in total income from operations in fiscal 2005 primarily reflects the significant increase in royalty income. Royalty income is generated by sales of Fairfield Manufacturing's Torque-Hub® product line. Strong demand in key end markets drove an increase in the Torque-Hub® product line

5.9 The Directors of THL and their addresses are as listed below:

Name/ Date of Appointment	Education	Experience	Residential Address
Karl Happel, January 27, 2006	Degree in Economics & Business Administration, University of Economics & Business Administration, Vienna, Austria.	Head of Corporate Administration of OC Oerlikon Corporation AG, Director of Taxes and Risk Management, Saurer AG. Auditor with Deloitte, Vienna. Head Finance Administration Keramik Laufen, Switzerland. Head M&A Hero Group, Lenzburg, Switzerland. CFO Caviar House International, Geneva, Switzerland.	Guggenbuhlstrasse 48 Winterthur, Switzerland CH-8404
Joerg Eichkorn May 11, 2007	Degree in Business Management, University of St. Gallen	Chief Financial Officer of OC Oerlikon Corporation, Pfäffikon. Broad range of knowledge and experience in financial management. Background on strategic consulting for industrial companies as well as financial institutions. Many years at Commerzbank and at Boston Consulting Group.	Erlenhalde 3 CH-8832 Wollerau Switzerland

5.10 None of the Directors of THL are on the Board of Directors of the Target Company.

5.11 None of the directors of THL have acquired any Equity Shares of the Target Company in the twelve month period prior to the Public Announcement. Further, none of the directors of THL have acquired any Equity Shares of the Target Company since the date of the Public Announcement and upto the date of this Letter of Offer.

5.12 THL has complied with applicable provisions of Chapter II of the SEBI (SAST) Regulations within the time specified in SEBI (SAST) Regulations with the exception of non-compliance with Regulation 8 of the SEBI (SAST) Regulations for the years 2001 to 2006. The relevant details in this regard have been submitted to SEBI and SEBI may initiate action against THL in this regard at a later stage.

5.13 THL has not promoted any companies in India other than the Target Company.

5.14 Relationship between Acquirer and the PAC

THL is a wholly owned subsidiary of Fairfield Manufacturing Company Inc., USA. The ultimate parent company of THL is Saurer, which was acquired by Oerlikon pursuant to a public tender offer which was completed in January 2007 (see para 2.1 above).

5.15 Future plans/strategies of the Acquirer & the PAC with regard to the Target Company

The Acquirer and the PAC intend to review from time to time FAL's business affairs and financial position. Based on such evaluation and review, as well as general economic and industry conditions existing at the time, the Acquirer and the PAC may consider from time to time, various alternative courses of action.

6 DISCLOSURE IN TERMS OF REGULATION 21(2)

6.1 As per Clause 40A(x) of the Listing Agreement with BSE, the provisions relating to the minimum public shareholding levels are not applicable to FAL, as it is a company in respect of which reference has been made to the BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985.

6.2 Therefore, pursuant to acquisition of Equity Shares of the Target Company under this Offer, the public shareholding in the Target Company would not fall below the levels stipulated by the Listing Agreement.

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7 BACKGROUND OF THE TARGET COMPANY

- 7.1 FAL was incorporated as a private limited company on February 1, 1990 as Atlas Gears Private Limited. It was converted into a deemed public company (under Sec 43A) with effect from 6th March, 1992. Vide Special Resolution passed at EGM held on 27th April, 1994 the name of Atlas Gears Limited (A limited company under Sec43A of the Companies Act, 1956) was changed to Atlas Gears Ltd. The certificate for change of name dated 12th July, 1994 issued by the Registrar of Companies, Maharashtra, Mumbai. On March 1, 2001, the name of the company was changed from Atlas Gears Ltd., to Fairfield Atlas Ltd., by fresh certificate of incorporation consequent upon change in name issued by the Registrar of Companies, Maharashtra, Mumbai. The registered office of FAL is located at Survey No. 157, Devarwadi, Chandgad Taluka, Post Shinoli, Dist. Kolhapur, Maharashtra 416507, India. Ph. No. +91-2320-236605 / 06; Fax No. +91-2320-236416. The corporate office of FAL is located at 202/3, Maruti Mansion, 17, R. Dadaji Street, Fort, Mumbai-400001, India. Ph. No. +91-22-22666003 / 605; Fax No. +91-22-22666164.
- 7.2 The holding company of THL is Fairfield Manufacturing Company Inc., USA. In January 2006, FMCI Acquisition Inc., an indirect subsidiary of Saurer AG, was merged into Fairfield Manufacturing Company Inc. Consequently Fairfield Manufacturing Company Inc. along with its subsidiaries, including THL and FAL, became a part of the Saurer Group.
- 7.3 FAL is in the business of manufacturing gears and is an approved and preferred supplier to original equipment manufacturers in auto and agriculture ancillaries market. The business ranges from single components to kits and assemblies.
- 7.4 THL, a Saurer Group Company, holds 75.77% of the share capital of FAL. Subsequent to the global acquisition of Saurer, Oerlikon has indirectly acquired FAL.
- 7.5 Pursuant to the reference made by the Target Company under the provisions of Sick Industrial Companies Act 1985, FAL has been declared a sick industrial undertaking on March 31, 2003 by the Board for Industrial and Financial Reconstruction ("BIFR") Board vide its order dated June 7, 2006. Further, BIFR has appointed IDBI as the operating agency along with FAL for preparing a revival/rehabilitation scheme within the prescribed period. IDBI has submitted a revival/rehabilitation scheme to BIFR which is pending before BIFR.
- 7.6 The Domestic manufacturing facility of FAL is situated at Survey No. 157, Devarwadi, Chandgad Taluka, Post Shinoli, Dist. Kolhapur, Maharashtra 416507, India. The Export Oriented Unit of FAL is situated at Survey No. 116 and 119, Shinoli (Budruk), Chandgad Taluka, Dist. Kolhapur, Maharashtra 416 507, India.
- 7.7 The share capital structure of FAL is as under

Paid up Equity Shares of FAL	No. of Shares/ voting rights	% of Shares/ voting rights
Fully paid up equity shares	2,73,20,540	100 %
Partly paid up equity shares	-	-
Total paid up equity shares	2,73,20,540	100 %
Total voting rights in Target Company	2,73,20,540	100 %

- 7.8 There are no outstanding convertible instruments (warrants/FCDs/PCDs) etc. of FAL as on the date of Public Announcement. Also there are no partly paid up shares of FAL as at the same date.

7.9 The build up of current share capital of FAL is as follows:

Date of allotment	Number of shares issued	% of shares issued	Cumulative paid up capital	Face Value per share	Mode of allotment	Date on which fully paid up	Identity of allottees (promoters/ ex-promoters/ others)/ Reasons for allotment (Bonus, Swaps, etc.)	Status of compliance
01.02.1990	400	-	4,000	10	On Incorporation	01.02.1990	Subscribers to Memorandum	N.A
10.01.1992	4,49,600	1.64	45,00,000	10	Private	10.01.1992	Promoters	N.A
06.03.1992	2,00,000	0.73	65,00,000	10	Private	06.03.1992	Others	N.A.
12.09.1994	4,50,000	1.65	1,10,00,000	10	Private	12.09.1994	Others	N.A
07.01.1995	30,00,000	10.98	4,10,00,000	10	Public Issue	07.01.1995	Promoters/Others	N.A
01.04.1998	20,50,790	7.51	6,15,07,900	10	Preferential	01.04.1998	Promoters/Others	Preferential Issue guidelines complied
01.06.1998	4,69,750	1.72	6,62,05,400	10	Preferential	01.06.1998	Others	Preferential Issue guidelines complied
03.10.2000	2,07,00,000	75.77	27,32,05,400	10	Preferential	03.10.2000	Others	Report dated 18.10.2000 pursuant to Regulation 3(4) of SEBI (SAST) Regulation 1997 filed with SEBI on 23.10.2000 noted and taken on record vide their letter No. FITTC/TO/RC/1 8557/2000 dated 22.11.2000.
Total	2,73,20,540	100.00%	27,32,05,400					

7.10 No equity shares of FAL are locked-in.

7.11 The Equity Shares of FAL are listed on BSE. FAL is in compliance with the listing requirements on BSE, and no penal actions have been initiated by BSE against FAL. The Company has been complying with the relevant listing requirements of BSE from time to time and there is no penal / punitive action taken by BSE against the Company.

7.12 The Target Company has complied with applicable provisions of Chapter II of the SEBI (SAST) Regulations within the time specified in SEBI (SAST) Regulations. The relevant details in this regard have been submitted to SEBI.

7.13 The details of Directors of FAL are as below:

Name of the Director & Designation	Residence Address	Experience (in years)	Educational Qualification	Date of Appointment
Clement L. Strimel Jr. Chairman	1639, Stonegate Circle, Lafayette, Indiana 47909 USA.	(23 years) Mr. Strimel has been Vice President International Business Development for Fairfield Manufacturing Co.Inc., Indiana, USA since November 2000.	B.E (Mechanical)	01.12.2001
Riad Fyzee Director	9/A-2 Southern Cross, Flat No.3 Myrtle Lane, Richmond Town, Bangalore 560025	(17 years) Mr. Fyzee was the founder and former Chairman and Managing Director since inception.	B.A.(Economics)	01.02.1990
Jonathan M. Mapgaonkar Director	B/4-21, Mahindra Nagar, Dayabhai Patel Road, Malad (East), Mumbai 400 097.	(37 years) Mr. Mapgaonkar is presently Executive Vice President Strategic Sourcing in Mahindra & Mahindra Ltd.	B.E.(Mechanical)	28.06.1995
Gary J. Lehman Director	3609 Montclair St West Lafayette, In 47906, USA	(32 years) Mr. Lehman is presently the President & CEO of Fairfield Manufacturing Co.Inc, Indiana USA	Bachelor in Industrial Management & MBA	26.06.2004

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Avinash P Gandhi Independent Director	C-2/14, Safdarjung Development Area New Delhi 110 016.	(45 years) Mr. Gandhi is presently Chairman of FAG Bearings India Ltd.	B.E.(Mechanical)	31.10.2003
Ravi Kathpalia Independent Director	D 935 New Friends Colony New Delhi 110 065.	(47 years) Mr. Kathpalia is presently Director of Flex Industries Ltd., and is Rtd. Controller Gen. of Accounts, Govt. of India.	M.A., M.Phil	27.06.2005
A.K. Kaul Wholetime Director & CEO	Grace Villa, Plot No.10, Yeshwant Vihar, Nanawadi, Belgaum 590009.	(46 years) Mr. Kaul was Director of RSB Transmissions and was earlier Chief Operating Officer of the Company.	B.E.(Mechanical) D.O.M., C.F.M	01.07.2005
Mr. Rakesh Chopra Independent Director	C -204, Sarvodaya Enclave, New Delhi 110 017	(40 years) Mr. Chopra is a Senior Director in an International Firm of Management Consultants. Mr. Chopra has worked in various capacities in the Escorts Group, including 18 years as CEO, first as Executive Director, Escorts JCB Ltd., and thereafter as Business Head of its largest Divisions, Agri Machinery Group. He is presently on the Board of Bharat Gears Ltd and Founder member on the Governing Council of the Rajiv Gandhi Cancer Institute & Reseach Centre, New Delhi.	Fellow Member of the Institute of Chartered Accountants of England & Wales and also holds a Master Degree in Business Administration from Cranfield London	21.05.2007

7.14 As on the date of this PA, Mr. Gary Lehman and Mr. Clem Strimel who are on the board of directors of FAL are also the nominees of the promoters, i.e. THL. Mr. Gary Lehman is a director Fairfield Manufacturing Company, Inc., a group company of the Acquirer, and Mr. Clem Strimel is an employee of Fairfield Manufacturing Company, Inc. Mr. Lehman and Mr. Strimel have recused themselves and have not participated in any matters concerning or relating to the Open Offer including any preparatory steps leading to the open offer.

7.15 There has been no merger, de-merger relating to Fairfield Atlas Ltd., during the last three years.

7.16 Selected financial data from FAL's financial statements is provided below:

Profit & Loss Statement	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
	2003-2004	2004-2005	2005-2006	Nine months ending Dec.31, 2006
Income from operations	4,982	10,341	11,533	7,957
Other Income	314	103	85	636
Total Income	5,297	10,444	11,617	8,593
Total Expenditure	6,352	10,090	10,916	7,925
Profit Before Depreciation Interest and Tax	311	1,753	2,035	1,931
Depreciation	664	885	791	1,058
Interest	702	514	543	205
Profit Before Tax	(1,055)	355	701	668
Provision for Tax	1	1	(1)	20
Profit After Tax	(1,056)	354	702	648

Balance Sheet Statement	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
	2003-2004	2004-2005	2005-2006	Nine months ending Dec. 31, 2006
Sources of funds				
Paid up share capital	2,732	2,732	2,732	2,732
Reserves and Surplus (excluding revaluation reserves)	55	55	55	55
Secured loans	7,478	7,489	4,975	4,813
Unsecured loans	65	185	391	531
Deferred Tax	691	-	-	-
Total	11,022	10,461	8,153	8,131
Uses of funds				
Net fixed assets	6,511	5,820	5,914	5,253
Net current assets	(91)	1,085	(615)	672
Miscellaneous expenditure not written off	-	-	-	-
Profit & Loss account	3,911	3,556	2,854	2,206
Deferred Tax	691	-	-	-
Total	11,022	10,461	8,153	8,131

Other Financial Data	2003-2004	2004-2005	2005-2006	Nine months ending Dec. 31, 2006
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rs.)	(3.86)	1.30	2.57	2.37
Return on Average Net worth %	0.94	(0.46)	(10.47)	1.11
Book Value Per Share	(4.11)	(2.81)	(0.25)	2.13

(Source: Annual Reports of FAL, Company)

* The nine months' financials have been subject to limited review by the Auditors of FAL.

Price Waterhouse, the Auditors to FAL, have made certain qualifications in their Auditor's Report dated June 23, 2006 in respect of the audited financial statements for the year ending March 31, 2006. The said qualifications are reproduced below:

3. We draw your attention to Note 9 on Schedule 18, regarding the appropriateness of the going concern basis used for the preparation of these Accounts in view of the erosion of net worth of the Company arising from operating losses, the Principal Shareholder, Fairfield Manufacturing Company Inc., U. S. A. has informed the Company of its intention of providing financial support to the Company to meet its obligations, as they fall due, and, accordingly, the financial results have been prepared on going concern basis and no adjustment has been made to write down its assets to net realisable value.

5(b). In our opinion, subject to remarks given in paragraph 2 (c) in Annexure regarding pending updation of records in respect of Work-in-Progress, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

5(f). In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the Notes thereon and annexed thereto, give in the prescribed manner the information required by the Act and also give, read in particular with paragraph 3 above and subject to paragraph 5(g) below and the related note to the financial statements referred to therein with consequential effects on the Company's profit for the year and relevant items on the Balance Sheet, a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;

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- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

5(g). Note 6 on Schedule 18 regarding pending finalization of loan agreement with Fairfield Manufacturing Company Inc., U. S. A. (FMC) and receipt of necessary approval from Reserve Bank of India (RBI), for treatment of payment of term loan by FMC as External Commercial Loan of USD 11,967,023 (Equivalent to Rs. 54,59,35,589). RBI has not approved the application made by the Company vide its letter dated October 18, 2004 to treat the payment as External Commercial Loan as there was no fresh inflow of funds. The Company had filed an appeal with the Ministry of Finance in response to the letter received from RBI on November 25, 2004. Ministry of Finance had also not acceded the application to treat the payment as External Commercial Loan on December 23, 2004. The Company has filed revised application to the Ministry of Finance to review its order on March 31, 2005. During the year, the Company has repaid USD 5,967,023 (Equivalent to Rs. 26,44,71,470) to FMC.

Pending decision of Ministry of Finance on revised application, the Company has recognised net foreign exchange gain of Rs. 54,59,908 in Profit and Loss Account and Rs. 73,24,210 has been reduced from cost of fixed assets. The Company has also reversed depreciation on fixed assets of Rs. 22,13,680 and provided interest on term loans of Rs. 6,63,88,632 till March 31, 2006.

The extent of consequential adjustments as at March 31, 2006, which may arise on account of non-receipt of approval from Ministry of Finance, is currently not ascertainable by the Management.

7.17 The Primary reasons for fall/rise in Total Income and Profits after Tax are as follows:

2005-06: Total income from operations increased 12% due to the continued strength in the Company's export performance. Profit after tax doubled reflecting the combination of the higher sales, lower costs for raw materials and effective cost control measures taken by manufacturing.

2004-05: Total income from operations increased in fiscal 2005 due to a strong performance in the Company's export business. The bulk of the export sales have been to the Company's Principals namely Fairfield Manufacturing Co. Inc. USA. The domestic arm of the business is moving in tandem. The improvement in profit after tax reflects the benefit of higher sales as well as increased productivity in the export operating unit and effective cost control measures.

- 7.18 The equity shareholding in the Target Company before the Offer and after the Offer (assuming full acceptances in the Offer) is given in the table below:

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and Offer (as on the PA date)		Shares /voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in Open Offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and Offer. i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group								
(a). Parties to agreement, if any	-	-	-	-	-	-	-	-
(b). Promoters other than (a) above [#]	-	-	-	-	-	-	-	-
Total 1(a+b)	-	-	-	-	-	-	-	-
(2) Acquirers								
1. Acquirer								
2. PAC	2,07,00,000	75.77	-	-	54,64,108	20	2,61,64,108	95.77
TH Licensing Inc.								
Total 2(a+b)	2,07,00,000	75.77	-	-	54,64,108	20	2,61,64,108	95.77

(3) Parties to agreement other than (1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than the Acquirer & PAC)								
1. FIs/MFs/FIIs/Banks, SFIs (indicate names) Mutual Funds: Reliance Capital - Trustee Co. Ltd. 24,36,990 (8.92%) Canara Bank Trustee - Canbank Mutual Fund 30,000 (0.11%) SHCIL GIC Mutual Fund 6,200 (0.02%) 24,73,190 (9.05%)								
Foreign Institutional Investors Credit Suisse (Singapore Ltd.) 979 Transglobal Resources Ltd. 5,000 (0.02%) Transnational Finance Co. 5,000 (0.02%) Alba Capital Holding 500 11,479 (0.04%)								
Banks Bank of India 100	24,84,769	9.09	-	-	*	*	*	*
2. Others (5,140 shareholders)	37,52,802	13.74	-	-	*	*	*	*
3. Promoters other than Acquirer and PAC** Riad Fyzee 3,52,219 Rati Fyzee 10,270 Murad Fyzee 10,089 Arish Fyzee 10,301 Sudha Fyzee 90		1.29 0.04 0.03 0.04 0.00	-	-	*	*	*	*
Total (4)	66,20,540	24.23	-	-	*	*	*	*
GRAND TOTAL (1+2+3+4)	2,73,20,540	100.00	-	-	*	*	2,73,20,540	100.00

Note: * The entire 20% shares of the Target Company envisaged to be acquired by the Acquirer would be from the categories of the shareholders mentioned in 1(a) and (b), 4(a) and 4(b) above and therefore the post offer holding of these shareholders are not ascertainable at this stage and would depend on the quantum of acceptance received from them.

** Since promoters other than the Acquirer and PAC are eligible to participate in the Open Offer, they have been shown under Public Category.

7.19 THL acquired shares of FAL on October 3, 2000. Since then there has not been any change in the shareholding of THL in the target company requiring any further compliance with SEBI (SAST) Regulations / other applicable regulations under the SEBI Act 1992 and other statutory requirements as applicable.

7.20 Corporate Governance

FAL has complied with the provisions of Corporate Governance. The following are the relevant details in this regard

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Board of Directors:

The Board of Directors consists of 8 directors – a Whole Time Director & C.E.O., one non-executive nominee director, 2 non-executive nominee directors representing Fairfield Manufacturing Company Inc., U. S. A. and 2 non executive directors who are Independent Directors and one non-executive director. The Chairman of the Board is non-executive. The Chairman being non-executive, number of Independent Directors should be one third of the total strength. However, consequent upon the death of Mr. Jayant G. Herwadkar on October 9, 2006 the company had only 2 Independent Directors. The company has appointed Mr. Rakesh Chopra as Independent Director w.e.f. May 21, 2007.

During the period April 2006 till June 27, 2007 the Board met 7 times on the following dates: June 23, 2006, July 29, 2006, September 9, 2006, October 17, 2006, January 27, 2007, May 21, 2007 and June 27, 2007. The maximum time gap between any 2 meetings was not more than 4 calendar months.

The following table gives details of Directors, attendance of Directors at the Board meetings and at the last Annual General Meeting, held on September 09, 2006, number of memberships held by Directors in the Board/committee of various companies.

Name	Category	Attendance		Number of other Director-Ships excluding pvt cos.	No. of other Committee* Memberships held	No. of other Chairmanship of Committees* held
		Board Meetings	Last Annual General Meeting			
A. K. Kaul	Whole Time Director & C.E.O	6	Yes		2	-
Riad Fyzee	Non Executive Director	6	Yes	-	1	1
J. M. Mapgaonkar @	Non Executive Director	2	No	-	1	-
Clement L. Strimel +	Chairman Non Executive Director	4	Yes	-	-	-
Jayant Herwadkar**	Independent Director	1	No	-	-	-
Ravi Kathpalia	Independent Director	7	Yes	4	5	3
Gary J. Lehman +	Non Executive Director	-	No	-	-	-
Avinash P. Gandhi	Independent Director	6	No	6	4	3
Rakesh Chopra	Independent Director	2	N.A.	1	-	-

* Committees considered are Remuneration Committee, Audit Committee and Shareholders/Investors Grievance Committee including Fairfield Atlas Ltd.

@ Nominee Director - Mahindra and Mahindra Limited

+ Nominee Director - Fairfield Manufacturing Company Inc., U.S.A.

** Ceased to be a Director w.e.f. 9th October, 2006 consequent upon death.

Code of Conduct:

The Board has laid down Code of Conduct for Directors and Senior Executives of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

Committees of the Board:

Audit Committee:

The members of the present Audit Committee are Mr. Avinash Gandhi, Mr. Ravi Kathpalia, Mr. Rakesh Chopra and Mr. A.K. Kaul first three being Independent Directors. Mr. Avinash Gandhi is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

Shareholders/Investors Grievance Committee:

The present Committee consists of Mr. Riad Fyzee, Mr. J. M. Mapgaonkar and Mr. A.K. Kaul. Mr. Riad Fyzee is

the Chairman of the Committee. The Committee looks into redressing of shareholders complaints like transfer of shares, non-receipt of Balance Sheet, dividend etc. The work of the Registrar and Transfer Agent is overseen by the Committee.

Remuneration Committee:

The members of the present Remuneration Committee comprises of Mr. Ravi Kathpalia, Mr. Avinash P. Gandhi and Mr. Rakesh Chopra. The Committee recommends to the Board the remuneration package of the Managing Director/Whole Time Director and other Directors. The remuneration paid to the Wholetime Director & CEO is in accordance with the provisions of Schedule XIII of the Companies Act, 1956. The Wholetime Director & CEO is paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is recommended by the Remuneration Committee of the Board and is approved by the Board.

Annual General Meeting:

Location, date and time where last four general body meetings were held:

Year	Venue	Date	Time
AGM 2003	Survey No.157 Devarwadi, Post Shinoli Chandgad Taluka Dist. Kolhapur Maharashtra 416507.	September 8, 2003	3 PM
AGM 2004	Survey No.157 Devarwadi, Post Shinoli Chandgad Taluka Dist. Kolhapur Maharashtra 416507.	September 9, 2004	3 PM
AGM 2005	Survey No.157 Devarwadi, Post Shinoli Chandgad Taluka Dist. Kolhapur Maharashtra 416507.	September 20, 2005	3 PM
AGM 2006	Survey No.157 Devarwadi, Post Shinoli Chandgad Taluka Dist. Kolhapur Maharashtra 416507.	September 9, 2006	3 PM

The Company Secretary in Whole time practice vide his letter dated June 23, 2006, has certified that FAL has complied with the conditions of Corporate Governance as stipulated in the listing agreement.

7.21 The following are the major litigations involving or against FAL as of the date of PA.

1	Appln. MRTU No.4/2003 Industrial court	Maharashtra Rajya Rashtriya Kam. Sangh v/s Fairfield Atlas Limited	This matter is under Section 14 of Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971. At the relevant time, the Union by name Maharashtra Rajya Rashtriya Kam. Sangh approached Industrial Court, Kolhapur for cancellation of recognition of existing Union by name Bhartiya Kamgar Sena. The Company has opposed the application. The matter is pending in Industrial Court, Kolhapur.
2	I D A 23/00 Labour Court	Atlas Gears Limited v/s Ramesh Dalvi	This is a Reference under Industrial Disputes Act, 1947. The dispute is raised by Ramesh Maruti Dalvi. His Services were terminated. He has challenged the termination and has claimed reinstatement with continuity of service and full backwages. The Company has filed Written Statement and has opposed the claim. It is the case of the Company that Shri Dalvi tendered resignation and there is no termination. The resignation letter is not on record. However, Service Certificate disclosing that Shri Dalvi has resigned is available. The matter is pending for hearing. The matter may come for hearing any time. Shri Dalvi has completed more than 240 days of continuous service. The Advocate of Shri Dalvi is willing for Settlement.

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3	Ref. (I D A) 157/02 Labour court	Fairfield Atlas Ltd. v/s Raghunath M Bhogan	This Reference is raised by Shri R M Bhogan. The contention of Shri Bhogan is that he has worked for more than 240 days and is permanent worker. He has raised dispute claiming reinstatement with full backwages. The Company opposed the claim stating that he has worked for only 171 days and was not permanent employee. Mr. Bhogan has contended that he has worked for longtime and artificial breaks were given to him. The matter may come for hearing in coming two years.
4	Ref. (I D A) 158/02 Labour court	Fairfield Atlas Ltd. v/s Prakash Janaba Sakat	This Reference is raised by Shri P J Sakat. The contention of Shri Sakat is that he has worked for more than 240 days and is permanent worker. He has raised dispute-claiming reinstatement with full backwages. The Company opposed the claim stating that he has worked for only 171 days and was not permanent employee. Mr. Sakat has contended that he has worked for longtime and artificial breaks were given to him. The matter may come for hearing in coming two years.
5	Ref. (I D A) 121/03 Labour court	Fairfield Atlas Ltd. v/s Mahadeo A Bhogan	This Reference is raised by Shri M A Bhogan. The contention of Shri Bhogan is that he has worked for more than 240 days and is permanent worker. He has raised dispute claiming reinstatement with full backwages. The Company opposed the claim stating that he has worked for only 171 days and was not permanent employee. Mr. Bhogan has contended that he has worked for longtime and artificial breaks were given to him. The matter may come for hearing in coming two years.
6	Ref. (I D A) 122/03 Labour court	Fairfield Atlas Ltd. v/s Mahadeo Ramchandra Yallurkar	This Reference is raised by Shri M R Yallurkar. The contention of Shri Yallurkar is that he has worked for more than 240 days and is permanent worker. He has raised dispute claiming reinstatement with full backwages. The Company opposed the claim stating that he has worked for only 171 days and was not permanent employee. Mr. Yallurkar has contended that he has worked for longtime and artificial breaks were given to him. The matter may come for hearing in coming two years.
7	Ref. I D A 320/05 Labour court	Rajaram Yellappa Patil v/s Fairfield Atlas Ltd.	This is a recent case. The worker has not filed Statement of Claim yet.

7.22 Compliance Officer: Mr. Marcel Rebello, 202-203 Maruti Mansion, 17 Raghunath Dadaji Street, Opp. Old Handloom House, Fort, Mumbai 400 001. Ph. No. +91-22-22666003 / 605; Fax No. +91-22-22666164 Email: atlas@bom4.vsnl.net.in

8 OFFER PRICE

8.1 Justification of Offer Price

8.1.1 The company's securities are listed on the Bombay Stock Exchange Limited, Mumbai. (Stock Code: 520145).

8.1.2 Based on information available (Source: www.bseindia.com), the equity shares are frequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. The annualized trading turnover during the six months preceding the PA i.e February 9, 2007 and the Swiss Public Announcement i.e September 6, 2006 in each of the stock exchanges is detailed below:

Date	Name of Stock Exchange	Total no. of shares traded during the 6 calendar months	Total no. of listed shares as on February 8, 2007	Annualized Trading Turnover (in terms of % of total listed shares)	Trading Status in terms of SEBI (SAST) Regulations
Aug. 1, 2006 to Jan. 31, 2007	BSE	19,69,195	2,73,20,540	14.42%	Frequently Traded
Mar. 1, 2006 to Aug. 31, 2006	BSE	16,80,018	2,73,20,540	12.30%	Frequently Traded

8.1.3 The Offer Price of Rs. 81 per share is justified in terms of Regulations 20(4) and 20(12)** of the SEBI (SAST) Regulations being the highest of the following:-

(a) The negotiated price	Not Applicable*
(b) The highest price paid by the Acquirer and the PAC for acquisition of equity shares of the Target Company during the 26 week period prior to the date of the PA i.e. February 9, 2007	Not Applicable
(c) The average of the weekly high and low of closing prices of the equity shares of the Target Company on BSE for the 26 weeks preceding the date of the PA i.e. February 9, 2007.	80.89
(d) The average of the daily high and low prices of the equity shares of the Target Company on BSE for the two weeks preceding the date of the PA i.e. February 9, 2007.	75.71
(e) The highest price paid by the Acquirer and the PAC for acquisition during the 26 week period prior to the date of the Swiss Public Announcement. i.e. Wednesday, September 6, 2006	Not Applicable
(f) The average of the weekly high and low of closing prices of the shares of the Target Company on BSE for the 26 weeks preceding the date of the Swiss Public Announcement. i.e. Wednesday, September 6, 2006	Rs. 76.25
(g) The average of the daily high and low prices of the shares of the Target Company on BSE for the two weeks preceding the date of the Swiss Public Announcement. i.e. Wednesday, September 6, 2006	Rs. 70.64

* There has not been any negotiated price under any agreement for acquisition of shares of the Target Company by the Acquirer and the PAC. No separate value has been assigned for the Target Company, i.e. FAL during the valuation exercise of Saurer by the Acquirer.

** Regulation 20(12) of the SEBI (SAST) Regulations states that the offer price for indirect acquisition or control shall be determined with reference to the date of the public announcement for the parent company and the date of public announcement for acquisition of shares of the target company, whichever is higher, in accordance with Regulation 20(4) or 20(5).

8.1.4 The price and volume data of the Target Company on BSE

For the 26 week period prior to the date of the PA i.e. February 9, 2007 is as under:

Week no.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume for the week
1	Thursday, February 08, 2007	78.30	71.20	74.75	82,996
2	Thursday, February 01, 2007	77.75	74.85	76.30	57,719
3	Thursday, January 25, 2007	84.80	81.40	83.10	27,566
4	Thursday, January 18, 2007	90.45	86.10	88.28	55,171
5	Thursday, January 11, 2007	92.90	89.55	91.23	76,464
6	Thursday, January 04, 2007	87.10	82.40	84.75	34,592
7	Thursday, December 28, 2006	90.40	85.00	87.70	29,301
8	Thursday, December 21, 2006	91.20	86.25	88.73	32,977
9	Thursday, December 14, 2006	88.50	81.90	85.20	40,423
10	Thursday, December 07, 2006	94.00	86.35	90.18	78,561
11	Thursday, November 30, 2006	97.05	94.05	95.55	59,479
12	Thursday, November 23, 2006	93.25	81.05	87.15	65,260
13	Thursday, November 16, 2006	95.00	82.75	88.88	1,54,098
14	Thursday, November 09, 2006	97.10	80.00	88.55	1,52,447
15	Thursday, November 02, 2006	83.25	78.10	80.68	43,870
16	Thursday, October 26, 2006	82.85	80.55	81.70	38,139
17	Thursday, October 19, 2006	84.30	76.75	80.53	1,76,977
18	Thursday, October 12, 2006	75.45	69.85	72.65	34,455
19	Thursday, October 05, 2006	73.35	69.90	71.63	32,167
20	Thursday, September 28, 2006	73.85	69.60	71.73	79,908
21	Thursday, September 21, 2006	73.05	69.80	71.43	67,226
22	Thursday, September 14, 2006	74.95	73.05	74.00	1,11,865
23	Thursday, September 07, 2006	76.35	69.10	72.73	41,716
24	Thursday, August 31, 2006	72.90	68.10	70.50	24,839
25	Thursday, August 24, 2006	72.55	70.20	71.38	52,958
26	Thursday, August 17, 2006	75.00	72.85	73.93	51,491
	26 weeks' average			80.89	

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For the two weeks preceding the date of the PA i.e. February 9, 2007 is as under :

Day No.	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume for the day
1	Thursday, February 08, 2007	78.30	69.00	73.65	31,734
2	Wednesday, February 07, 2007	75.00	68.35	71.68	24,418
3	Tuesday, February 06, 2007	76.50	72.00	74.25	9,695
4	Monday, February 05, 2007	78.25	74.10	76.18	11,264
5	Friday, February 02, 2007	77.80	76.00	76.90	5,885
6	Thursday, February 01, 2007	78.90	74.50	76.70	8,620
7	Wednesday, January 31, 2007	79.70	74.00	76.85	37,549
8	Monday, January 29, 2007	82.15	76.80	79.48	11,550
	2 weeks' average			75.71	

For the 26 weeks preceding the date of the Swiss Public Announcement i.e. Wednesday, September 6, 2006

Week no.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume for the week
1	Tuesday, September 05, 2006	72.75	68.10	70.43	29,735
2	Tuesday, August 29, 2006	72.90	70.95	71.93	23,078
3	Tuesday, August 22, 2006	75.00	70.20	72.60	58,602
4	Monday, August 14, 2006	77.60	73.85	75.73	1,61,724
5	Tuesday, August 08, 2006	72.00	56.15	64.08	2,22,477
6	Tuesday, August 01, 2006	56.85	50.25	53.55	27,769
7	Tuesday, July 25, 2006	51.70	45.05	48.38	68,399
8	Tuesday, July 18, 2006	55.45	53.15	54.30	17,465
9	Tuesday, July 11, 2006	57.50	55.05	56.28	9,311
10	Tuesday, July 04, 2006	58.55	54.00	56.28	15,602
11	Tuesday, June 27, 2006	64.15	56.35	60.25	28,694
12	Tuesday, June 20, 2006	56.85	52.30	54.58	62,218
13	Tuesday, June 13, 2006	64.45	57.10	60.78	20,664
14	Tuesday, June 06, 2006	77.60	66.70	72.15	17,157
15	Tuesday, May 30, 2006	82.20	74.60	78.40	74,919
16	Tuesday, May 23, 2006	89.20	74.15	81.68	42,334
17	Tuesday, May 16, 2006	94.20	87.60	90.90	40,322
18	Tuesday, May 09, 2006	98.45	91.40	94.93	62,249
19	Tuesday, May 02, 2006	101.55	97.10	99.33	70,659
20	Tuesday, April 25, 2006	99.30	91.25	95.28	83,305
21	Tuesday, April 18, 2006	99.10	91.80	95.45	69,403
22	Monday, April 10, 2006	99.95	95.70	97.83	69,122
23	Tuesday, April 04, 2006	95.95	90.15	93.05	99,266
24	Tuesday, March 28, 2006	91.75	85.90	88.83	1,11,520
25	Tuesday, March 21, 2006	101.15	93.25	97.20	70,693
26	Tuesday, March 14, 2006	100.25	96.45	98.35	58,938
	26 weeks' average			76.25	

For the two weeks preceding the date of the Swiss Public Announcement. i.e. Wednesday, September 6, 2006

Day No.	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume for the day
1	Tuesday, September 05, 2006	72.75	69.60	71.18	9,943
2	Monday, September 04, 2006	70.80	68.65	69.73	1,615
3	Friday, September 01, 2006	70.00	66.15	68.08	6,746
4	Thursday, August 31, 2006	69.85	68.00	68.93	3,356
5	Wednesday, August 30, 2006	70.75	67.75	69.25	8,075
6	Tuesday, August 29, 2006	70.95	69.85	70.40	1,746
7	Monday, August 28, 2006	73.50	70.00	71.75	5,820
8	Friday, August 25, 2006	74.50	72.05	73.28	5,842
9	Thursday, August 24, 2006	72.80	70.50	71.65	2,665
10	Wednesday, August 23, 2006	74.20	70.15	72.18	7,005
	2 weeks' average			70.64	

8.1.5 In the opinion of the Manager to the Offer, Acquirer and the PAC, the Offer Price of Rs. 81 per fully paid-up equity share is justified in terms of Regulations 20(4) and 20(12).

8.1.6 If the Acquirer, PAC or any advisor, broker, or other financial institution acting as their agent acquires Equity Shares in the open market or through negotiation or otherwise, after the date of Public Announcement and until the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under the Offer. However, no acquisition will be made by the Acquirer, PAC or any advisor, broker, or other financial institution acting as their agent in the open market during the last seven working days prior to the Offer Closing Date.

- 8.1.7 Acquirer, PAC and any advisor, broker, or other financial institution acting as their agent shall not acquire, during the Offer Period, any Equity Shares in FAL except in compliance with the SEBI (SAST) Regulations and the details of such acquisitions, including numbers, percentage, price, broker (if any), mode of acquisition and time of execution, shall be disclosed to the stock exchanges and to the Manager within 24 hours thereof, in terms of the Regulation 22(17). As per Regulation 22(17), the stock exchanges shall forthwith disseminate such information to the public.
- 8.2 No price was attributed to the Equity Shares of FAL in the public tender offer made for acquisition of the equity shares of Saurer by the Acquirer. There was no non-compete agreement or payment of non-compete fee to any person by the Acquirer.

9 FINANCIAL ARRANGEMENTS

- 9.1 The total funding requirement for the acquisition of up to 54,64,108 equity shares held by shareholders in the Target Company at Rs. 81 per share is approximately Rs. 44.26 crores (Rupees Forty Four Crores and Twenty Six Lakhs) (the "**Maximum Consideration**"). The source of funds is foreign, to be provided by Oerlikon jointly with THL.
- 9.2 Deutsche Bank, India (defined as DB-India in 9.3 below) has issued a bank guarantee on behalf of the Acquirer and the PAC in favour of ICICI Securities of Rs. 13.7 crores which is in excess of 25% of the value of the total consideration payable under the Offer (assuming full acceptance). The said bank guarantee is duly discharged in favour of ICICI Securities. The bank guarantee is sought from Deutsche Bank and Deutsche Bank is not an associate of or group of the Acquirer or the PAC or the Target Company.
- 9.3 In addition, Oerlikon, THL, ICICI Securities and Deutsche Bank, a company incorporated in Frankfurt and having one of its offices at Bahnhofstrasse 1, 78462 Konstanz ("**Foreign Escrow Agent**") and one of its offices at Kodak House, 222 Dr. D.N. Road Fort, Mumbai 400 001, India ("**DB-India**"), have entered into an open offer escrow agreement, dated February 2, 2007 (the "**Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Escrow Agreement, Oerlikon has made a cash deposit of Euro 110,000 (equivalent to Rs. 62,74,400) calculated in accordance with an exchange rate of 1 Euro = Rs. 57.04 (source: www.rbi.org.in) (which is in excess of 1% of the value of the total consideration payable under the Offer, assuming full acceptances), in an escrow account with the Foreign Escrow Agent (the "**Foreign Escrow Account**"). ICICI Securities has been duly authorised to realize the value of the aforesaid Foreign Escrow Account in terms of the SEBI (SAST) Regulations. Subsequent to approval obtained from RBI for opening and operating an escrow account in India, an amount of Rs. 60,00,000 (which is in excess of 1% of the value of the total consideration payable under the Offer, assuming full acceptances) has been transferred from the Foreign Escrow Account to an escrow account with DB - India (the "**Indian Escrow Account**"). ICICI Securities has been duly authorised to realize the value of the aforesaid Indian Escrow Account in terms of the SEBI (SAST) Regulations.
- 9.4 M/s. Deutsche Bank AG, vide their letter dated January 31, 2007, have certified that THL has adequate resources to meet the financial obligations under this Offer. In addition, M/s. V. N. Shah & Associates, Chartered Accountants (Membership No.: 103235) located at 2nd Floor, Plot No. 112, Road No. 13, MIDC, Marol, Andheri (East), Mumbai 400 093, India (Tel: +91 22 5696 9441, Fax: +91 22 2821 3656) vide their letter dated May 29, 2007, have certified that the Acquirer jointly with the PAC have adequate resources to meet the financial obligations under this Offer.
- 9.5 ICICI Securities, the Manager to the Offer confirms that it is satisfied about the ability of the Acquirer and the PAC to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

10 STATUTORY APPROVALS

- 10.1 The PAC has obtained approval from the RBI for opening Escrow Account, Rupee Payments Account and acquiring shares tendered under the Open Offer in accordance with the SEBI SAST Regulations. Specific approval of the RBI needs to be obtained by the OCB in the event that any OCB shareholder tenders its shares in the Open Offer. No specific approval from RBI is required in case shares are tendered by NRI shareholders. As of the date of this Letter of Offer, no other statutory approval is required.
- 10.2 To the best of the knowledge of the Acquirer and the PAC, as on the date of this Letter of Offer Announcement, there are no other statutory approvals required to implement the Offer. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer and the PAC, in terms of Regulation 27 of SEBI (SAST) Regulations, will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused.

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- 10.3 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to the Acquirer and the PAC for payment of consideration to the Shareholders of the Target Company, subject to the Acquirer and the PAC agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirer and the PAC in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- 10.4 To the best of the knowledge of the Acquirer and the PAC, as on the date of this Public Announcement, there are no approvals required from financial institutions / banks for the said Offer.
- 10.5 None of the Acquirer, the PAC or the Target Company has been prohibited by SEBI from dealing in securities, pursuant to any direction issued under Section 11B of the SEBI Act.

11 TERMS AND CONDITIONS OF THE OFFER

- 11.1 The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the Shareholders of the Target Company (except the Acquirer and the PAC), whose names appear on the Register of Members of the Target Company and to the beneficial owners of the equity shares of the Target Company whose names appear on the beneficial records of the respective Depositories, in either case, at the close of business on Tuesday, March 6, 2007 (the "**Specified Date**").
- 11.2 All owners (registered or unregistered) of Shares of Target Company (except the Acquirer and the PAC) are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can also send their application in writing to the Registrar to the Offer in the mode mentioned below.
- 11.3 Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Locked in shares, if any, can be tendered in the Open Offer subject to applicable laws including the continuation of the lock-in in the hands of the Acquirer. The Manager to the Offer will ensure that there is no discrimination in the acceptance between locked in and non-locked in shares. Shares that are subject to any other charge, lien or encumbrance are liable to be rejected.
- 11.4 Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.
- 11.5 The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.
- 11.6 The acceptance of the Offer made by the Acquirer and PAC is entirely at the discretion of the Shareholders of the Target Company. The Acquirer and PAC will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

12 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 12.1 A letter of offer (the "**Letter of Offer**") specifying the detailed terms and conditions of the Offer, together with a form of acceptance-cum-acknowledgement (the "**Form of Acceptance-cum-Acknowledgement**") and form of withdrawal (the "**Form of Withdrawal**") will be mailed to the Shareholders (other than Acquirer and the PAC), whose names appear on the Register of members of FAL and to the owner of the shares whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on Tuesday, March 6, 2007 (the "**Specified Date**").
- 12.2 All Equity Shares validly tendered and accepted under the Offer, will be acquired by THL, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the Equity Shares to THL will be pre-conditions for acceptance of the tendered Equity Shares..
- 12.3 All Shareholders of FAL (except the Acquirer and the PAC), whose names appear in the register of members of FAL as of the Specified Date, i.e., Tuesday, March 6, 2007 and also persons who acquire any Equity Shares of FAL at any time prior to the closing of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer anytime before the closing of the Offer.
- 12.4 Shareholders who hold shares in the physical form and wish to tender the shares pursuant to the Offer shall be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to Sharepro Services (India) Pvt. Ltd., Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099, who are acting as the Registrar to the Offer (the "**Registrar to the Offer**"), either by hand delivery on weekdays during business hours (Mondays to Saturdays between 10.00 a.m. to 5.00 p.m.) or by registered post so that the same are received on or before the close of the Offer, i.e. by

Wednesday July 25, 2007 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement. The transfer deed should be left blank, excepting the signatures as mentioned above.

- 12.5 The Registrar to the Offer has opened a special depository account with Stock Holding Corporation of India Limited as the Depository Participant in National Securities Depository Limited (“**NSDL**”), styled “Sharepro Services Fairfield Atlas Open Offer Escrow A/c”. The Depository Participant (“**DP**”) ID is IN301330 and Beneficiary Client ID is 19968776. Shareholders holding their beneficiary account in Central Depository Services India Limited (“**CDSL**”) will have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.
- 12.6 Beneficial owners (holders of shares in dematerialised form) who wish to tender their 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 instructions in “off-market” mode, duly acknowledged by the DP, in favour of the above mentioned special depository account, to the Registrar to the Offer – Sharepro Services (India) Pvt Ltd., Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099, either by hand delivery on weekdays during business hours (Mondays to Saturdays between 10.00 a.m. to 5.00 p.m.) or by registered post so as to reach on or before the close of the Offer, i.e. by Wednesday July 25, 2007, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. Beneficial owners should ensure that they credit their shares in favour of the aforementioned special depository account on or before the close of the Offer i.e. by Wednesday July 25, 2007.
- 12.7 Persons who own shares and whose names do not appear on the register of members of the Company on the Specified Date are also eligible to participate in this Offer. Unregistered owners of shares of the Target Company can 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, distinctive numbers, folio numbers, together with the original share certificate(s), transfer deeds and the original contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
- 12.8 Owners of shares who have sent their shares for transfer should enclose, Form of Acceptance-cum-Acknowledgement duly completed and signed, copy of the letter sent to the Target Company for transfer of shares and valid share transfer form(s). Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the aforesaid special depository account is received on or before the date of close of the Offer, i.e. by Wednesday July 25, 2007, else the application will be rejected.
- 12.9 The shares and other relevant documents should not be sent to the Acquirer, the PAC, the Manager to the offer or the Target Company.
- 12.10 In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI website, (ii) obtain a copy of the same by writing to the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. by Wednesday July 25, 2007 or in the case of beneficial owners, they may send the application 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 a photocopy of the delivery instruction in “off- market” mode or counterfoil of the delivery instruction in the “off-market” mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e. by Wednesday July 25, 2007.
- 12.11 The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:
- duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single Shareholder) if the original Shareholder is deceased;
 - duly attested Power of Attorney if any person apart from the Shareholder has signed the application form and/or transfer deed(s);
 - no objection certificates from the chargeholder/ lender, if the shares in respect of which the application is sent, are under any charge, lien or encumbrance;
 - in case of companies, the necessary corporate authorisation (including Board Resolutions);
 - any other relevant documentation
- 12.12 In addition to the above mentioned address, all owners of shares of the Target Company, registered or

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unregistered, who wish to avail of and accept the Offer can also hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All centres mentioned herein below would be open on all working days as follows:

Business hours: Mondays to Saturdays 10.00 a.m. to 5.00 p.m. The centres will be closed on Sundays and any other public holidays.

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	C/o. S S Enterprises, Above Avoji Showroom, Opp Tailor Point, Zaveri Varma Naka, Relief Road, Ahmedabad – 380022	Mr. Hitesh Mehta	+91-79- 65134328 / +91-9825465963	+91-79- 25601636	Registered post or hand delivery
2.	Chennai	C/o. Skystock Financial 7/A Laxman Nagar, East Main Road, Chennai - 600082	Mr. B. Srinivas	+91-44-26712611	+91-44-26712611	Registered post or hand delivery
3.	Kolkata	C/o. Dynamic Financial Consultant 196 A G Arabinda Sarani, Gouribari Kolkata - 700004	Mr. Bhaskar Biswas	+91-33-25333706 / +91-9830050737	+91-33-28250087	Registered post or hand delivery
4.	Mumbai	Sharepro Services (India) Pvt. Ltd., Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E) Mumbai - 400 099	Mr. V Kumaresan	+91-22-28215168/69	+91-22-28375646	Registered post or hand delivery
5.	New Delhi	C/o. Sterling Services F-75 1st Floor Bhagat Singh Market Near Gol Market New Delhi - 110001	Mr. Sridhar	+91-11-65058126 / +91-9313796360	+91-11-41561130	Registered post or hand delivery

12.13 The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in the credit of the special depository account, Form of Acceptance-cum-Acknowledgement, if any, and the transfer form on behalf of the Shareholders of the Target Company until the Acquirer and PAC complete their obligations in accordance with the SEBI (SAST) Regulations.

12.14 Friday, July 6 2007 shall be the date of opening of the Offer and Wednesday July 25, 2007 shall be the closing date of the Offer.

12.15 The payment of consideration to those Shareholders whose shares or share certificates and / or other documents are found complete, valid and in order will be made by way of a crossed account payee cheque, demand draft or pay order. The decision regarding the acquisition (in full or part), or rejection of, the shares offered for sale by the Shareholders of the Target Company pursuant to the Offer and (i) any corresponding payment for the acquired shares and / or; (ii) share certificates for any rejected shares or shares withdrawn, will be communicated and despatched to the shareholders by registered post or by ordinary post as the case may be, at the shareholders' sole risk. Shares held in dematerialised form to the extent not acquired or shares withdrawn will be credited back to their beneficiary account with their respective depository participants as per the details furnished by their beneficial owners in the Form of Acceptance-cum-Acknowledgement.

12.16 Payment of consideration will be made by crossed account payee cheques/ demand drafts and sent by registered post and / or speed post in case of consideration amount exceeding Rs. 1,500/- (under Certificate of Posting otherwise) to those Shareholders whose share certificates and other documents are found in order and accepted by the Acquirer, at the Shareholders' sole risk. All cheques / demand drafts will be drawn in the name of the first holder, in case of joint registered holders.

12.17 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing their acceptances tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the document as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Wednesday July 25, 2007.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, as enclosed herewith.
- The Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal. i.e. Wednesday July 25, 2007.

- Shareholders should enclose the following:

For Equity Shares held in demat form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- Photocopy of the delivery instruction slip in "Off-market" mode or counterfoil of the delivery instruction slip in "Offmarket" mode, duly acknowledged by the DP.

For Equity Shares held in physical form

(i) Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with RSIL and duly witnessed at the appropriate place.

(ii) Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.

- The withdrawal of Equity Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer or credited to the Depository Escrow Account.
- The intimation of returned Equity Shares to the Shareholders will be sent at the address as per the records of FAL/ depository as the case may be.
- The physical shares withdrawn by shareholders would be returned by registered post.
- The Form of Withdrawal alongwith enclosure should be sent to the Registrar to the Offer only.
- In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from FAL. The facility of partial withdrawal is available only to Registered Shareholders.
- Shareholders holding Equity Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

12.18 The withdrawal option can be exercised by submitting the document as per the instructions mentioned above, so as to reach the Registrar to the Offer on or before three working days prior to the date of closure of the Offer. In case of non-receipt of the Form Of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- a. In case of physical shares: Name, address, distinctive numbers, folio nos. number of shares tendered/ withdrawn.
- b. In case of dematerialized shares: Name, address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of delivery instruction in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP in favour of the Depository Escrow Account.

12.19 Any shares that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the Shareholder(s) of the Target Company may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected unless directions / orders regarding the free transferability of such shares are received together with the shares tendered under the Offer prior to the date of closure of the Offer.

12.20 While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such Shares tendered. In case the aforesaid No Objection Certificate/ Tax Clearance Certificate is not submitted, the Acquirer and PAC will deduct tax at the currently prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI / OCB /Non-domestic companies / Other persons who are not resident in India.

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- 12.21 In case the Shares offered in the Offer are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations
- 12.22 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the Shareholder's / unregistered owner's sole risk to the sole / first Shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise.
- 12.23 A schedule of some of the major activities in respect of the Offer is given below:-

	Activity	Original Schedule	Revised Schedule
1	Public Announcement Date	Friday, February 9, 2007	Friday, February 9, 2007
2	Specified date*	Tuesday, March 6, 2007	Tuesday, March 6, 2007
3	Last date for announcement of a competitive bid	Friday, March 2, 2007	Friday, March 2, 2007
4	Date by which Letter of Offer will be dispatched to shareholders	Friday, March 23, 2007	Monday, July 2, 2007
5	Offer Opening Date	Friday, March 30, 2007	Friday, July 6, 2007
6	Last date for revising the Offer Price / number of Shares	Friday, April 6, 2007	Monday, July 16, 2007
7	Last date for withdrawing acceptance from the Offer	Thursday, April 12, 2007	Friday, July 20, 2007
8	Date of Closure of the Offer	Wednesday, April 18, 2007	Wednesday, July 25, 2007
9	Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired shares and / or the unaccepted shares/share certificates will be credited / dispatched.	Thursday, May 3, 2007	Thursday, August 9, 2007

* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent except the Acquirer and the PAC.

13 TAX TO BE DEDUCTED AT SOURCE

13.1 As per the provisions of section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of Shareholders, as given below::

- Non-resident Indians: The Acquirer will deduct tax at source at the rate of 30% on the Offer Price in case of short-term capital gains or business profits, and at the rate of 10% on the Offer Price in case of long-term capital gains. In the event that the aforesaid amount of gross proceeds exceeds Rs.1,000,000/- the aforesaid rate will be increased by a surcharge of 10% of the tax. The amount so arrived at will be further increased by an education cess of 2% and secondary and higher education cess of 1% (collectively referred as cess of 3%) of the aggregate of the tax and surcharge to be deducted in all cases.
- Overseas Corporate Bodies/ Non-domestic companies: The Acquirer will deduct tax at source (including cess and surcharge) at the rate of 42.23% (where the amount of gross proceeds exceeds Rs. 10,000,000) and at the rate of 41.2% (where the amount of gross proceeds is less than or equal to Rs. 10,000,000) on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 10.5575% (where the amount of gross proceeds exceeds Rs. 10,000,000) and at the rate of 10.3% (where the amount of gross proceeds is less than or equal to Rs. 10,000,000) on the Offer Price in the case of long-term capital gains.
- Foreign Institutional Investors ("FII"): As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor ("FII") as defined in section 115AD of the Income Tax Act. However the Acquirer will not deduct tax at source only if the Shares are held by the FII on investment/capital account.

Tax will be deducted at source at 42.23% / 41.2% on the Offer Price if the Shares are held on trade account or if the FII fails to certify in the bid form ("the **Bid Form**") that the Shares are held by it on investment/capital account if the FII is a company. If the FII is a person other than a company, then tax will

be deducted at the rate of 30% and will be further increased by a surcharge and education cess as indicated above viz., (i) in the case of an individual or an association of persons in the event the aforesaid amount exceeds Rs.1,000,000/- the aforesaid rate will be increased by a surcharge of 10% of the sum. The amount of tax will be further increased by a cess of 3% of the aggregate of the tax and surcharge, if any (ii) in the case of a firm, in the event the aforesaid amount exceeds Rs.10,000,000/- the aforesaid rate will be increased by a surcharge of 10% of the sum. The amount of tax will be further increased by a cess of 3% of the aggregate of the tax and surcharge, if any.

- d) Other persons who are not resident in India: The Acquirer will deduct tax at source at the rate of 30% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 10% on the Offer Price in the case of long-term capital gains. In the case of individuals and association of persons, in the event that the aforesaid amount exceeds Rs.1,000,000/- the aforesaid rate will be increased by a surcharge of 10% of the sum. The amount of tax will be further increased by a cess of 3% of the aggregate of the tax and surcharge, if any. In all cases. In the case of firms, in the event the aforesaid amount exceeds Rs.10,000,000/- the aforesaid rate will be increased by a surcharge of 10% of the sum. The amount of tax will be further increased by a cess of 3% of the aggregate of the tax and surcharge, if any.
- 13.2 For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information submitted by the Shareholders.
- 13.2.1 The Shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than one year.
- 13.2.2 In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short-term in nature.
- 13.3 In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the shareholders should submit the brokers note and the demat account statement in relation to such shares. In the absence of the above, tax would be deducted on the entire consideration paid to the shareholder.
- 13.4 In the event the aforementioned categories of shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount for any other reason, they would need to obtain a certificate from the Income Tax authorities either under section 195(3) or under section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Bid Form. In the absence of any such certificate from the Income Tax authorities, the Acquirer will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.
- 13.5 No tax will be deducted at source for any other category of shareholders who are residents in India.
- 13.6 The aforementioned categories of shareholders should certify in the Form of Acceptance whether the equity shares are held by them on investment/capital account or on trade account.
- 13.7 The tax rates mentioned above are as per the provisions of the Income Tax Act, 1961. In the case of non residents, where the investor is a tax resident of a country which has entered into a Tax Treaty with India, it may be possible for the investor to avail the beneficial rate (if any) under the Tax Treaty. The tax rates may change from Treaty to Treaty. In order to claim the lower rate under the Tax Treaty, the shareholder should provide a certificate from the tax authorities from the country of his residence certifying that he is a resident of the specified foreign country.

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

The tax rate and other provisions may undergo changes.

14 DOCUMENTS FOR INSPECTION

- 14.1 The following documents will be available for inspection to the shareholders at ICICI Securities Primary Dealership Limited, ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, INDIA. Tel: +91 22 2288 2460, Fax: +91 22 2282 6580, between 10:00 a.m. and 4:00 p.m. on all working days except Saturdays until the Offer Closing Date (i.e., Wednesday, July 25, 2007):
1. Copy of Extract from the Register of Commerce (equivalent to a Certificate of Incorporation), and Articles of Incorporation of Oerlikon.

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2. Copy of Certificate of Incorporation, Memorandum and Articles of Association of THL.
3. Copy of Certificate of Incorporation and Memorandum & Articles of Association of FAL.
4. Copy of Annual Reports of Oerlikon for the years ending December 31, 2004, 2005 and 2006.
5. Copy of Audited Financial Statements of THL for the years ending December 31, 2004, 2005, and 2006.
6. Copy of Annual Reports of FAL for the years ending March 31, 2004, 2005 and 2006.
7. Copy of Unaudited financials of FAL for 9 months period ending December 31, 2006.
8. Copy of Escrow Agreement dated February 2, 2007 among Acquirer, PAC, Deutsche Bank India, and ICICI Securities and confirmation of cash deposit in DB India Escrow Account of Rs. 60 lakhs.
9. Copy of Board Resolutions of Oerlikon and THL relating to the Offer.
10. Letter dated January 31, 2007 by M/s. Deutsche Bank AG, regarding the adequacy of financial resources held by the Acquirer and the PAC to fulfill the Offer obligations
11. Certificate dated May 29, 2007 from M/s. V. N. Shah & Associates, Chartered Accountants (Membership No.: 103235), 2nd Floor, Plot No. 112, Road No. 13, MIDC, Marol, Andheri (East), Mumbai 400 093, India (Tel: +91 22 5696 9441, Fax: +91 22 2821 3656) stating that that the Acquirer jointly with the PAC have adequate resources to meet the financial obligations under this Offer.
12. Copy of Public Announcement made on Friday, February 9, 2007, by Acquirer and PAC for acquiring upto 54,64,108 paid-up equity shares of FAL.
13. SEBI Observation Letter dated June 22, 2007.
14. Copy of RBI Approval dated March 12, 2007 for acquiring shares under the open offer in accordance with SEBI (SAST) Regulations; opening escrow and special rupee account.
15. Copy of the agreement with Depository participant for opening a special depository Escrow account.
16. Copy of letter from Deutsche Bank confirming the amount kept in the escrow account and lien in favour of ICICI Securities.
17. Translated copy of the Transaction Agreement dated October 13, 2006 between OC Oerlikon Corporation AG Pfäffikon and Saurer AG.

15 DECLARATION BY ACQUIRER AND PERSON ACTING IN CONCERT

The Acquirer and the PAC and their Directors accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance and Form of Withdrawal. The Acquirer and the PAC shall be, severally and jointly, responsible for ensuring compliance with the SEBI (SAST) Regulations and for its obligations laid down in the SEBI (SAST) Regulations. All information contained in this document is as of the date of the Public Announcement, unless stated otherwise.

Mr. Bjoern Bajan is authorized by the Acquirer to sign the Letter of Offer.

Mr. Jeffrey Potrzebowski is authorized by the Person Acting in Concert to sign the Letter of Offer.

On behalf of Oerlikon

Sd/-
Bjoern Bajan
Authorised Signatory

On behalf of TH Licensing

Sd/-
Jeffrey Potrzebowski
Authorised Signatory

Date: June 29, 2007

Attached:

1. *Form of Acceptance - cum - Acknowledgement*
2. *Form of Withdrawal*
3. *Transfer deed for shareholders holding shares in physical form*

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT**

(Please send this Form with enclosures to Sharepro Services (India) Private Limited at any of the collection centres as mentioned in this Document)

FAIRFIELD ATLAS LIMITED

OFFER OPENS ON	FRIDAY, JULY 6, 2007
LAST DATE OF WITHDRAWAL	FRIDAY, JULY 20, 2007
CLOSES ON	WEDNESDAY, JULY 25, 2007

From:

Folio No./DP ID No. _____ Client ID No: _____
 Name: _____
 Address: _____

 Tel No.: _____ Fax No.: _____
 E-mail: _____

<input checked="" type="checkbox"/>	Please tick shareholder status (for taxation / TDS purpose)
<input type="checkbox"/>	Person resident in India who is an Individual / HUF / Association of persons having an aggregate income upto Rs.1,00,000
<input type="checkbox"/>	Person resident in India who is an Individual / HUF / Association of persons having an aggregate income exceeding Rs.1,00,000
<input type="checkbox"/>	Person resident in India who is a partnership firm
<input type="checkbox"/>	Person resident in India who is a domestic company
<input type="checkbox"/>	Person resident outside India who is an Individual / Association of persons having aggregate income upto Rs.1,00,000
<input type="checkbox"/>	Person resident outside India who is an Individual / Association of persons having aggregate income exceeding Rs.1,00,000
<input type="checkbox"/>	Person resident outside India who is a partnership firm
<input type="checkbox"/>	Person resident outside India who is a company
<input type="checkbox"/>	Domestic venture capital fund and mutual fund which is a domestic company
<input type="checkbox"/>	International venture capital fund which is a foreign company
<input type="checkbox"/>	Non Resident Indians
<input type="checkbox"/>	Foreign Institutional Investors
<input type="checkbox"/>	Others (Please Specify)

To,
 The Acquirer – OC Oerlikon Corporation AG, Pfäffikon
 and the PAC - TH Licensing Inc.
 C/o. Sharepro Services (India) Private Limited,
 Satam Industrial Estate, 3rd Floor,
 Cardinal Gracious Road, Chakala, Andheri (E),
 Mumbai – 400099, India
 Tel: +91-22-28215168 / 69; Fax: +91-22-28375646

Dear Sir/Madam,

Sub : Open Offer to acquire up to 54,64,108 fully paid-up equity shares of Rs. 10/- each representing 20% of paid-up equity share capital (as defined in the Letter of Offer) of Fairfield Atlas Limited ('Fairfield Atlas Limited' or the 'Target Company') by OC Oerlikon Corporation AG and TH Licensing Inc. at a price of Rs. 81 (Rupees Eighty One only) per fully paid-up equity share ('Offer Price') payable in cash.

I/We, refer to the Letter of Offer dated July 2, 2007 for acquiring the Equity Shares held by me/us in Fairfield Atlas Limited.

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

SHARES HELD IN PHYSICAL FORM

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

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

(Please attach additional sheets of paper and authenticate the same if the space is insufficient.)

SHARES HELD IN DEMATERIALIZED FORM

I/We, holding shares in dematerialised form, accept the Offer and enclose a photocopy of the Delivery Instruction duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

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

I/We have executed an off-market transaction for crediting the shares to the special depository account with Stock Holding Corporation of India Limited at NSDL styled '**Sharepro Services Fairfield Atlas Open Offer Escrow A/c**' whose particulars are:

DP Name: Stock Holding Corporation of India Limited	DP ID: IN301330	Client ID: 19968776	ISIN No. INE922C01013
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(Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.)

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ACKNOWLEDGEMENT RECEIPT

Fairfield Atlas Limited - Open Offer
 (To be Filled in by the Shareholder)

Sr. No.

Received from Mr./Ms./M/s. _____

Address _____

Physical shares: Folio No. _____ / Demat shares: DP ID _____ Client ID _____

From of Acceptance with:

Physical shares: No. of shares _____; No. of certificates enclosed _____

Demat shares: Copy of delivery instruction for _____ number of shares enclosed

(Please tick whichever is applicable)

Signature of Official _____ Date of Receipt _____

Stamp of Collection Centre

(Subject to verification) **P.T.O**

Enclosures (Please tick as appropriate, if applicable)

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

I/We, confirm that the equity shares of **Fairfield Atlas Limited**, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We, note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer and PAC pays the purchase consideration as mentioned in the Letter of Offer.

I/We, also note and understand that the Acquirer and PAC will pay the purchase consideration only after verification of the documents and signatures.

I/We, authorise the Acquirer and PAC to send by registered post/speed post/UCP, the draft/warrant/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We, note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer and PAC makes payment of purchase consideration as mentioned in the Letter of Offer.

I/We, authorise the Acquirer and PAC to accept the shares so offered, which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We, further authorize the Acquirer and PAC to return to me/us, share certificate(s) in respect of which the offer is not found valid/not accepted. The Permanent Account No. (PAN/GIR No.) allotted under the Income-tax Act, 1961 is as under.

	1 st Shareholder	2 nd Shareholder	3 rd Shareholder
PAN/GIR No.			
Ward No.			

So as to avoid fraudulent encashment in transit, shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration draft/warrant/cheque will be drawn accordingly.

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

For equity shares that are tendered in electronic form, the bank account as contained from the beneficiary position provided by the depository will be considered and the draft/warrant/cheque will be issued with the said bank particulars.

For NRIs / OCBs / FIIs / Foreign Shareholders

I / We, have enclosed the following documents

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

For FII Shareholders :

I / We, confirm that the equity shares of Fairfield Atlas Limited are held by me / us on Investment / Capital Account or Trade Account (select whichever is applicable in your case)

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence.

In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.

Yours faithfully,

Signed and Delivered

	Full name(s) of the shareholder	Signature(s)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of the First / Sole Shareholder _____

(Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed)

Place: _____ Date: _____

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Note : All future correspondence, if any, should be addressed to the Registrars to the Offer at the following address:

Sharepro Services (India) Private Limited,
Unit : Fairfield Atlas Limited
Satam Industrial Estate, 3rd Floor,
Cardinal Gracious Road, Chakala, Andheri (E),
Mumbai – 400099, India
Tel: +91 22 28215168 / 69; Fax: +91 22 28375646

INSTRUCTIONS

1. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. 5.00 p.m. on Wednesday, July 25, 2007. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:
 - a. For Equity shares held in demat form:

Beneficial owners should enclose-

 - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (“DP”);
 - Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 - b. For Equity shares held in physical form:

Registered shareholders should enclose-

 - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates;
 - Original Share Certificate(s);
 - Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Fairfield Atlas Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the PAC as buyer will be filled by the Acquirer and PAC upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

Unregistered owners should enclose-

 - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
 - Original Share Certificate(s);
 - Original broker contract note;
 - Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to **Sharepro Services (India) Private Limited**, the Registrar to the Offer and not to ICICI Securities Primary Dealership Limited, the Manager to the Offer or the Acquirer, the PAC or The Target Company.
4. Shareholders having their beneficiary account in CDSL have to use “INTER DEPOSITORY DELIVERY INSTRUCTION SLIP” for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. Non-resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Fairfield Atlas Limited. If the shares are held under General Permission of RBI, the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.
6. Non-resident shareholders should enclose No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirer and The PAC before remittance of consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.
7. All the shareholders should provide all the relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed form of acceptance-cum-acknowledgement or transfer deed(s)

- (c) No objection certificate from any lender, if the shares in respect of which the acceptance is sent, are under any charge, lien or encumbrance.
8. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of **Sharepro Services (India) Private Limited** as mentioned below.
9. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Saturdays between 10.00 a.m. and 5.00 p.m.).

Collection Centres

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	C/o. S S Enterprises, Above Avoji Showroom, Opp Tailor Point, Zaveri Varma Naka, Relief Road, Ahmedabad - 380022	Mr. Hitesh Mehta	+91-79- 65134328 / +91-9825465963	+91-79- 25601636	Registered post or hand delivery
2.	Chennai	C/o. Skystock Financial 7/A Laxman Nagar, East Main Road, Chennai - 600082	Mr. B. Srinivas	+91-44-26712611	+91-44-26712611	Registered post or hand delivery
3.	Kolkata	C/o. Dynamic Financial Consultant 196 A G Arabinda Sarani, Gouribari Kolkata - 700004	Mr. Bhaskar Biswas	+91-33-25333706 / +91-9830050737	+91-33-28250087	Registered post or hand delivery
4.	Mumbai	Sharepro Services (India) Pvt. Ltd., Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E) Mumbai - 400 099	Mr. V Kumaresan	+91-22-28215168/69	+91-22-28375646	Registered post or hand delivery
5.	New Delhi	C/o. Sterling Services F-75 1st Floor Bhagat Singh Market Near Gol Market New Delhi - 110001	Mr. Sridhar	+91-11-65058126 / +91-9313796360	+91-11-41561130	Registered post or hand delivery

Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Sharepro Services (India) Private Limited, Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099, India so as to reach the Registrar to the Offer on or before the last date of acceptance i.e. **Wednesday July 25, 2007**.

**FORM OF WITHDRAWAL
FAIRFIELD ATLAS LIMITED**

OFFER OPENS ON	FRIDAY, JULY 6, 2007
LAST DATE OF WITHDRAWAL	FRIDAY, JULY 20, 2007
CLOSES ON	WEDNESDAY, JULY 25, 2007

From: Folio No./DP ID No. _____ Client ID No: _____ Name: _____ Address: _____ _____ Tel No.: _____ Fax No.: _____ E-mail: _____

To,
 The Acquirer – OC Oerlikon Corporation AG, Pfäffikon
 and the PAC - TH Licensing Inc., USA
 C/o. Sharepro Services (India) Private Limited,
 Satam Industrial Estate, 3rd Floor,
 Cardinal Gracious Road, Chakala, Andheri (E),
 Mumbai – 400099, India
 Tel: +91-22-28215168 / 69; Fax: +91-22-28375646

Dear Sir,

Sub : Open Offer to acquire up to 54,64,108 fully paid-up equity shares of Rs. 10 each representing 20% of paid-up equity share capital (as defined in the Letter of Offer) of Fairfield Atlas Limited ('Fairfield Atlas Limited' or the 'Target Company') by OC Oerlikon Corporation AG and TH Licensing Inc. at a price of Rs. 81 (Rupees Eighty One only) per fully paid-up equity share, ('Offer Price') payable in cash.

I/We, refer to the Letter of Offer dated July 2, 2007 for acquiring the equity shares held by me/us in Fairfield Atlas 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, hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/we further authorise the Acquirer and the PAC to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We, note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirer/PAC/Manager to the Offer/Registrar to the Offer.

I/We, note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or as mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. 5.00 on p.m. Friday July 20, 2007.

I/We, note that the Acquirer/PAC/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We, also note and understand that the Acquirer and PAC will return the original share certificate(s), share transfer deed(s) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depositories from time to time.

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ACKNOWLEDGEMENT RECEIPT	Fairfield Atlas Limited - Open Offer (To be Filled in by the Shareholder)	Sr. No.
--------------------------------	---	--

Received from Mr./Ms./M/s. _____
 Address _____

Form of Withdrawal for _____ Shares along with

- copy of depository instruction slip from DP ID _____ Client ID _____
- copy of acknowledgement slip issued when depositing dematerialised Shares
- copy of acknowledgement slip issued when depositing physical shares for withdrawing from the Offer made by the Acquirer.

(✓ Please tick whichever is applicable)

Signature of Official _____ Date of Receipt _____

Stamp of Collection Centre

(Subject to verification) P.T.O

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

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

(Please attach additional sheets of paper and authenticate the same if the space is insufficient.)

I/We, hold the following Shares in dematerialised form and had executed an off-market transaction for crediting the shares to the 'Sharepro Services **Fairfield Atlas Open Offer Escrow A/c**' as per the following particulars:-

Name of the Depository Participant	Depository Identification No. (DP ID)	Client Identification No. (Beneficiary Client ID)
Stock Holding Corporation of India Limited	IN301 330	1996 8776

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:-

Name of Depository Participant (DP)	DP Identification Number	Client Identification Number	Number of Shares	Name of Beneficiary

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

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

In case of dematerialised shares, I/we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	Full name(s) of the shareholder	Signature(s)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of the First / Sole Shareholder _____

(Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed)

Place: _____ Date: _____

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Note : All future correspondence, if any, should be addressed to the Registrars to the Offer at the following address:

Sharepro Services (India) Private Limited,
Unit : Fairfield Atlas Limited
 Satam Industrial Estate, 3rd Floor,
 Cardinal Gracious Road, Chakala, Andheri (E),
 Mumbai – 400099, India
 Tel: +91 22 28215168 / 69; Fax: +91 22 28375646

INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the close of the Offer, i.e. **Wednesday July 25, 2007**.
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement.
3. The Form of Withdrawal along with enclosure(s) should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Saturdays between 10.00 a.m. and 5.00 p.m.).

Collection Centres

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	C/o. S S Enterprises, Above Avoji Showroom, Opp Tailor Point, Zaveri Varma Naka, Relief Road, Ahmedabad – 380022	Mr. Hitesh Mehta	+91-79- 65134328 / +91-9825465963	+91-79- 25601636	Registered post or hand delivery
2.	Chennai	C/o. Skystock Financial 7/A Laxman Nagar, East Main Road, Chennai - 600082	Mr. B. Srinivas	+91-44-26712611	+91-44-26712611	Registered post or hand delivery
3.	Kolkata	C/o. Dynamic Financial Consultant 196 A G Arabinda Sarani, Gouribari Kolkata - 700004	Mr. Bhaskar Biswas	+91-33-25333706 / +91-9830050737	+91-33-28250087	Registered post or hand delivery
4.	Mumbai	Sharepro Services (India) Pvt. Ltd., Satam Industrial Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E) Mumbai - 400 099	Mr. V Kumaresan	+91-22-28215168/69	+91-22-28375646	Registered post or hand delivery
5.	New Delhi	C/o. Sterling Services F-75 1st Floor Bhagat Singh Market Near Gol Market New Delhi - 110001	Mr. Sridhar	+91-11-65058126 / +91-9313796360	+91-11-41561130	Registered post or hand delivery

