

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a Shareholder(s) of Kemrock Industries and Exports Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Share Transfer Form to the member of the Stock Exchange through whom the said sale was effected.

RPM International Inc. ("Acquirer" or "RPM")

a corporation organized and existing under the General Corporation Law of the State of Delaware

Registered Office in Ohio and Delaware are:

c/o CSC Lawyers Incorporating Services (Corporation Service Company), 50 W. Broad Street, Suite 1800, Columbus, Ohio 43215; Telephone: +1 800 927 9800, Facsimile: +1 302 636 5454

and

c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808; Telephone: +1 302 636 5401, Facsimile: +1 302 636 5454

and

Principal Executive Office: 2628 Pearl Road, Medina, Ohio 44256. Telephone: +1 330 273 5090; Facsimile: +1 330 225 8743

(All mail and other correspondence should be sent to Acquirer's Principal Executive Office)

MAKES A CASH OFFER AT Rs. 539.0 PER FULLY PAID UP EQUITY SHARE TO ACQUIRE UP TO 37,38,440 Shares representing 22.29% of the Current Equity Capital (21.43% of the Diluted Equity Capital) of the Target Company


Kemrock Industries and Exports Limited ("Target Company" or "Kemrock")

a company incorporated under the Companies Act, 1956

(Registered Office: Village Asoj, Vadodara-Halol Express Way, Tal. Waghodia, Dist. Vadodara-391510, Gujarat, India, Telephone: +91 2668 666200; Facsimile: +91 2668 666400)

Note:

- This Offer is being made pursuant to and in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- There is no Person Acting In Concert (as defined in Regulation 2(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof) with the Acquirer for this Offer.
- This Offer is not subject to a minimum level of acceptance.
- This Offer is subject to certain statutory / regulatory approvals described in detail in paragraph 87. The Acquirer had made an application dated May 16, 2011 to the Reserve Bank of India ("RBI") for obtaining its approval for acquisition / transfer of the Shares tendered pursuant to this Offer, as required. RBI has, through its letter dated July 8, 2011, approved the acquisition of the Shares by the Acquirer tendered pursuant to this Offer subject to certain terms and conditions.
- If there is any upward revision of the Offer Price by the Acquirer prior to or on the last permitted date for revising the Offer Price (i.e., on or before August 23, 2011), the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer. In the event of withdrawal of the Offer under Regulation 27 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof, the same will be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared.
- Shareholders (except the Acquirer and the Selling Shareholder), 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 Monday, August 29, 2011 i.e., 3 working days prior to the date of closure of the Offer (i.e., Monday September 5, 2011).
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during the last 7 working days prior to the closing date of the offers / bids, it would therefore, be in the interest of the 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 as of the date of this Letter of Offer.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on the website of the Securities and Exchange Board of India ("SEBI") i.e., www.sebi.gov.in.

	Manager to the Offer	Registrar to the Offer
	Kotak Mahindra Capital Company Limited Bakhtawar, 1 st Floor, 229, Nariman Point Mumbai 400 021 Telephone: +91 22 6634 1100 Facsimile: +91 22 2840492 Contact Person: Mr. Chandrakant Bhole Email: project.kemrockoffer@kotak.com	Link Intime India Private Limited Unit : Kemrock –Open Offer C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078 Telephone: +91 22 2596 0320 – 328 Facsimile: +91 22 2596 0329 Contact Person: Mr. Pravin Kasare Email: kemrock.offer@linkintime.co.in

Schedule of Major Activities of the Offer

Activity	Date	Day
Date of Public Announcement	May 13, 2011	Friday
Specified Date	May 20, 2011	Friday
Last date for announcement of competitive bid, if any	June 3, 2011	Friday
Last date for dispatch of Letter of Offer to the Shareholders of the Target Company	August 9, 2011	Tuesday
Offer Opens on	August 16, 2011	Tuesday
Last date for revising the Offer Price	August 23, 2011	Tuesday
Last date for withdrawing acceptance of the Offer	August 29, 2011	Monday
Offer Closes on	September 5, 2011	Monday
Last date for communicating acceptance (in full or part) and rejection of application by registered post and payment of consideration for application accepted	September 20, 2011	Tuesday

Risk Factors

Risks factors (i) relating to the Offer, (ii) relating to the Acquisition and (iii) involved in associating with the Acquirer and the likely adverse affect of these risk factors on the Shareholders

I. Risks relating to the Offer:

1. The Offer is subject to the receipt of certain statutory / regulatory approvals described in detail in Section VII. In the event any of the required statutory / regulatory approvals are refused or under such circumstances as in the opinion of SEBI merit withdrawal of the Offer, the Offer may be withdrawn in terms of Regulation 27 of the SEBI (SAST) Regulations.
2. In the event that: (a) regulatory approvals are not received in time, or (b) there is any litigation leading to a stay / injunction on the Offer or any litigation that restricts / restrains the Acquirer from performing its obligations hereunder, or (c) SEBI instructs 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 whose Shares are accepted under the Offer as well as the return of Shares not accepted under the Offer by the Acquirer may get delayed. In case of delay due to non-receipt of statutory / regulatory approval(s), SEBI may, if satisfied that non-receipt of such approval(s) was not due to any willful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer in accordance with Regulation 22(12) of the SEBI (SAST) Regulations subject to the Acquirer agreeing to pay interest to the Shareholders, as may be specified by SEBI.
3. Shareholders should note that after the last date of withdrawal i.e., August 29, 2011, unless permitted under applicable law, Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed.
4. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period, there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares both during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders with regard to their participation in the Offer.
5. In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of oversubscription. The unaccepted Shares will be returned to the Shareholders in accordance with the Schedule of Activities for the Offer.
6. The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Letter of Offer / PA and anyone placing reliance on any other source of information (not released by the Acquirer or the Manager to the Offer) would be doing so at his / her / their own risk.

II. Risks relating to the Acquisition:

1. The Acquisition is subject to the terms and conditions of the Share Purchase Agreement entered into between the Acquirer and the Selling Shareholder as more fully set out in Section II. In accordance with the Share Purchase Agreement, the Acquisition shall be completed upon the fulfillment of certain conditions precedent (including obtaining regulatory approval(s) and completion of the Offer) agreed between the Acquirer and the Selling Shareholder.

III. Risks relating to the Acquirer:

1. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company. The Acquirer makes no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in the Target Company. Hence, all the Shareholders are required to exercise their own judgment and diligence in relation to the financial performance of the Target Company. Further, the Acquirer makes no assurance with respect to the continuation of the past trend in its own financial performance. Hence, all the Shareholders are required to exercise their own judgment and diligence in relation to associating with the Acquirer as a co-Shareholder in the Target Company.

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

Index

Serial No.	Subject	Page No.
I.	Disclaimer Clause	8
II.	Details of the Offer	8
III.	Background of the Acquirer	13
IV.	Continuous Listing	30
V.	Background of the Target Company	31
VI.	Offer Price and Financial Arrangements	42
VII.	Terms and Conditions of the Offer	44
VIII.	Procedure for Acceptance and Settlement of the Offer	47
IX.	Documents for Inspection	54
X.	Declaration by the Acquirer	55

Summary of the Letter of Offer

This Section summarizes certain selected information from this Letter of Offer and does not contain all of the information important and required for participation in the Offer. For understanding the Offer, please refer to the Letter of Offer along with the Form of Acceptance-cum-Acknowledgement. Capitalized terms used in this summary are defined in the Letter of Offer and/or in the "Key Definitions" section.

- The Acquirer

RPM International Inc., which as of the date of the PA held 25,15,266 Shares of the Target Company representing 14.996% of the Current Equity Capital, is making this Offer under Regulation 10 of the SEBI (SAST) Regulations. Please refer to Section III for information on the Acquirer.

- Background

The Acquirer has entered into the SPA with the Selling Shareholder on May 12, 2011 to acquire 1,000 Shares of the Target Company to increase its shareholding from 14.996% to 15.002% of the Current Equity Capital of the Target Company. This Offer is being made by the Acquirer to the Shareholders of the Target Company in accordance with Regulation 10 of the SEBI (SAST) Regulations pursuant to the SPA which will entitle the Acquirer to exercise 15% or more of the voting rights in the Target Company. For further details, please refer to Section II.

- Offer Size

The Acquirer is making the Offer to acquire 37,38,440 Shares of the Target Company representing 22.29% of the Current Equity Capital and 21.43% of the Diluted Equity Capital of the Target Company.

- Offer Price

The Offer Price is Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) for each Share of the Target Company payable in cash in accordance with the SEBI (SAST) Regulations.

- Object

The completion of the Acquisition and the Offer will result in substantial acquisition of Shares and voting rights in the Target Company without change in its control or management. This Offer is therefore being made in accordance with Regulation 10 of the SEBI (SAST) Regulations.

The Acquirer recognizes the huge potential of the Indian market and believes that it is operationally desirable to have a strategic investment in a composites manufacturer in India. As of the date of the PA, the Acquirer held 14.421% of the Diluted Equity Capital in the Target Company and seeks to increase its shareholding in the Target Company reinforcing its commitment to the Indian market.

- Offer Price, Security and Financial Arrangements

The Offer Price, in accordance with Regulation 20(4) of the SEBI (SAST) Regulations is Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) per Share, which is also the negotiated price under the SPA.

The Acquirer, as security for performance of its obligations under the SEBI (SAST) Regulations, has made a cash deposit of an amount of Rs. 35,43,10,606 (Rupees Thirty Five Crores Forty Three Lacs Ten Thousand Six Hundred and Six Only) in the Escrow Account opened for the purposes of the Offer and the amount is adequate as per the computation of escrow amount prescribed under the SEBI (SAST) Regulations.

The Acquirer proposes to finance the Offer through a combination of internal accruals and bank borrowings. The Maximum Consideration, assuming full acceptance, is Rs. 2,01,50,19,160 (Rupees Two Hundred One Crores Fifty Lacs Nineteen Thousand One Hundred and Sixty Only). For further details, see paragraphs 10, 62 to 68, 71 to 75.

- Period of Offer

The Offer will open for a period of 20 days from Tuesday, August 16, 2011 and shall close on Monday, September 5, 2011 (both days inclusive).

- Terms and Conditions of the Offer

This Letter of Offer along with the Form of Acceptance-cum-Acknowledgment and Form of Withdrawal will be mailed to all the Shareholders, except the Acquirer and the Selling Shareholder, whose names appear on the register of members of the Target Company at the close of business hours on May 20, 2011, being registered equity Shareholders as per the records of NSDL and CDSL and registered Shareholders holding Shares in physical form as per the records of the Target Company, as on May 20, 2011. In addition, this Letter of Offer along with the Form of Acceptance-cum-Acknowledgment and Form of Withdrawal will be sent to BNY Mellon, being the Custodian of the GDRs issued by the Target Company.

This Offer is not subject to a minimum level of acceptance. This Offer is subject to receipt of certain statutory / regulatory approvals specified in paragraph 87. Under Regulation 27 of the SEBI (SAST) Regulations the Offer may be withdrawn in the event any of the required statutory / regulatory approvals are refused to the Acquirer or under circumstances, which in the opinion of SEBI, merit withdrawal.

- Procedure for Acceptance and Settlement

Please refer to Section VIII for the procedure for acceptance of documents and settlement of payment to those Shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer.

Shareholders who have accepted this Offer by tendering the requisite documents can withdraw the same up to 3 working days prior to the date of closure of the Offer i.e., up to August 29, 2011. Please refer to the procedure for withdrawal outlined in paragraph 109.

Key Definitions

Acquirer	<p>RPM International Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (Registered Office in Ohio and Delaware are:</p> <p>c/o CSC Lawyers Incorporating Services (Corporation Service Company), 50 W. Broad Street, Suite 1800, Columbus, Ohio 43215; Telephone: +1 800 927 9800, Facsimile: +1 302 636 5454</p> <p>and</p> <p>c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808; Telephone: +1 302 636 5401, Facsimile: +1 302 636 5454</p> <p>and</p> <p>Principal executive office: 2628 Pearl Road, Medina, Ohio 44256. Telephone: +1 330 273 5090; Facsimile: +1 330 225 8743)</p> <p>(All mail and other correspondence should be sent to Acquirer's Principal Executive Office)</p>
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Acquisition	Acquisition shall have the meaning ascribed to it in paragraph 5 of this Letter of Offer
Bn	Billion
BSE	Bombay Stock Exchange Limited
Cash Deposit	The amount of Rs. 35,43,10,606 (Rupees Thirty Five Crores, Forty-Three Lacs, Ten Thousand, Six Hundred and Six Only) held in the escrow account with Kotak Mahindra Bank Limited, 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai – 400021
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended
Competition Act	The Competition Act, 2002, as amended
Current Equity Capital	The paid up equity capital comprising of 1,67,72,466 Shares of Rs. 10 (Rupees Ten Only) each as on the date of the Public Announcement as per the information from the Target Company
Depositories	CDSL and NSDL
Diluted Equity Capital	Share capital after taking into account the conversion of the outstanding warrants issued by the Target Company as on the date of the PA (<u>i.e.</u> , 1,74,42,198 Shares being the sum of Current Equity Capital and warrants converted into Shares after the date of the PA), as calculated in paragraph 4 of this Letter of Offer. As explained further in paragraph 4, the Target Company has, on July 12, 2011, <u>i.e.</u> , after the date of the PA, rescinded and withdrawn its Qualified Institutions Placement of 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 3,00,000 (Rupees Three Lakhs Only) each, and 12,50,000 warrants at the warrant issue price of Rs. 30 (Rupees Thirty Only) each. Such 12,50,000 warrants had been considered for purposes of calculating the Diluted Equity Capital and the Offer Size as on the date of the PA. Subsequently, due to the rescission and withdrawal of such 12,50,000 warrants by the Target Company, the Diluted Equity Capital has been calculated as shown in paragraph 4. However, this has not had an impact on the Offer Size.
Form of Acceptance-cum-Acknowledgment	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Form of Withdrawal	Form of Withdrawal attached to this Letter of Offer
GAAP	Generally Accepted Accounting Principles
Income Tax Act	The Income-tax Act, 1961, as amended
Letter of Offer	This Letter of Offer dated August 9, 2011
Manager to the Offer / KMCC	Kotak Mahindra Capital Company Limited having its offices at Bakhtawar, 1 st Floor, 229, Nariman Point, Mumbai 400 021
Maximum Consideration	The maximum consideration payable under this Offer, assuming full acceptance, is Rs. 2,01,50,19,160 (Rupees Two Hundred and One Crores, Fifty Lacs, Nineteen Thousand One Hundred and Sixty Only)
Mn	Million
Merger Regulations	The final Merger Regulations notified on May 11, 2011 under the Competition Act
Negotiated Price	The price of Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) per fully paid-up Share at which the Acquirer will purchase 1,000 Shares of the Target Company held by the Selling Shareholder pursuant to the terms of the Share Purchase Agreement
NRIs	Non-Resident Indians as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NYSE	New York Stock Exchange
OCB	Overseas Corporate Body as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Offer	The Offer being made by the Acquirer for acquiring up to 37,38,440 Shares representing 22.29% of the Current Equity Capital (21.43% of the Diluted Equity Capital), from the Shareholders at the Offer Price payable in cash in accordance with the SEBI (SAST) Regulations

Offer Period	20 day period from the date of the opening of the Offer on August 16, 2011 to the closing of the Offer on September 5, 2011 (both days inclusive)
Offer Price	Price of Rs. 539.0 (Rupees Five Hundred and Thirty-Nine Only) per Share payable in cash
Offer Size	37,38,440 Shares representing 22.29% of the Current Equity Capital (21.43% of the Diluted Equity Capital)
Paid-up Capital	Fully paid-up equity capital of the Target Company of Rs. 16,77,24,660 (Rupees Sixteen Crores, Seventy-Seven Lacs, Twenty-Four Thousand, Six Hundred and Sixty Only) comprising of 1,67,72,466 Shares of face value of Rs. 10 (Rupees Ten Only) each as on the date of the PA
Public Announcement / PA	Public announcement of this Offer made on behalf of the Acquirer to the Shareholders, which appeared on May 13, 2011 in all editions of Financial Express, all editions of Jansatta, Mumbai edition of Navshakti and Vadodara edition of Vadodara Samachar
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited (Unit – Kemrock Open Offer), the registrar appointed by the Acquirer, having its office at C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078; Telephone: +91 22 2596 0320 – 328; Facsimile: +91 22 2596 0329; Email: kemrock.offer@linkintime.co.in; Contact Person: Mr. Pravin Kasare
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and subsequent amendments thereto
Rs. / Rupees	Indian Rupees (<i>i.e.</i> , the lawful currency of the Republic of India)
Rupee Translation	Certain financial details contained in this Letter of Offer are denominated in USD. The Rs. equivalent quoted in each case is calculated in accordance with RBI Reference rate as on May 9, 2011, namely 1 USD = Rs. 44.70 (source www.rbi.org.in)
Sale Shares	1,000 Shares, which as per the terms of the Share Purchase Agreement entered into between the Acquirer and the Selling Shareholder on May 12, 2011, have been agreed to be acquired by the Acquirer from the Selling Shareholder
SEBI	Securities and Exchange Board of India
Selling Shareholder	Trust Finstock Private Limited, a company incorporated under the laws of India and having its registered office at 301-302 Payal Complex, Sayajigunj, Vadodara-390005, Gujarat, India
Share(s)	Each fully paid up equity share of the Target Company having a face value of Rs. 10 (Rupees Ten Only)
Shareholder(s)	Shareholders of the Target Company
Share Purchase Agreement / SPA	Share Purchase Agreement entered into between the Acquirer and the Selling Shareholder on May 12, 2011 for the acquisition of 1,000 Shares of face value Rs. 10 (Rupees Ten Only) each, by the Acquirer from the Selling Shareholder
Specified Date	May 20, 2011 being the date for the purpose of identifying the Shareholders of the Target Company to whom the Letter of Offer will be sent
Stock Exchanges	BSE and NSE
Target Company / Kemrock	Kemrock Industries and Exports Limited, a company incorporated under the Companies Act, 1956 with its registered office at Village Asoj, Vadodara-Halol Express Way, Tal. Waghodia, Dist. Vadodara-391510, Gujarat, India, Telephone: +91 2668 666200; Facsimile: +91 2668 666400
USD	United States Dollars (<i>i.e.</i> , the lawful currency of the United States of America)

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI (SAST) Regulations.

I. 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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF KEMROCK INDUSTRIES AND EXPORTS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 26, 2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

THE ACQUIRER AND THE MANAGER TO THE OFFER ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE LETTER OF OFFER OR IN THE PA OR IN ANY ADVERTISEMENT OR OTHER ANNOUNCEMENT ISSUED BY, OR AT THE INSTANCE OF, THE ACQUIRER OR THE MANAGER TO THE OFFER, AND ANY PERSON PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION FOR PURPOSES OF THIS OFFER OR IN RELATION THERETO, WOULD DO SO ENTIRELY AT HIS OWN RISK.

II. Details of the Offer

Background of the Offer

1 This Offer is being made by RPM International Inc., ("Acquirer") pursuant to and in compliance with, among others, Regulation 10 of the SEBI (SAST) Regulations. The Offer is being made pursuant to an agreement to acquire 1,000 Shares of the Target Company, which taken together with the Shares already held by the Acquirer, will entitle the Acquirer to exercise 15% or more of the voting rights in the Target Company.

2 As on the date of the PA, the Paid-Up Capital of the Target Company was Rs. 16,77,24,660 (Rupees Sixteen Crores Seventy Seven Lacs Twenty Four Thousand Six Hundred and Sixty Only), consisting of 1,67,72,466 Shares of face value of Rs. 10 (Rupees Ten Only) each ("Current Equity Capital").

Due to the conversion of 6,69,732 warrants of the Target Company into 6,69,732 Shares by the Acquirer on May 18, 2011, the paid-up capital of the Target Company as on the date of this Letter of Offer has increased to Rs. 17,44,21,980 (Rupees Seventeen Crores Forty Four Lacs Twenty One Thousand Nine Hundred and Eighty Only) consisting of 1,74,42,198 Shares of face value Rs. 10 (Rupees Ten Only) each.

3 As on the date of the PA, the Acquirer held 25,15,266 Shares in the Target Company, representing 14.996% of the Current Equity Capital and 14.421% of the Diluted Equity Capital of the Target Company. As of the date of this Letter of Offer, the Acquirer holds 31,84,998 Shares in the Target Company (not considering the 1,000 Shares agreed to be acquired as per the Share Purchase Agreement with Trust Finstock Private Limited, as explained in detail in paragraph 5), representing 18.260% of the Diluted Equity Capital of the Target Company. The increase in the Acquirer's shareholding between the date of the PA and the date of this Letter of Offer is on account of conversion on May 18, 2011 of 6,69,732 warrants allotted by the Target Company into 6,69,732 Shares.

On December 23, 2009, the Target Company had allotted 16,00,000 warrants to the Acquirer on preferential basis, at an issue price of Rs. 360.0 (Rupees Three Hundred and Sixty Only) per Share, including a premium of Rs. 350.0 (Rupees Three Hundred and Fifty Only) per Share, which entitled the Acquirer to apply for an equivalent number of Shares within 18 months from the date of allotment of warrants (i.e., on or before June 22, 2011).

On June 24, 2010, the Acquirer converted 9,11,268 warrants allotted by the Target Company into 9,11,268 Shares.

On May 10, 2011, the Acquirer converted 19,000 warrants allotted by the Target Company into 19,000 Shares.

On May 18, 2011, the Acquirer converted the remaining 6,69,732 warrants allotted by the Target Company into 6,69,732 Shares.

As on the date of this Letter of Offer, the Acquirer does not hold any warrants in the Target Company.

Date	Item	Cumulative Number of Shares held by the Acquirer	Total Amount Paid by the Acquirer	Per Share/Warrant Amount Paid by the Acquirer	Additional Explanation(if applicable)	Share Holding % of Acquirer in Target Company	Paid-Up Capital of Target Company (Post-Allotment)
14/09/06	Allotment of 11,25,000 Shares of INR 10 each	11,25,000	Rs. 20,81,25,000	Rs. 185 per Share		14.99%	75,07,500 Shares of Rs. 10 each
29/05/08	Allotment of 4,59,998 Shares of INR 10 each	15,84,998	Rs. 29,89,98,700	Rs. 650 per Share		14.97%	1,05,89,998 Shares of Rs. 10 each
24/06/10	Conversion of 9,11,268 warrants into Shares of INR 10 each	24,96,266	Rs. 24,60,42,360	Rs. 270 per warrant (being the remaining 75% of the warrant issuance price that was paid on the exercise of option to convert warrants into shares in accordance with applicable law)	On 23/12/2009, RPM paid Rs. 8,20,14,120 at INR 90 per warrant; grand total paid for these Shares is thus Rs. 32,80,56,480	14.90%	1,67,53,466 Shares of Rs. 10 each
10/05/11	Conversion of 19,000 warrants into Shares of INR 10 each	25,15,266	Rs. 51,30,000	Rs. 270 per warrant (being the remaining 75% of the warrant issuance price that was paid on the exercise of option to convert warrants into shares in accordance with applicable law)	On 23/12/2009, RPM paid Rs. 17,10,000 at Rs. 90 per warrant; grand total paid for these Shares is thus Rs. 68,40,000	14.996%	1,67,72,466 Shares of Rs. 10 each
18/05/11	Conversion of 6,69,732 warrants into Shares of INR 10 each	31,84,998	Rs. 18,08,27,640	Rs. 270 per warrant (being the remaining 75% of the warrant issuance price that was paid on the exercise of option to convert warrants into shares in accordance with applicable law)	On 23/12/2009, RPM paid Rs. 6,02,75,880 at Rs. 90 per warrant for these warrants; grand total paid for these Shares is thus Rs. 24,11,03,520	18.26%	1,74,42,198 Shares of Rs. 10 each

The PA in accordance with, among others, Regulation 10 of SEBI (SAST) Regulations was issued on May 13, 2011 on execution of the SPA which the Acquirer entered into with Trust Finstock Private Limited, for purposes of the acquisition of 1,000 Shares at Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) per Share. Pending completion of the SPA, the above table does not include these 1,000 Shares.

- 4 Based on the available information, the Diluted Equity Capital as on the date 15 days after the scheduled closing of the Offer has been calculated as follows:

Particulars	Number of Shares
Total fully paid-up Shares outstanding as of March 31, 2011 (A)	1,67,53,466
Shares allotted to the Acquirer on May 10, 2011 pursuant to exercise of certain warrants (B)	19,000
Current Equity Capital (A + B)	1,67,72,466
Total number of outstanding warrants outstanding with the Acquirer as on the date of the PA, and subsequently converted into equivalent number of Shares on May 18, 2011 (C)	6,69,732
Diluted Equity Capital (A + B + C)	1,74,42,198

Source: Stock Exchanges filings

The Current Equity Capital shown above includes 48,27,200 Global Depository Receipts ("GDRs") issued by the Target Company. Such GDRs can be converted into the underlying Shares at any point of time.

It should be noted that the board of directors of the Target Company, at its meeting held on July 12, 2011, rescinded and withdrew, with immediate effect, its Qualified Institutions Placement ("QIP Issue") made pursuant to Chapter-VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto ("SEBI ICDR Regulations") which QIP Issue was opened and closed on April 18, 2011, and whereunder the following securities were subsequently issued and allotted i.e.,

(i) 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 3,00,000 (Rupees Three Lakhs Only) each; and

(ii) 12,50,000 warrants at the warrant issue price of Rs. 30 (Rupees Thirty Only) each.

Consequent upon rescinding and withdrawal of the QIP Issue, as aforesaid, the issue and allotment of the non-convertible debentures and warrants made by the Target Company to Lakshmi Vilas Bank Limited and SICOM Limited pursuant to the QIP Issue stands annulled, and accordingly, the application moneys of Lakshmi Vilas Bank Limited and SICOM Limited have been refunded by the Target Company.

Such 12,50,000 warrants referred to above had been considered for purposes of calculating the Diluted Equity Capital and the Offer Size as on the date of the PA. Subsequently, due to the rescission and withdrawal of such 12,50,000 warrants by the Target Company, the Diluted Equity Capital has been calculated as shown above. Accordingly, the Diluted Equity Capital as on the date of the PA was 1,86,92,198 Shares, while on the date of this Letter of Offer, the Diluted Equity Capital is 1,74,42,198 Shares. Any reference to Diluted Equity Capital in this Letter of Offer shall be construed as reference to 1,74,42,198 Shares.

It should be noted that the Offer Size indicated in the PA of 37,38,440 Shares remains unaffected by the rescission and withdrawal of such 12,50,000 warrants by the Target Company. However, the Offer Size represents 21.43% of the Diluted Equity Capital as on the date of this Letter of Offer (as against 20.0% of the Diluted Equity Capital as on the date of the PA).

- 5 On May 12, 2011, ("Execution Date") the Acquirer entered into a Share Purchase Agreement ("SPA" or "Share Purchase Agreement", the transaction referred to as "Acquisition") with Trust Finstock Private Limited, a company incorporated under the laws of India and having its registered office at 301-302 Payal Complex, Sayajigunj, Vadodara-390005, Gujarat, India, Facsimile: +91 0265 2225378 ("Selling Shareholder"), to acquire 1,000 Shares of the Target Company ("Sale Shares") having a face value of Rs. 10 (Rupees Ten Only) each (each share of the Target Company a "Share"), representing 0.006% of Current Equity Capital and 0.006% of Diluted Equity Capital at a price of Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) per Share, payable in cash, subject to the fulfillment, inter alia, of certain conditions in the SPA. Post completion of the Acquisition (not considering the Shares that may be tendered in the Offer and also not including the conversion of 6,69,732 warrants into 6,69,732 Shares that took place on May 18, 2011), the Acquirer shall own 25,16,266 Shares representing 15.002% of Current Equity Capital and 14.426% of Diluted Equity Capital. However, including the conversion of 6,69,732 warrants into 6,69,732 Shares that took place on May 18, 2011, but not considering the Shares that may be tendered in the Offer, the Acquirer, post completion of the Acquisition, shall own 31,85,998 Shares representing 18.266% of Diluted Equity Capital of the Target Company. The completion of the Acquisition and the Offer will not result in the change of control or management of the Target Company.
- 6 The Selling Shareholder held 40,000 (Forty Thousand only) Shares in the Target Company constituting 0.238% of the Current Equity Capital and 0.229% of the Diluted Equity Capital, as on the date of the PA. As per stock exchange filings with National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE" and, together with the NSE, the "Stock Exchanges"), the Selling Shareholder belongs to the "public" category of Shareholders of the Target Company.
- 7 The salient features of the SPA are as follows:
 - (a) Transfer of Shares: Upon the satisfaction of certain conditions specified in the SPA, the Sale Shares shall be transferred to the Acquirer on a spot delivery basis and as an off market transaction.
 - (b) Conditions Precedent: The sale and purchase of the Sale Shares under the SPA is subject to the satisfaction of certain conditions precedent including, amongst others, but not limited to:
 - (i) The sale and purchase of the Sale Shares does not violate any applicable law;
 - (ii) Receipt of approval for the sale and purchase of the Sale Shares from the Competition Commission of India ("CCI") under the Competition Act, 2002, as amended ("Competition

- Act”), if required;
- (iii) Receipt of approval from the RBI;
- (iv) The representations and warranties of the Selling Shareholder in the SPA shall be true and correct as on the closing date of the SPA, and further each of the agreements and covenants of the Selling Shareholder, to be performed and complied with, pursuant to the SPA, prior to or as on the closing date of SPA, shall have been duly performed and complied with, in all respects, to the satisfaction of the Acquirer;
- (v) Completion of this Offer.
- (c) Termination: The SPA may be terminated prior to the date of closing:
 - (i) By a party (“Non-defaulting Party”) by providing a notice, in writing, of termination to the other party (“Defaulting Party”) in the event that the Defaulting Party fails to satisfy the conditions to be satisfied, or fails to comply with the obligations to be complied, by it prior to date of closing due to which sale and purchase of Sale Shares does not occur on or prior to the date of closing; and
 - (ii) By mutual written consent of the Acquirer and the Selling Shareholder.

One of the conditions precedent in the SPA (as mentioned above in paragraph 7(b)(ii)) is the receipt of the approval from the CCI under the Competition Act, if required. This condition precedent was mentioned in the SPA based on the draft Merger Regulations that were released on March 2, 2011. However, the final Merger Regulations, as notified on May 11, 2011 (“Merger Regulations”) under the Competition Act, have clarified the position with respect to the applicability of the Merger Regulations. Regulation 31 of the Merger Regulations states that the Merger Regulations shall apply only to mergers and amalgamations where the proposal has been approved by the board of directors on or after June 1, 2011, and, to acquisitions where the binding transaction documents are executed on or after June 1, 2011. Since the SPA has been executed on May 12, 2011 (i.e., prior to June 1, 2011), the completion of the Acquisition will not require the approval from the CCI.

- 8 The Acquirer, the Selling Shareholder and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the Securities and Exchange Board of India Act, 1992 (“SEBI Act, 1992”) or any other regulations made under the SEBI Act, 1992.

Details of the Offer

- 9 In accordance with Regulation 14(1) and Regulation 15(1) of the SEBI (SAST) Regulations, the Acquirer issued a Public Announcement (“PA” or “Public Announcement”) on May 13, 2011, which appeared in all editions of Financial Express, all editions of Jansatta, Mumbai edition of Navshakti and Vadodara edition of Vadodara Samachar. A copy of the PA is available on SEBI’s website (www.sebi.gov.in).
- 10 Pursuant to this Offer, the Acquirer proposes to acquire 37,38,440 Shares of the Target Company (“Offer Size”) representing 22.29% of the Current Equity Capital (21.43% of the Diluted Equity Capital) of the Target Company, at a price of Rs. 539 (Rupees Five Hundred and Thirty Nine Only) for each Share of the Target Company (“Offer Price”), to be paid in cash in accordance with the SEBI (SAST) Regulations.
- 11 There are no partly paid-up Shares of the Target Company. This Offer is not subject to any minimum level of acceptance or any differential pricing.
- 12 The Acquirer has neither acquired nor has been allotted any Shares of the Target Company in the 12 months prior to the date of the PA, other than as mentioned in paragraph 3 above.

The Acquirer has not acquired any Shares since the date of the PA and up to the date of this Letter of Offer, other than as mentioned in paragraph 3 above.

However, the Acquirer may acquire Shares of the Target Company on the Stock Exchanges, or through negotiation or otherwise, in compliance with and subject to the provisions of the SEBI (SAST) Regulations and applicable law during the pendency of the Offer, and all details of such purchases will be promptly disclosed by the Acquirer to the Stock Exchanges and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI (SAST) Regulations.

As per Regulation 20(7) of the SEBI (SAST) Regulations, where any such aforementioned acquisition upto the closure of the Offer is 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. Further, no such acquisition shall be made during the last 7 working days prior to the closure of the Offer.

- 13 The last date for the announcement of competitive bid was June 3, 2011. There have been no competitive bids till date.
- 14 To the extent of the Offer Size, all the Shares of the Target Company that are validly accepted in this Offer are proposed to be acquired by the Acquirer, subject to the terms and conditions of the Offer and receipt of approvals. In case the number of Shares validly tendered in the Offer is more than the Shares to be acquired in the Offer, the acquisition of Shares from each Shareholder will be, as per the provisions of Regulation 21(6) of the SEBI (SAST) Regulations, on a proportional basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1.
- 15 There shall be no discrimination in the acceptance of locked-in and non-locked in Shares in the Offer. The Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.
- 16 This Offer is made to all Shareholders except the Acquirer and the Selling Shareholder.
- 17 This Letter of Offer (including Form of Acceptance-cum-Acknowledgment and Form of Withdrawal) is being sent to those Shareholders (except the Acquirer and the Selling Shareholder) whose names appeared in the register of members of the Target Company at the close of business hours on May 20, 2011, being the Specified Date, as required under the SEBI (SAST) Regulations ("Specified Date"). In addition, this Letter of Offer along with the Form of Acceptance-cum-Acknowledgment and Form of Withdrawal will be sent to BNY Mellon, being the Custodian of the GDRs issued by the Target Company. Accidental omission to dispatch this Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate the Offer in any way.

Object of the Acquisition / Offer

- 18 The completion of the Acquisition and the Offer will result in substantial acquisition of Shares and voting rights in the Target Company without change in its control or management. This Offer is therefore being made in accordance with Regulation 10 of the SEBI (SAST) Regulations.

Under Regulation 2(1)(c) of the SEBI (SAST) Regulations, a person is said to be in 'control' of a company if he has the right to appoint the majority of the directors or to control the management or policy decisions of the company.

It should be noted that the present board of directors of the Target Company comprises of 7 directors and none of them is a representative or a nominee of the Acquirer. The Acquirer, after the completion of the Offer, does not intend to appoint a majority of the directors on the board of directors or exercise any control or influence over the policy decisions or the general management of the Target Company. Therefore, the Acquirer will not be in control of the Target Company immediately after the completion of the public offer.

Subsequently, any acquisition of control by the Acquirer in the Target Company shall be made in accordance with the SEBI (SAST) Regulations.

- 19 The Acquirer recognizes the huge potential of the Indian market and believes that it is operationally desirable to have a strategic investment in a composites manufacturer in India. As of the date of the PA, the Acquirer held 14.421% of the Diluted Equity Capital in the Target Company and seeks to increase its shareholding in the Target Company reinforcing its commitment to the Indian market.
- 20 The Acquirer, through its subsidiaries, manufactures, markets and sells various specialty chemical product lines, including high quality specialty paints, protective coatings, roofing systems, and sealants and adhesives. Through one of its subsidiaries, the Acquirer manufactures composites but does not sell such composites into the Indian market. Consequently, the consummation of the acquisition of Sale Shares and the Offer should not result in any change in market position, capacity utilization or other comparable business metric.

III. Background of the Acquirer

RPM International Inc. - Acquirer

21 RPM International Inc. is a corporation organized and existing under the General Corporation Law of the State of Delaware.

The Acquirer's Registered Office in Ohio and Delaware are:

c/o CSC Lawyers Incorporating Service (Corporation Service Company), 50 W. Broad Street, Suite 1800, Columbus, Ohio 43215; Telephone: +1 800 927 9800, Facsimile: +1 302 636 5454; and

c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808; Telephone: +1 302 636 5401, Facsimile: +1 302 636 5454

The Acquirer's Principal Executive Office is at:

2628 Pearl Road, Medina, Ohio 44256. Telephone: +1 330 273 5090; Facsimile: +1 330 225 8743)

(All mail and other correspondence should be sent to Acquirer's Principal Executive Office)

There is no Person Acting in Concert with the Acquirer for this Offer.

22 The Acquirer succeeded to the reporting obligations of RPM, Inc., an Ohio corporation, following a 2002 reincorporation transaction. RPM, Inc. was incorporated in 1947 under the name Republic Powdered Metals, Inc., and changed its name to RPM, Inc. in 1971. In connection with the 2002 reincorporation from Ohio to Delaware, RPM International Inc. established a new legal structure, which included the formation of two new, wholly owned subsidiaries of RPM International Inc., the RPM Consumer Holding Company and the RPM Industrial Holding Company. These two holding companies, in addition to RPM, Inc., which remained as one of RPM International Inc.'s subsidiaries following the reincorporation, own the various operating companies and other legal entities that make up RPM International Inc. In 2010, RPM, Inc. changed its name to Specialty Products Holding Corp.

23 RPM International Inc. is a multinational holding company with subsidiaries that manufacture, market and sell various specialty chemical product lines, including high quality specialty paints, protective coatings, roofing systems, sealants and adhesives, focusing on the maintenance and improvement needs of both the industrial and consumer markets.

24 As on March 31, 2011, the total capital of the Acquirer was USD 685.7 Mn broken down as follows: (a) Common Stock: USD 1.3 Mn; (b) Additional Paid in Capital: USD 746.8 Mn (c) Repurchase of Treasury Stock: USD (62.4 Mn).

25 The shares of RPM International Inc. are listed on the New York Stock Exchange (NYSE). The closing price of the shares of RPM International Inc. on the NYSE as on May 12, 2011 was USD 23.10 (equivalent to Rs. 1,032.57 using the RBI reference rate 1 USD = Rs. 44.70 (source: www.rbi.org.in) dated May 9, 2011).

26 The Acquirer is a professionally managed company and does not belong to any group. The shares of RPM International Inc. are widely held by institutional and non-institutional shareholders. The particulars of beneficial shareholders of RPM International Inc. holding more than 5% of the share capital of RPM International Inc. as on March 31, 2011 is as below:

No.	Name of Shareholder	Number of Shares Held	Percentage Shareholding
1.	Capital Research Global Investors	9,540,000	7.34%
2.	BlackRock Institutional Trust Company, N.A.	8,800,000	6.77%
3.	State Street Global Advisors (US)	6,890,000	5.30%

27 The shareholding pattern of the outstanding common stock of RPM International Inc. as on March 31, 2011 was as follows:

No.	Shareholder Category	Number of Shares Held	Percentage Shareholding
1.	Insiders	8,738,829	6.70%
2.	Institutions	87,779,585	67.30%
3.	Individuals	33,911,885	26.00%
	Total	130,430,299	100.00%

- 28 The Acquirer has not directly acquired the stocks of any other entity, or been involved in any merger, demerger or spin-off during the last 3 years.
- 29 The Acquirer has neither acquired nor has been allotted any Shares of the Target Company in the 12 months prior to the date of the PA, other than as mentioned in paragraph 3 above. The Acquirer has complied with the provisions of the Chapter II of the SEBI (SAST) Regulations with respect to the Target Company, wherever applicable.
- 30 The details of the board of directors of the Acquirer are as under:

Name of Director	Address	Designation, Educational Qualifications and Experience	Date of Appointment
Thomas C. Sullivan	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	Designation: Director; Chairman Emeritus of RPM International Inc.; Member of the Executive Committee Education: B.S. degree in Business Administration from Miami University (Ohio) Experience: Mr. Sullivan Joined RPM as a Divisional Sales Manager in 1961 and was rose to the rank of Executive Vice President in 1969, and in 1971, he was elected Chairman of the Board. He also served as President from 1970 to 1978 and Chief Executive Officer from 1971 to 2002. In October 2008, Mr. Sullivan retired after 37 years of serving as Chairman, and now serves on the Board of Directors as Chairman Emeritus. From 1998 until May 2010, Mr. Sullivan was a director of Kaydon Corporation, from 1984 until 2007, Mr. Sullivan was a director of Agilysys, Inc., and from 1995 until 2005, Mr. Sullivan was a director of Huff Corporation	1963
Frank C. Sullivan	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	Designation: Director; Chairman and Chief Executive Officer of RPM International Inc.; Chairman of the Executive Committee Education: Entered the University of North Carolina as a Morehead Scholar and received his B.A. degree in 1983 Experience: From 1983 to 1987, Mr. Sullivan held various commercial lending and corporate finance positions at Harris Bank and First Union National Bank prior to joining RPM as Regional Sales Manager from 1987 to 1989 at RPM's AGR Company joint venture. In 1989, he became RPM's Director of Corporate Development, rose to the rank of Chief Financial Officer in 1993, rose to the rank of Chief Executive Officer in 2002, and was elected Chairman of the Board in 2008. Mr. Sullivan serves on the boards of The Timken Company, The Cleveland Foundation, the National Paint and Coatings Association, the Cleveland Rock and Roll Hall of Fame and Museum, Greater Cleveland Partnership, the Ohio Business Roundtable, the Army War College Foundation, Inc., the Chamber of Commerce of the United States, and the Medina County Bluecoats.	1995
James A. Karman	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	Designation: Director; Retired Vice Chairman of RPM International Inc.; Member of the Audit Committee Education: B.S. degree from Miami University (Ohio) and an M.B.A. degree from the University of Wisconsin Experience: Mr. Karman has taught corporate finance at the University of Wisconsin and was an Investment Manager at The Union Bank & Trust Company, Grand Rapids, Michigan, prior to joining RPM International Inc. From 1973 through 1978, Mr. Karman served as the Executive Vice President, Secretary and Treasurer of RPM International Inc. From 1978 to 1999, he served as the President and Chief Operating Officer of RPM International Inc. Mr. Karman also served as Chief Financial Officer from 1982 to 1993, and again in 2001. He was Vice Chairman from 1999 to 2002. From 1995 until 2008, Mr. Karman was also a director of A. Schulman, Inc.	1963

Name of Director	Address	Designation, Educational Qualifications and Experience	Date of Appointment
John P. Abizaid	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Compensation Committee</p> <p>Education: Graduated from the U.S. Military Academy with a bachelor of science degree in 1973. His civilian studies include an Olmsted Scholarship at the University of Jordan, Amman, and a master of arts degree in Middle Eastern studies at Harvard University</p> <p>Experience: Mr. Abizaid is a Senior Partner, JPA Partners LLC, a Nevada-based strategic and analytic consulting firm. Gen. Mr. Abizaid retired from the U.S. Army in 2007 after 34 years of service, during which he rose from an infantry platoon leader to become a four-star general and the longest-serving commander of U.S. Central Command. During his distinguished career, his command assignments ranged from infantry combat to delicate international negotiations.</p>	2008
Bruce A. Carbonari	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Governance and Nominating Committee</p> <p>Education: Received his Bachelor's degree in Accounting and Finance from Boston College in 1977 and his Master's Degree in Management Sciences from Hartford Graduate Center, an affiliate of Rensselaer Polytechnic Institute, in 1983</p> <p>Experience: Mr. Carbonari is the Chairman and Chief Executive Officer, Fortune Brands, Inc., a diversified consumer products company, since 2008. He served as President and Chief Executive Officer from 2007 to 2008. Mr. Carbonari has also served as the Executive Vice President and Chief Financial Officer of Stanadyne, Inc. He began his career at Pricewaterhouse Coopers prior to joining Stanadyne in 1981.</p>	2002
David A. Daberko	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Compensation Committee</p> <p>Education: Holds a bachelor's degree from Denison University and a M.B.A. degree from the Weatherhead School of Management at Case Western Reserve University</p> <p>Experience: Mr. Daberko retired as Chairman of the Board and Chief Executive Officer, National City Corporation, now a part of PNC Financial Services Group, Inc. in 2007. He had joined National City Bank in 1968 and was elected Deputy Chairman of National City Corporation and President of National City Bank in Cleveland in 1987. Mr. Daberko is a director of Marathon Oil Corporation and Chesapeake Midstream Partners, L.P. He is a trustee of Case Western Reserve University, University Hospitals Health System and Hawken School. From 1999 until 2007, Mr. Daberko was a director of OMNOVA Solutions Inc.</p>	2007
Donald K. Miller	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Audit Committee</p> <p>Education: Received his B.S. degree from Cornell University and his M.B.A. degree from Harvard University Graduate School of Business Administration</p> <p>Experience: Mr. Miller is the Chairman of Axiom International Investors LLC, an international equity asset management firm, since 1999. From 1986 to 1996, Mr. Miller was Chairman of Greylock Financial Inc., a venture capital firm. Formerly, Mr. Miller served as Chairman and CEO of Thomson Advisory Group L.P., a money management firm from 1990 to 1993 and Vice Chairman from 1993 to 1994 when Thomson became PIMCO Advisors L.P. Mr. Miller served as Director of PIMCO Advisors, L.P. from 1994 to 1997. Until June 2009, Mr. Miller was a director of Layne Christensen Company, a successor corporation to Christensen Boyles Corporation, a supplier of mining products and services, where Mr. Miller served as Chairman from 1987 through 1995.</p>	1972

Name of Director	Address	Designation, Educational Qualifications and Experience	Date of Appointment
Frederick R. Nance	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Governance and Nominating Committee</p> <p>Education: Received his B.A. degree from Harvard University and his J.D. degree from the University of Michigan</p> <p>Experience: Mr. Nance is the Regional Managing Partner of Squire, Sanders & Dempsey L.L.P., Attorneys-at-law, Cleveland, Ohio, since 2007. Mr. Nance has also served on the firm's worldwide seven-person Management Committee since 2007. Mr. Nance joined Squire, Sanders & Dempsey L.L.P. directly from law school, became partner in 1987 and served as the Managing Partner of the firm's Cleveland office from 2002 until 2007. In addition to his duties at Squire, Sanders & Dempsey L.L.P., Mr. Nance also currently serves as General Counsel of the Cleveland Browns. Mr. Nance serves on the boards of Greater Cleveland Partnership, The Cleveland Foundation, and the Cleveland Clinic.</p>	2007
William A. Papenbrock	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Audit Committee; Member of the Governance and Nominating Committee</p> <p>Education: Received his B.S. degree in Business Administration from Miami University (Ohio) and his LL.B. degree from Case Western Reserve Law School</p> <p>Experience: Mr. Papenbrock retired as the Partner, Calfee, Halter & Griswold LLP, Attorneys-at-law, in 2000. After serving one year as the law clerk to Chief Justice Taft of the Ohio Supreme Court, Mr. Papenbrock had joined Calfee, Halter & Griswold LLP as an attorney in 1964. He became a partner of the firm in 1969 and is a past Vice Chairman of the firm's Executive Committee.</p>	1972
Charles A. Ratner	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Chairman of the Compensation Committee; Member of the Executive Committee</p> <p>Education: Received his B.A. degree from Colgate University and his law degree from New York University School of Law in 1966</p> <p>Experience: Mr. Ratner is the President and Chief Executive Officer of Forest City Enterprises, Inc. (FCE) since 1993 and 1995, respectively. Mr. Ratner serves on the Board of Directors for FCE, American Greetings Corporation, Greater Cleveland Partnership, University Hospitals Health System, and the United Jewish Communities. Mr. Ratner also serves on the Board of Trustees for the Musical Arts Association, Mandel Associated Foundations, and the David and Inez Myers Foundation.</p>	2005
William B. Summers, Jr.	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Chairman of the Audit Committee; Member of the Executive Committee</p> <p>Education: Received his B.A. degree in Finance from Baldwin-Wallace College in 1972</p> <p>Experience: Mr. Summers retired as the Chairman and Chief Executive Officer of McDonald Investments Inc., an investment banking and securities firm and a part of KeyBank Capital Markets. Prior to his retirement, Mr. Summers served as Chairman of McDonald Investments Inc. from 2000 to 2006, and as its Chief Executive Officer from 1994 to 2000. From 1998 until 2000, Mr. Summers served as the Chairman of Key Capital Partners and an Executive Vice President of KeyCorp. Mr. Summers is a director of Developers Diversified Realty Corporation and Greatbatch, Inc., and a member of the Advisory Boards of Molded Fiber Glass Companies and Dix & Eaton Inc.</p>	2004

Name of Director	Address	Designation, Educational Qualifications and Experience	Date of Appointment
Jerry Sue Thornton	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Member of the Executive Committee; Member of the Compensation Committee</p> <p>Education: Received her Ph.D. degree from the University of Texas at Austin and her M.A. and B.A. degrees from Murray State University</p> <p>Experience: Dr. Thornton is the President of Cuyahoga Community College since 1992. From 1985 to 1992, Dr. Thornton served as President of Lakewood Community College in White Bear Lake, Minnesota. Dr. Thornton is also a director of American Greetings Corporation, American Family Insurance and Applied Industrial Technologies, Inc. Dr. Thornton is also a board member of United Way of Cleveland, Greater Cleveland Partnership, the Rock and Roll Hall of Fame and Museum — Cleveland and New York, University Hospitals Health System, the Cleveland Museum of Art, and Playhouse Square Foundation. From 2001 until 2008, Dr. Thornton was a director of National City Corporation.</p>	1999
Joseph P. Viviano	c/o Vice President, General Counsel and Secretary, RPM International Inc. , 2628 Pearl Road, P.O. Box 777, Medina, Ohio 44258	<p>Designation: Director; Chairman of the Governance and Nominating Committee</p> <p>Education: Received his undergraduate degree from Xavier University in 1959</p> <p>Experience: Mr. Viviano retired as the Vice Chairman of Hershey Foods Corporation, a manufacturer, distributor and marketer of consumer food products. Prior to his retirement, Mr. Viviano served as the Vice Chairman of Hershey Foods from 1999 to 2000, and as its President and Chief Operating Officer from 1994 to 1999. From 2004 until 2009, Mr. Viviano was a director of Reynolds American Inc., from 1999 until 2008, Mr. Viviano was a director of Harsco Corporation, from 1988 until 2008, Mr. Viviano was a director of Chesapeake Corporation (now Canal Corporation), and from 1996 until 2005, Mr. Viviano was a director of Huff Corporation.</p>	2001

None of the above directors is a director of the Target Company as of the date of the PA.

- 31 None of the directors of the Acquirer has acquired any Shares of the Target Company during the 12 months prior to the date of the PA.
- 32 The details in respect of the companies promoted by the Acquirer in India, as of the date of the PA, are as below:

Name of the Company	Flowcrete India Private Limited
Date of Incorporation	July 6, 2010
Nature of Business	The company has been established for trading in the polymer flooring market. However, it has not yet commenced trading activity.
Stake held by RPM International Inc.	Flowcrete India Private Limited is a 100% indirectly owned subsidiary of RPM International Inc.
Whether the company stated above is a Sick Industrial Company	No
Financial Information	Since Flowcrete India Private Limited was incorporated on July 6, 2010, the financials for the last 3 financial years are not available.

Name of the Company	Tremco Roofing & Facility Services Private Limited
Date of Incorporation	July 21, 2010
Nature of Business	The company's business involves the installation of roofing systems and provision of facility management services.
Stake held by RPM International Inc.	Tremco Roofing & Facility Services Private Limited is a 100% indirectly owned subsidiary of RPM International Inc.
Whether the company stated above is a Sick Industrial Company	No
Financial Information	Since Tremco Roofing & Facility Services Private Limited was incorporated on July 21, 2010, the financials for the last 3 financial years are not available.

Name of the Company	Carboline (India) Private Limited		
Date of Incorporation	August 5, 1986		
Nature of Business	The company is a manufacturer of high performance coatings and fireproofing.		
Stake held by RPM International Inc.	Carboline (India) is an 80% JV of Carboline International Corporation, a 100% indirectly owned subsidiary of RPM International Inc.		
Whether the company stated above is a Sick Industrial Company	No		
Financial Information			
(All figures in Rupees Lacs except for per Share numbers)	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011
Equity Capital, Reserves (excluding revaluation reserves)	828	1,097	1,251
Total Income	3,898	4,515	4,955
Profit After Tax	241	269	197
Earnings Per Share* (Rs.)	49.11	54.97	40.24
Net Asset Value	744	1,195	1,300

* Earning per Share computed as Profit After Tax / Number of Shares outstanding at the end of the Year

33 The financial details of the Acquirer on a consolidated basis for the last 3 years as derived from its audited financial statements and for the 6 months period ended November 30, 2010 as per the limited review report issued by the statutory auditors of the Acquirer are as follows:

Profit & Loss Statement	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010
	USD Mn				Rs Lacs ^			
Net Sales	3,644	3,368	3,413	1,721	1,628,868	1,505,496	1,525,611	769,287
Cost of Sales	2,145	2,015	1,978	1,006	958,815	900,705	884,166	449,682
Gross Profit	1,499	1,353	1,435	715	670,053	604,791	641,445	319,605
Operating Expenses	1,413	1,112	1,115	503	631,611	497,064	498,405	224,841
Earnings from Operations	86	241	320	212	38,442	107,727	143,040	94,764
Interest Expense	66	54	59	33	29,502	24,138	26,373	14,751
Investment (Income) Expense, net	(14)	6	(7)	(6)	(6,258)	2,682	(3,129)	(2,682)
Income before Income Taxes	34	181	268	185	15,198	80,907	119,796	82,695
Provision (benefit) for Income Taxes	(10)	61	87	57	(4,470)	27,267	38,889	25,479
Net Income	44	120	181	128	19,668	53,640	80,907	57,216

Balance Sheet Statement	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010
	USD Mn				Rs Lacs ^			
Assets								
Total Current Assets	1,784	1,553	1,449	1,522	797,448	694,191	647,703	680,334
Property, plant and equipment, net	498	470	383	378	222,606	210,090	171,201	168,966
Goodwill	908	856	768	794	405,876	382,632	343,296	354,918
Other Intangible Assets, net of amortization	384	358	303	309	171,648	160,026	135,441	138,123
Other Assets	190	173	101	116	84,930	77,331	45,147	51,852
Total Assets	3,764	3,410	3,004	3,119	1,682,508	1,524,270	1,342,788	1,394,193
Liabilities and Stockholders' Equity								
Liabilities								
Total Current Liabilities	846	849	632	600	378,162	379,503	282,504	268,200
Total Long-term Liabilities	1,781	1,417	1,211	1,235	796,107	633,399	541,317	552,045
Total Liabilities	2,627	2,266	1,843	1,835	1,174,269	1,012,902	823,821	820,245
Stockholders' Equity								
Common Stock	1	1	1	1	447	447	447	447
Paid-in Capital	629	797	724	734	281,163	356,259	323,628	328,098
Treasury Stock, at cost	(6)	(50)	(41)	(62)	(2,682)	(22,350)	(18,327)	(27,714)
Retained Earnings *	513	396	395	514	229,311	177,012	176,565	229,758
Total Stockholders' Equity	1,137	1,144	1,079	1,187	508,239	511,368	482,313	530,589
Noncontrolling Interest	-	-	82	97	-	-	36,654	43,359
Total Equity	1,137	1,144	1,161	1,284	508,239	511,368	518,967	573,948
Total Liabilities and Stockholders' Equity	3,764	3,410	3,004	3,119	1,682,508	1,524,270	1,342,788	1,394,193

Other Financial Data	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010	Year ended May 31, 2008	Year ended May 31, 2009	Year ended May 31, 2010	Six month ended November 30, 2010
Dividend per Share (USD / Rs.)	0.745	0.790	0.815	0.415 [@]	33.30	35.31	36.43	18.55 [@]
Book Value per share** (USD / Rs.)	9.31	8.91	8.31	9.13	415.94	398.28	371.24	408.03
Earning per Share*** (USD / Rs.)	0.36	0.93	1.39	0.91 [@]	16.10	41.74	62.28	40.68 [@]
Return on Networth # (%)	3.9%	10.4%	16.8%	10.8% [@]	3.9%	10.4%	16.8%	10.8% [@]
Price-to-Earnings Ratio ^{###}	68.14	16.47	14.25	NA	68.14	16.47	14.25	NA

The above financials are based on audited accounts, except the 6-months ended November 30, 2010 financials for which a Limited Review has been done

[^] The above figures have been converted into Rupees using the RBI Reference rate 1US Dollar = Rs. 44.70 (source: www.rbi.org.in) dated May 9, 2011

* Retained Earnings includes Accumulated Other Comprehensive Income (Loss)

** Book Value per Share computed as networth / Number of Shares outstanding at the end of the Period

*** Earning per Share computed using the two-class method under U.S. GAAP

Return on networth computed as net income / networth at the end of the Period

Price-to-Earnings Ratio has been calculated as closing stock price on the last trading day of the financial year / Earning Per Share for the respective financial year

@ Not annualized

34 Contingent Liabilities:

The Acquirer is a party to various claims and lawsuits arising in the normal course of business. While it is not possible to determine with any degree of certainty the ultimate outcome of such legal proceedings, the Acquirer records provisions where it considers the liability probable and reasonably estimable. In case the actual outcome of such proceedings results in liabilities in excess of those provided by the Acquirer, it could have a material impact on the operating results of the Acquirer in the quarter of the fiscal year of recognition of such excess liabilities.

The Acquirer's environmental-related accruals are similarly established and/or adjusted as more information becomes available upon which costs can be reasonably estimated. However, actual costs may vary from estimates because of the inherent uncertainties involved, including the identification of new sites and the development of new information about contamination. Certain sites are still being investigated by the Acquirer; therefore, the Acquirer has been unable to fully evaluate the ultimate costs for those sites. As a result, the Acquirer has not estimated accruals for certain of these sites and costs may ultimately exceed existing estimated accruals for other sites. The Acquirer has received indemnities for potential environmental issues from purchasers of certain of its properties and businesses and from sellers of some of the properties or businesses the Acquirer has acquired. The Acquirer has also purchased insurance to cover potential environmental liabilities at certain sites. If the indemnifying or insuring party fails to, or becomes unable to, fulfill its obligations under those agreements or policies, the Acquirer may incur environmental costs in addition to any amounts accrued, which may have a material adverse effect on the Acquirer's financial condition, results of operations or cash flows.

The Acquirer has several industrial businesses which offer extended warranty terms and related programs, and thus have established a corresponding warranty liability. Warranty expense is impacted by variations in local construction practices and installation conditions, including geographic and climate differences.

The Acquirer's operations are subject to various federal, state, local and foreign tax laws and regulations, which govern, among other things, taxes on worldwide income. The calculation of its income tax expense is based on the best information available and involves significant judgment of the Acquirer. The actual income tax liability for each jurisdiction in any year can be, in some instances, determined ultimately several years after the financial statements have been published. If the actual income tax liability exceeds the tax estimates made by the Acquirer, it may have a material impact on the operating results of the Acquirer.

For a more detailed discussion of additional contingent liabilities of Acquirer, please see paragraph 38 (Status of Pending Litigation Matters).

35 The reasons for rise / fall in net sales and net income in the last three financial years are as follows:

A. Year ended May 31, 2010 compared to Year ended May 31, 2009

Reasons for change in Net Sales

On a consolidated basis, net sales of USD 3.41 Bn (Rs. 15,25,611 Lacs) for the year ended May 31, 2010 increased 1.3% over net sales of USD 3.37 Bn (Rs. 15,05,496 Lacs) for the year ended May 31, 2009. The organic growth in sales in fiscal 2010 amounted to 0.3%, or USD 10.7 Mn (Rs. 4,783

Lacs), of the growth in net sales over fiscal 2009, which includes the impact of net favorable foreign exchange rates year over year, which amounted to 1.1%, or USD 35.8 Mn (Rs. 16,003 Lacs), and favorable pricing of 0.2% or USD 7.5 Mn (Rs. 3,353 Lacs), which were partially offset by volume-related declines approximating 1.0% or USD 32.6 Mn (Rs. 14,572 Lacs). Foreign exchange gains resulted from the weak dollar against nearly all major foreign currencies, with the majority of the gains resulting from the stronger Euro and Canadian dollar. Seven acquisitions provided 1.0% of sales growth over fiscal 2009, or USD 33.8 Mn (Rs. 15,109 Lacs).

Reasons for change in Net Income

Net income of USD 181.1 Mn (Rs. 80,907 Lacs) for fiscal 2010 compares to net income of USD 119.6 Mn (Rs. 53,640 Lacs) during fiscal 2009, for a net margin on sales of 5.3% compared to a margin of 3.6% during fiscal 2009. The improved results for fiscal 2010 over fiscal 2009 reflect the benefit of higher gross margins attributable to prior year cost reduction initiatives and more stable raw material comparisons.

B. Year ended May 31, 2009 compared to Year ended May 31, 2008

Reasons for change in Net Sales

On a consolidated basis, net sales of USD 3.37 Bn (Rs. 15,05,496 Lacs) for the year ended May 31, 2009 declined 7.6%, over net sales of USD 3.64 Bn (Rs. 16,28,868 Lacs) during fiscal 2008. The organic decline in sales amounted to 10.2%, or USD 369.8 Mn (Rs. 1,65,301 Lacs), of the shortfall in net sales over the fiscal 2008 result, which includes volume-related declines of 9.9%, or USD 358.4 Mn (Rs. 1,60,205 Lacs), and the impact of net unfavorable foreign exchange rates versus fiscal 2008, which amounted to 3.4%, or USD 123.6 Mn (Rs. 55,249 Lacs), offset partially by pricing initiatives representing 3.1% of the fiscal 2008 sales, or USD 112.2 Mn (Rs. 50,153 Lacs). These pricing initiatives, including those across both of RPM's reportable segments, were instituted primarily during prior periods in order to offset the rising costs of many of its raw materials. Foreign exchange losses resulted from the strong dollar against nearly all major foreign currencies, with the majority of the losses resulting from the weaker Euro and Canadian dollar. Eleven small acquisitions provided 2.6% of sales growth over fiscal 2008, or USD 94.2 Mn (Rs. 42,107 Lacs).

Reasons for change in Net Income

Net income of USD 119.6 Mn (Rs. 53,640 Lacs) for the year ended May 31, 2009 compares to net income of USD 44.4 Mn (Rs. 19,668 Lacs) for fiscal 2008, for a net margin on sales of 3.6% for fiscal 2009 compared to a net margin on sales of 1.2% for fiscal 2008. The fiscal 2009 net income reflects the after-tax impact of the goodwill and other intangible asset impairment losses of USD 15.3 Mn (Rs. 6,839 Lacs), while net income for fiscal 2008 reflects the after-tax impact of the asbestos-related charge of USD 185.1 Mn (Rs. 82,740 Lacs). Excluding those items, the net margin on sales for fiscal 2009 and 2008 would have been 4.0% and 6.3%, respectively. The overall decline in the net margin on sales reflects the impact of declining organic sales volume, which impacted sales by 9.9% during fiscal 2009, combined with higher raw material costs and expenses related to higher warranty, bad debt, and other-than temporary losses on marketable securities incurred during fiscal 2009.

C. Year ended May 31, 2008 compared to Year ended May 31, 2007

Reasons for change in Net Sales

On a consolidated basis, net sales of USD 3.64 Bn (Rs. 16,28,868 Lacs) for the year ended May 31, 2008 grew 9.1%, over net sales of USD 3.34 Bn (Rs. 14,92,086 Lacs) during fiscal 2007. Organic sales improvements accounted for 6.9%, or USD 230.8 Mn (Rs. 1,03,168 Lacs), of the growth in net sales in fiscal 2008 over fiscal 2007, including pricing initiatives representing 1.6% of the sales growth, or USD 53.1 Mn (Rs. 23,736 Lacs), and the impact of net favorable foreign exchange rates year-over-year, which provided 3.1%, or USD 102.7 Mn (Rs. 45,907 Lacs), of the sales growth. Foreign exchange gains resulted from the weak dollar against nearly all major foreign currencies, with the majority of the gain resulting from the stronger Euro and the Canadian dollar. 15 small acquisitions accounted for 3.4% of the growth in net sales over fiscal 2007, while the loss of the revenue related to RPM's Bondo divestiture during fiscal 2008 represented a negative impact of 1.2% of net sales from fiscal 2007, for a net acquisition impact of 2.2% of the growth in net sales over fiscal 2007, or USD 74.2 Mn (Rs. 33,167 Lacs).

Reasons for change in Net Income

Net income of USD 44.4 Mn (Rs. 19,668 Lacs) for the year ended May 31, 2008 compares to USD 208.3 Mn (Rs. 93,110 Lacs) in fiscal 2007, for a net margin on sales of 1.2% and 6.2% for fiscal 2008 and 2007 respectively. The decline from fiscal 2007 reflects the USD 185.1 Mn (Rs. 82,740 Lacs) after-tax asbestos-related liability adjustment taken during the fourth fiscal quarter of 2008. Also, fiscal 2007 figures reflect the combination of a one-time gain of USD 2.1 Mn (Rs. 939 Lacs) relating to the settlement of prior years' tax liabilities and income of USD 9.7 Mn (Rs. 4,336 Lacs) (after-tax) related to the impact of an asbestos-related cash settlement received from one of the defendant insurers during fiscal 2007. Reflected in net income for fiscal 2008 is the combination of the operating leverage related to our 3.8% organic sales growth, the impact of favorable acquisitions throughout the year and the net impact of higher selling prices offsetting certain increased raw material costs.

- 36 The principal accounting policies applied in the preparation of the financials information presented in this document are set out below:

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Acquirer's Consolidated Financial Statements include the accounts of the Acquirer and its majority-owned subsidiaries, except for certain subsidiaries that were deconsolidated on May 31, 2010. Preparation of the Acquirer's financial statements requires the use of estimates and assumptions that affect the reported amounts of the Acquirer's assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Acquirer continually evaluates these estimates, including those related to its allowances for doubtful accounts; inventories; allowances for recoverable taxes; useful lives of property, plant and equipment; goodwill and other intangible assets; environmental, warranties and other contingent liabilities; income tax valuation allowances; pension plans; and the fair value of financial instruments. The Acquirer bases its estimates on historical experience, its most recent facts, and other assumptions that it believes to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of the Acquirer's assets and liabilities. Actual results, which are shaped by actual market conditions, may differ materially from the Acquirer's estimates. The accounting policies and estimates that are the most critical to the Acquirer's financial statements are indicated below.

A. Revenue Recognition

Revenues are recognized when realized or realizable, and when earned. In general, this is when title and risk of loss pass to the customer. Further, revenues are realizable when the Acquirer has persuasive evidence of a sales arrangement, the product has been shipped or the services have been provided to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured. The Acquirer reduces its revenues for estimated customer returns and allowances, certain rebates, sales incentives and promotions in the same period the related sales are recorded. The Acquirer also records revenues generated under long-term construction contracts, mainly in connection with the installation of specialized roofing and flooring systems, and related services. In general, the Acquirer accounts for long-term construction contracts under the percentage-of-completion method, and therefore record contract revenues and related costs as the Acquirer's contracts progress. This method recognizes the economic results of on track performance on a timelier basis than does the completed-contract method; however, application of this method requires reasonably dependable estimates of progress toward completion, as well as other dependable estimates. When reasonably dependable estimates cannot be made, or if other factors make estimates doubtful, the completed-contract method is applied. Under the completed-contract method, billings and costs are accumulated on the balance sheet as the contract progresses, but no revenue is recognized until the contract is complete or substantially complete.

B. Translation of Foreign Currency Financial Statements and Foreign Currency Transactions

The Acquirer's reporting currency is the USD. However, the functional currency for each of Acquirer's foreign subsidiaries is its local currency. The Acquirer translates the amounts included in its Consolidated Statements of Income from its foreign subsidiaries into USD at weighted average exchange rates, which the Acquirer believes are representative of the actual exchange rates on the dates of the transactions. The Acquirer's foreign subsidiaries' assets and liabilities are translated into U.S. dollars from local currency at the actual exchange rates as of the end of each reporting date, and it records the resulting foreign exchange translation adjustments in the Acquirer's Consolidated Balance Sheets as a component of accumulated other comprehensive income (loss). If the USD strengthens, the Acquirer will reflect the resulting losses as a component of accumulated other comprehensive income (loss). Conversely, if the USD were to weaken, foreign exchange translation gains could result, which would favorably impact

accumulated other comprehensive income. Translation adjustments will be included in net earnings in the event of a sale or liquidation of any of the Acquirer's underlying foreign investments, or in the event that the Acquirer distributes the accumulated earnings of consolidated foreign subsidiaries. If the Acquirer determines that the functional currency of any of its foreign subsidiaries should be the USD, the Acquirer's financial statements will be affected. Should this occur, the Acquirer will adjust its reporting to appropriately account for any such changes. As appropriate, the Acquirer uses permanently invested intercompany loans as a source of capital to reduce exposure to foreign currency fluctuations at Acquirer's foreign subsidiaries. These loans, on a consolidated basis, are treated as being analogous to equity for accounting purposes. Therefore, foreign exchange gains or losses on these intercompany loans are recorded in accumulated other comprehensive income (loss). If the Acquirer determines that the functional currency of any of its subsidiaries should be the USD, it will no longer record foreign exchange gains or losses on such intercompany loans.

C. Goodwill

The Acquirer tests its goodwill balances at least annually, or more frequently as impairment indicators arise, using a fair-value approach at the reporting unit level. The Acquirer's reporting units have been identified at the component level, which is the operating segment level or one level below the Acquirer's operating segments. The Acquirer performs a two-step impairment test. In the first step, the Acquirer compares the fair value of each of its reporting units to its carrying value. The Acquirer has elected to perform its annual required impairment tests, which involve the use of estimates related to the fair market values of the reporting units with which goodwill is associated, during its fourth fiscal quarter. Calculating the fair market values of reporting units requires the Acquirer's use of estimates and assumptions.

The Acquirer uses significant judgment in determining the most appropriate method to establish the fair values of each of its reporting units. The Acquirer estimates the fair values of its reporting units by employing various valuation techniques, depending on the availability and reliability of comparable market value indicators, and employs methods and assumptions, which include the application of third-party market value indicators and the computation of discounted future cash flows for each of the Acquirer's reporting unit's annual projected earnings before interest, taxes, depreciation and amortization ("EBITDA"). For each of its reporting units, the Acquirer calculates a break-even multiple based on its carrying value as of the testing date. The Acquirer then compares each reporting unit's break-even EBITDA market multiple to guideline EBITDA market multiples applicable to the Acquirer's industry and peer group, the data for which the Acquirer develops internally and through third-party sources. The result of this analysis provides the Acquirer with insight and sensitivity as to which reporting units, if any, may have a higher risk for a potential impairment.

The Acquirer then supplements this analysis with an evaluation of discounted future cash flows for each reporting unit's projected EBITDA. Under this approach, the Acquirer calculates the fair value of each reporting unit based on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the net assets of the reporting unit, goodwill is not impaired. An indication that goodwill may be impaired results when the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit. At that point, the second step of the impairment test is performed, which requires a fair value estimate of each tangible and intangible asset in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then the Acquirer records an impairment loss equal to the difference.

In applying the discounted cash flow methodology, the Acquirer relies on a number of factors, including future business plans, actual and forecasted operating results, and market data. The significant assumptions employed under this method include discount rates, revenue growth rates, including assumed terminal growth rates, and operating margins used to project future cash flows for each reporting unit. The discount rates utilized reflect market-based estimates of capital costs and discount rates adjusted for management's assessment of a market participant's view with respect to other risks associated with the projected cash flows of the individual reporting units. The Acquirer's estimates are based upon assumptions it believes to be reasonable, but which by nature are uncertain and unpredictable. The Acquirer believes it incorporates ample sensitivity ranges into its analysis of goodwill impairment testing for each reporting unit, such that actual experience would need to be materially out of the range of expected assumptions in order for an impairment to remain undetected.

Should the future earnings and cash flows at the Acquirer's reporting units decline and/or discount rates increase, future impairment charges to goodwill and other intangible assets may be required.

D. Other Long-Lived Assets

The Acquirer assesses identifiable, non-goodwill intangibles and other long lived assets for impairment whenever events or changes in facts and circumstances indicate the possibility that the carrying values of these assets may not be recoverable over their estimated remaining useful lives. Factors considered important in the Acquirer's assessment, which might trigger an impairment evaluation, include the following:

- Significant under-performance relative to historical or projected future operating results
- Significant changes in the manner of Acquirer's use of the acquired assets
- Significant changes in the strategy for Acquirer's overall business, and
- significant negative industry or economic trends

Additionally, the Acquirer tests all indefinite-lived intangible assets for impairment at least annually during its fiscal fourth quarter. Measuring a potential impairment of non-goodwill intangibles and other long-lived assets requires the use of various estimates and assumptions, including the determination of which cash flows are directly related to the assets being evaluated, the respective useful lives over which those cash flows will occur and potential residual values, if any. If the Acquirer determines that the carrying values of these assets may not be recoverable based upon the existence of one or more of the above-described indicators or other factors, any impairment amounts would be measured based on the projected net cash flows expected from these assets, including any net cash flows related to eventual disposition activities. The determination of any impairment losses would be based on the best information available, including internal estimates of discounted cash flows; quoted market prices, when available; and independent appraisals, as appropriate, to determine fair values. Cash flow estimates would be based on the Acquirer's historical experience and the Acquirer's internal business plans, with appropriate discount rates applied.

E. Income Taxes

The Acquirer's provision for income taxes is calculated using the liability method, which requires the recognition of deferred income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and certain changes in valuation allowances. The Acquirer provides valuation allowances against deferred tax assets if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In determining the adequacy of valuation allowances, the Acquirer considers cumulative and anticipated amounts of domestic and international earnings or losses, anticipated amounts of foreign source income, as well as the anticipated taxable income resulting from the reversal of future taxable temporary differences. The Acquirer intends to maintain any recorded valuation allowances until sufficient positive evidence (for example, cumulative positive foreign earnings or additional foreign source income) exists to support a reversal of the tax valuation allowances. Further, at each interim reporting period, Acquirer estimates an effective income tax rate that is expected to be applicable for the full year. Significant judgment is involved regarding the application of global income tax laws and regulations and when projecting the jurisdictional mix of income. Additionally, interpretation of tax laws, court decisions or other guidance provided by taxing authorities influences Acquirer's estimate of the effective income tax rates. As a result, the Acquirer's actual effective income tax rates and related income tax liabilities may differ materially from Acquirer's estimated effective tax rates and related income tax liabilities. Any resulting differences are recorded in the period they become known.

F. Contingencies

The Acquirer is party to claims and lawsuits arising in the normal course of business. Although the Acquirer cannot precisely predict the amount of any liability that may ultimately arise with respect to any of these matters, the Acquirer records provisions when it considers the liability probable and reasonably estimable. The Acquirer's provisions are based on historical experience and legal advice, reviewed quarterly and adjusted according to developments. Estimating probable losses requires the analysis of multiple forecasted factors that often depend on judgments about potential actions by third parties, such as regulators, courts, and state and federal legislatures. Changes in the amounts of the Acquirer's loss provisions, which can be material, affect the Acquirer's Consolidated Statements of Income. Due to the inherent uncertainties in the process undertaken to estimate potential losses, the Acquirer is unable to estimate an additional range of loss in excess of its accruals. While it is reasonably possible that such excess liabilities, if they were to occur, could be material to operating results in any given quarter or year of their recognition, the Acquirer does not believe that it is reasonably possible that such excess liabilities would have a material adverse effect on the Acquirer's long-term results of operations, liquidity or consolidated financial position.

The Acquirer's environmental-related accruals are similarly established and/or adjusted as more information becomes available upon which costs can be reasonably estimated. Here again, actual costs may vary from these estimates because of the inherent uncertainties involved, including the identification of new sites and the development of new information about contamination. Certain sites are still being investigated; therefore, Acquirer has been unable to fully evaluate the ultimate costs for those sites. As a result, accruals have not been estimated for certain of these sites and costs may ultimately exceed existing estimated accruals for other sites. The Acquirer has received indemnities for potential environmental issues from purchasers of certain of Acquirer's properties and businesses and from sellers

of some of the properties or businesses it has acquired. The Acquirer has also purchased insurance to cover potential environmental liabilities at certain sites. If the indemnifying or insuring party fails to, or becomes unable to, fulfill its obligations under those agreements or policies, the Acquirer may incur environmental costs in addition to any amounts accrued, which may have a material adverse effect on the Acquirer's financial condition, results of operations or cash flows.

Several of the Acquirer's industrial businesses offer extended warranty terms and related programs, and thus have established a corresponding warranty liability. Warranty expense is impacted by variations in local construction practices and installation conditions, including geographic and climate differences.

Additionally, the Acquirer's operations are subject to various federal, state, local and foreign tax laws and regulations, which govern, among other things, taxes on worldwide income. The calculation of the Acquirer's income tax expense is based on the best information available and involves Acquirer's significant judgment. The actual income tax liability for each jurisdiction in any year can be, in some instances, determined ultimately several years after the financial statements have been published. The Acquirer maintains accruals for estimated income tax exposures for many different jurisdictions. Tax exposures are settled primarily through the resolution of audits within each tax jurisdiction or the closing of a statute of limitation. Tax exposures can also be affected by changes inapplicable tax laws or other factors, which may cause us to believe a revision of past estimates is appropriate. The Acquirer believes that appropriate liabilities have been recorded for income tax exposures; however, actual results may differ materially from the Acquirer's estimates.

G. Allowance for Doubtful Accounts Receivable

An allowance for anticipated uncollectible trade receivable amounts is established using a combination of specifically identified accounts to be reserved and a reserve covering trends in collectibility. These estimates are based on an analysis of trends in collectibility, past experience and individual account balances identified as doubtful based on specific facts and conditions. Receivable losses are charged against the allowance when Acquirer confirms uncollectibility. Actual collections of trade receivables could differ from the Acquirer's estimates due to changes in future economic or industry conditions or specific customer's financial conditions.

H. Inventories

Inventories are stated at the lower of cost or market, cost being determined on a first-in, first-out (FIFO) basis and market being determined on the basis of replacement cost or net realizable value. Inventory costs include raw materials, labor and manufacturing overhead. The Acquirer reviews the net realizable value of its inventory in detail on an on-going basis, with consideration given to various factors, which include its estimated reserves for excess, obsolete, slow moving or distressed inventories. If actual market conditions differ from the Acquirer's projections, and the Acquirer's estimates prove to be inaccurate, write-downs of inventory values and adjustments to cost of sales maybe required. Historically, the Acquirer's inventory reserves have approximated actual experience.

I. Marketable Securities

Marketable securities, included in other current and long-term assets, are composed of available-for-sale securities and are reported at fair value. Realized gains and losses on sales of investments are recognized in net income on the specific identification basis. Changes in fair values of securities that are considered temporary are recorded as unrealized gains and losses, net of applicable taxes, in accumulated other comprehensive income (loss) within stockholders' equity. Other-than-temporary declines in market value from original cost are reflected in operating income in the period in which the unrealized losses are deemed other than temporary. In order to determine whether an other-than-temporary decline in market value has occurred, the duration of the decline in value and the Acquirer's ability to hold the investment to recovery are considered in conjunction with an evaluation of the strength of the underlying collateral and the extent to which the investment's amortized cost or cost, as appropriate, exceeds its related market value.

J. Pension And Postretirement Plans

The Acquirer sponsors qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest rates, investment returns and the market value of plan assets can (i) affect the level of plan funding;(ii) cause volatility in the net periodic pension cost; and (iii) increase the Acquirer's future contribution requirements. A significant decrease in investment returns or the market value of plan assets

or a significant decrease in interest rates could increase the Acquirer's net periodic pension costs and adversely affect the Acquirer's results of operations. A significant increase in the Acquirer's contribution requirements with respect to its qualified defined benefit pension plans could have an adverse impact on the Acquirer's cash flow. Changes in the Acquirer's key plan assumptions would impact net periodic benefit expense and the projected benefit obligation for the Acquirer's defined benefit and various postretirement benefit plans.

37 Current Status of Corporate Governance

Proper governance has always been and continues to be an area of great importance to the Acquirer's board of directors, and the Acquirer has dedicated significant time and resources to ensure that its governance practices are compliant with industry leading recommendations and implemented through effective systems and processes.

The Acquirer's board of directors is composed of 13 members of which 11 members are deemed to be independent. The committees of the board include an executive committee, an audit committee, a compensation committee, and a nominating and governance committee. The executive committee is composed of 5 directors, 3 of whom are independent, while the audit committee, the compensation committee, and the nominating and governance committee are each composed of 4 independent directors.

38 Status of Pending Litigation Matters

A. Asbestos Litigation and the Bankruptcy Filings by SPHC and Bondex

Bondex International, Inc. ("Bondex") and Specialty Products Holding Corp ("SPHC") are defendants in various asbestos-related bodily injury lawsuits filed in various state courts. These cases generally seek unspecified damages for asbestos-related diseases based on alleged exposures to asbestos-containing products.

On May 31, 2010, Bondex and its parent, SPHC, filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. SPHC is the parent company of Bondex and is also the parent company for various operating companies that are not part of the reorganization filing, including Chemical Specialties Manufacturing Corp., Day-Glo Color Corp., Dryvit Holdings, Inc., Guardian Protection Products Inc., Kop-Coat Inc., TCI, Inc. and RPM Wood Finishes Group, Inc. SPHC and Bondex (the "Filing Entities") took this action to permanently and comprehensively resolve all pending and future asbestos-related liability claims associated with Bondex and SPHC-related products. As a result of the filing, all Bondex and SPHC asbestos personal injury lawsuits have been stayed due to the imposition of an automatic stay applicable in bankruptcy cases. In addition, at the request of SPHC and Bondex, the bankruptcy court has entered orders staying all claims against RPM International Inc. and its affiliates that are derivative of the asbestos claims against SPHC and Bondex. Through the Chapter 11 proceedings, the Filing Entities intend ultimately to establish a trust in accordance with section 524(g) of the Bankruptcy Code and seek the imposition of a channeling injunction that will direct all future SPHC-related and Bondex-related claims to the trust. It is anticipated that the trust will compensate claims at appropriate values established by the trust documents and approved by the bankruptcy court. At this time, it is not possible to predict how long the proceedings will last, the form of any ultimate resolution or when an ultimate resolution might occur. Prior to the bankruptcy filing, the Filing Entities had engaged in a strategy of litigating asbestos-related products liability claims brought against them. Claims paid during the year ended May 31, 2010, prior to the bankruptcy filing, were USD 92.6 Mn (United States Dollars Ninety Two Million and Six Hundred Thousand Only), which included defense-related payments during the year of USD 42.6 Mn (United States Dollars Forty Two Million and Six Hundred Thousand Only). No claims have been paid since the bankruptcy filing and it is not contemplated that any claims will be paid until a plan of reorganization is confirmed and an asbestos trust is established and operating. Prior to the Chapter 11 bankruptcy filing, Acquirer recorded asbestos-related contingent liabilities that included estimations of future costs, which by nature are subject to many uncertainties that may change over time, including (i) the ultimate number of claims filed; (ii) the amounts required to resolve both currently known and future unknown claims; (iii) the amount of insurance, if any, available to cover such claims, including the outcome of coverage litigation against the Filing Entities' third-party insurers; (iv) future earnings and cash flow of the Filing Entities; (v) the impact of bankruptcies of other companies whose share of liability may be imposed on the Filing Entities under certain state liability laws; (vi) the unpredictable aspects of the litigation process including a changing trial docket and the jurisdictions in which trials are scheduled; (vii) the outcome of any such trials including judgments or jury verdicts, as a result of a more aggressive defense posture, which included taking selective cases to verdict; (viii) the lack of specific information in many cases concerning exposure to products for which one of the Acquirer's subsidiaries is responsible and the claimants' diseases; (ix) potential changes in applicable federal and/or state law; and (x) the potential impact of various proposed structured settlement transactions or subsidiary bankruptcies by other companies, some of which are the subject of federal appellate court review, the outcome of which could have materially affected future asbestos-related liability estimates.

B. Historical Asbestos Liability Reserve

In fiscal 2006, the management of the Acquirer retained Crawford & Winiarski ("C&W"), an independent, third-party consulting firm with expertise in the area of asbestos valuation work, to assist it in calculating an estimate of Bondex's liability for unasserted-potential-future-asbestos-related claims. C&W's methodology to project Bondex's liability for unasserted-potential-future- asbestos-related claims included an analysis of: (a) a widely accepted forecast of the population likely to have been exposed to asbestos; (b) epidemiological studies estimating the number of people likely to develop asbestos-related diseases; (c) the historical rate at which mesothelioma incidences resulted in the payment of claims by Bondex; (d) the historical settlement averages to value the projected number of future compensable mesothelioma claims; (e) the historical ratio of mesothelioma-related indemnity payments to non-mesothelioma indemnity payments; and (f) the historical defense costs and their relationship with total indemnity payments. Based upon the results of this analysis, Bondex recorded an accrued liability for asbestos claims through 2016 as of May 31, 2006 of USD 421.3 Mn (United States Dollars Four Hundred Twenty One Million and Three Hundred Thousand Only). This amount was calculated on a pre-tax basis and was not discounted for the time value of money.

During the fiscal year ended May 31, 2008, the 10 year asbestos liability established as of May 31, 2006 was reviewed and evaluated. As part of that process, the credibility of epidemiological studies of Bondex's mesothelioma claims, first introduced to management by C&W some 2 1/2 years earlier, was validated. At the core of the evaluation process, and the basis of C&W's actuarial work on behalf of Bondex, is the Nicholson Study. The Nicholson Study is the most widely recognized reference in bankruptcy trust valuations, global settlement negotiations and the Congressional Budget Office's work done on the proposed FAIR Act in 2006. Based on the Acquirer's ongoing comparison of the Nicholson Study projections and Bondex's specific actual experience, which at that time continued to bear an extremely close correlation to the study's projections, the asbestos liability projection was extended out to the year 2028. C&W assisted in calculating an estimate of the Acquirer's liability for unasserted-potential-future-asbestos-related claims out to 2028. C&W projected that the cost of extending the asbestos liability to 2028, coupled with an updated evaluation of Bondex's current known claims to reflect its most recent actual experience, would be USD 288.1 Mn (United States Dollars Two Hundred Eighty Eight Million and One Hundred Thousand Only). Therefore, the management added USD 288.1 Mn (United States Dollars Two Hundred Eighty Eight Million and One Hundred Thousand Only) to the existing asbestos liability, which brought Bondex's total asbestos-related balance sheet liabilities at May 31, 2008 to USD 559.7 Mn (United States Dollars Five Hundred Fifty Nine Million and Seven Hundred Thousand Only). On May 30, 2010, the day prior to the bankruptcy filing, Bondex had recorded an asbestos related product liability of USD 397.7 Mn (United States Dollars Three Hundred Ninety Seven Million and Seven Hundred Thousand Only) .

The table below illustrates movements in the Bondex asbestos liability for fiscal 2008, 2009 and 2010:

Asbestos Liability Movement (Current and Long-Term)					
	Balance at Beginning of Period	Additions to Asbestos Charge	Deductions (1)	Impact of Deconsolidation of SPHC (2)	Balance at End of Period
Year Ended May 31, 2010	USD 490,328		USD 92,621	USD (397,707)	USD 0
Year Ended May 31, 2009	USD 559,745		USD 69,417		USD 490,328
Year Ended May 31, 2008	USD 354,268	USD 288,100	USD 82,623		USD 559,745

(1) Deductions include payments for defense-related costs and amounts paid to settle claims.

(2) During the year ended May 31, 2010, SPHC and Bondex filed Chapter 11 reorganization proceedings in the United States Bankruptcy Court for the District of Delaware, and as a result, were deconsolidated from Acquirer's results, as required.

This liability, as a result of the accounting for the deconsolidation of SPHC and its subsidiaries, is no longer included in RPM International Inc.'s consolidated balance sheet, effective May 31, 2010.

C. Insurance Coverage Litigation

During calendar year 2003, the Filing Entities' third-party insurers claimed exhaustion of coverage. On July 3, 2003, certain of Acquirer's subsidiaries, including the Filing Entities, filed the case of Bondex International, Inc. et al. v. Hartford Accident and Indemnity Company et al., Case No. 1:03-cv-1322, in the United States District Court for the Northern District of Ohio, for declaratory judgment, breach of contract and bad faith against the named third-party insurers, challenging their assertion that their policies covering asbestos-related claims had been exhausted. On December 1, 2008, the trial court denied the plaintiffs' motions for partial summary judgment and granted the defendants' motions for summary judgment against plaintiffs, including the Filing Entities, and entered judgment on all remaining claims and counterclaims, and dismissed the action. Plaintiffs, including the Filing Entities, appealed the trial court's decision to the United States Court of Appeals for the Sixth Circuit, which appeal is currently pending. The Sixth Circuit initially stayed the appeal as a result of the bankruptcy filing, but has since lifted the stay and the appeal process has resumed. The parties have agreed to a briefing schedule, which provides that briefing will conclude on May 31, 2011. Bondex has not included any potential benefits from the ongoing insurance coverage litigation in calculating its asbestos liability. The Acquirer is not a party to this insurance litigation.

D. Debtor-in-Possession ("DIP") Financing

In connection with the bankruptcy filing, SPHC, Bondex and certain of SPHC's subsidiaries entered into a 3 year USD 40.0 Mn (United States Dollars Forty Million Only) DIP Credit facility (the "DIP Credit Facility") with Wachovia Capital Finance Corporation (NewEngland). The Bankruptcy Court approved this facility, and granted Wachovia a super priority administrative expense claim for all amounts owed under the facility. The facility is secured by security interests and liens in virtually all of the real and personal property and assets of Bondex, SPHC and certain of SPHC's subsidiaries. The DIP Credit Facility generally permits borrowings for working capital, capital expenditures and other general corporate purposes. The DIP Credit Facility also imposes certain financial and non-financial covenants on SPHC and its subsidiaries. The Acquirer is not a party to the DIP Credit Facility and it has not guaranteed obligations under such facility.

E. Financial Results and Reorganization Items

The SPHC condensed consolidated financial statements set forth in the Acquirer's financial statements have been prepared in conformity with ASC 852, Reorganizations ("ASC 852").

SPHC and its subsidiaries routinely engage in intercompany transactions with other entities within Acquirer in the ordinary course of business, including services provided by the Acquirer to SPHC and its subsidiaries under an administrative services agreement. These services include risk management and insurance services, benefits administration, IT services, legal services, environmental, health and safety compliance management, tax planning and compliance services, treasury and cash management, various accounting services, including preparation of accounting books and financial statement preparation, internal audit services, benefits associated with group purchasing of various supplies and equipment, and consulting services associated with various business development activities. The Bankruptcy Court has approved this administrative services agreement.

As a result of its bankruptcy filing, SPHC and Bondex are precluded from paying dividends to shareholders and making payments on any pre-bankruptcy filing accounts or notes payable that are due and owing to any other entity within the Acquirer group of companies (the "Pre-Petition Intercompany Payables") or other pre-petition creditors during the pendency of the bankruptcy case, without the Bankruptcy Court's approval. Moreover, no assurances can be given that any of the Pre-Petition Intercompany Payables will ever be paid or otherwise satisfied.

When SPHC emerges from the jurisdiction of the Bankruptcy Court, the subsequent accounting will be determined based upon the applicable circumstances and facts at such time, including the terms of any plan of reorganization.

SPHC has assessed its liquidity position as a result of the bankruptcy filing and believes that it can continue to fund its and its subsidiaries' operating activities and meet its debt and capital requirements for the foreseeable future. The SPHC condensed consolidated financial information set forth above has been prepared on a going concern basis which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the ordinary course of business.

F. EIFS Litigation

As of May 31, 2010, Dryvit, one of SPHC's wholly owned subsidiaries, was a defendant or co-defendant in various single family residential exterior insulating finishing systems ("EIFS") cases, the majority of which are pending in the southeastern region of the country. Dryvit is also defending EIFS lawsuits involving commercial structures, townhouses and condominiums. The vast majority of Dryvit's EIFS lawsuits seek monetary relief for water intrusion related property damages, although some claims in certain lawsuits allege personal injuries from exposure to mold. Third-party excess insurers have historically paid varying shares of Dryvit's defense and settlement costs in the individual commercial and residential EIFS lawsuits under various cost-sharing agreements.

G. Environmental Proceedings

Several of Acquirer's subsidiaries are, from time to time, identified as a "potentially responsible party" under the federal Comprehensive Environmental Response, Compensation and Liability Act and similar state environmental statutes. In some cases, the Acquirer's subsidiaries are participating in the cost of certain clean-up efforts or other remedial actions. The Acquirer's share of such costs to date, however, has not been material and the management believes that these environmental proceedings will not have a material adverse effect on the Acquirer's consolidated financial condition or results of operations.

H. Other Contingencies

The Acquirer provides, through its wholly owned insurance subsidiaries, certain insurance coverage, primarily product liability coverage, to the Acquirer's other subsidiaries. Excess coverage is provided by third-party insurers. The Acquirer's reserves provide for these potential losses as well as other uninsured claims.

The Acquirer also offers warranty programs at several of its industrial businesses and has established a product warranty liability. The Acquirer reviews this liability for adequacy on a quarterly basis and adjusts it as necessary. The primary factors that could affect this liability may include changes in the historical system performance rate as well as the costs of replacement. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted, as required, to reflect actual experience. It is probable that the Acquirer will incur future losses related to warranty claims it has received but that have not been fully investigated and related to claims not yet received, which are not currently estimable due to the significant number of variables contributing to the extent of any necessary remediation. While the Acquirer's warranty liability represents its best estimate at February 28, 2011, the Acquirer can provide no assurances that it will not experience material claims in the future or that it will not incur significant costs to resolve such claims beyond the amounts accrued or beyond what it may recover from its suppliers. Product warranty expense is recorded within selling, general and administrative expense.

In addition, like other companies participating in similar lines of business, some of the Acquirer's subsidiaries are involved in several proceedings relating to environmental matters. It is the Acquirer's policy to accrue remediation costs when it is probable that such efforts will be required and the related costs can be reasonably estimated. These liabilities are undiscounted.

- 39 Name and contact details of the person to be contacted for compliance related matters:

Edward W. Moore,

Vice President, General Counsel and Secretary, RPM International Inc.

2628 Pearl Road, Medina, Ohio 44256, Telephone: +1 330 273 5090; Facsimile: +1 330 225 6574;

Email: emoore@rpm-inc.com

40 **Disclosure in Terms of Regulation 16(ix) of the SEBI (SAST) Regulations**

- a. The Acquirer recognizes the huge potential of the Indian market and believes that it is operationally desirable to have a strategic investment in a composites manufacturer in India. As of the date of the PA, the Acquirer held 14.421% of the Diluted Equity Capital in the Target Company and seeks to increase its shareholding in the Target Company reinforcing its commitment to the Indian market.
- b. As on the date of this Letter of Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next 2 years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company and except to the extent already contracted by the Target Company or except with the prior approval of the Shareholders of the Target Company, which will be done subject to receipt of statutory approvals wherever necessary. Notwithstanding the immediately preceding sentence, the board of

directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the business opportunities and exigencies from time to time.

- c. Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders of the Target Company to the extent required by applicable law.

IV. Option in Terms of Regulation 21(2) of the SEBI (SAST) Regulations, if Applicable

- 41 As of the date of the PA, the Acquirer owned 14.421% of the Diluted Equity Capital of the Target Company and has entered into an agreement to acquire the Sale Shares of the Target Company, as per the terms of the SPA. The Offer is for 21.43% of the Diluted Equity Capital of the Target Company. Pursuant to the acquisition of Shares by the Acquirer in the Target Company under the SPA, through warrants conversion and this Offer, the Acquirer will continue to be classified as a public Shareholder and accordingly the public shareholding will not reduce to a level below the limit specified in the listing agreements with the BSE and the NSE for the purpose of continuous listing of the Shares of the Target Company on the aforementioned Stock Exchanges. In light of the same, the provision of Regulation 21(2) of the SEBI (SAST) Regulations shall not apply.

V. Background of the Target Company

- 42 Kemrock is a public limited company incorporated on November 18, 1991 under the Companies Act. The Target Company was incorporated in the name of Kemrock Industries and Exports Limited. The registered office of the Target Company is located at Village Asoj, Vadodara-Halol Express Way, Tal. Waghodia, Dist. Vadodara-391510, Gujarat, India. Telephone: +91 2668 666200; Facsimile: +91 2668 666400. The corporate office of the Target Company is same as its registered office.
- 43 The Target Company manufactures and exports high-performance reinforced thermoset composites, commercially known as GRP / FRP Composites. The Target Company manufactures products for major industrial sectors such as chemical processing, oil and gas, metals and mining, water and waste water treatment, infrastructure, construction, pharmaceuticals, food and beverage, pulp and paper, electronics, railways, aerospace, marine, defence, wind energy, telecommunications etc. The Target Company's product range comprises of gratings, poles, pipes, scaffolding (access system), pultruded profiles, cable management system, cage ladders, windmill blades and nacelle covers, railway interiors and exteriors, SMC / FRP Doors, telecom towers etc. The manufacturing facility of the Target Company is located in Vadodara, Gujarat.
- 44 The Shares of the Target Company are listed on the BSE since September 27, 1993, and the NSE since June 16, 2009. The GDRs issued by the Target Company on April 29, 2010 are listed on Luxembourg Stock Exchange.
- 45 As on the date of the PA, the total Paid-up Capital of the Target Company was Rs. 16,77,24,660 (Rupees Sixteen Crores Seventy Seven Lacs Twenty Four Thousand Six Hundred and Sixty Only) consisting of 1,67,72,466 Shares of face value Rs. 10 (Rupees Ten Only) each. There were no partly paid-up Shares of the Target Company. The share capital structure of the Target Company as on the date of the PA is as under:

As on the date of the PA	Number of Shares / voting rights	% of Shares / voting rights
Fully paid up equity Shares	1,67,72,466	100
Partly paid up equity Shares	-	-
Total paid up equity Shares	1,67,72,466	100
Total voting rights in the Target Company	1,67,72,466	100

Due to the conversion of 6,69,732 warrants of the Target Company into 6,69,732 Shares by the Acquirer on May 18, 2011, the paid-up capital of the Target Company as on the date of this Letter of Offer has increased to Rs. 17,44,21,980 (Rupees Seventeen Crores Forty Four Lacs Twenty One Thousand Nine Hundred and Eighty Only) consisting of 1,74,42,198 Shares of face value Rs. 10 (Rupees Ten Only) each.

- 46 Build-up of the current capital structure of the Target Company since inception till the date of this Letter of Offer is as under:

Date of Allotment	Number of Shares Issued	% of the Post-Issue Paid Up Capital	Cumulative Paid-Up Capital (Rs.)	Mode of Allotment	Identity of Allotees (Promoters / Ex-Promoters/ Others)	Status of Compliance with the Applicable Provisions of the SEBI (SAST) Regulations, Under the SEBI Act, 1992 and Other Statutory Requirements, as Applicable
November 18, 1991	70	100.00%	700	Subscription to Memorandum of Association	Promoters	Complied
December 31, 1991	133,530	99.95%	1,336,000	First Allotment after Incorporation	Others	Complied
February 28, 1992	856,400	86.51%	9,900,000	Allotment within One Year of First Allotment	Promoters & Others	Complied
December 28, 1992	10,000	1.00%	10,000,000	Allotment within One Year of First Allotment	Others	Complied
January 28, 1993	150,000	13.04%	11,500,000	Preferential Allotment	Others	Complied

Date of Allotment	Number of Shares Issued	% of the Post-Issue Paid Up Capital	Cumulative Paid-Up Capital (Rs.)	Mode of Allotment	Identity of Allottees (Promoters / Ex-Promoters/ Others)	Status of Compliance with the Applicable Provisions of the SEBI (SAST) Regulations, Under the SEBI Act, 1992 and Other Statutory Requirements, as Applicable
June 24, 1993*	4,887,500	80.95%	60,375,000	Public Offer through Prospectus	Promoters & Others	Complied
December 2, 2000*	345,000	5.41%	63,825,000	Preferential Allotment	Others	Complied
September 14, 2006*	1,125,000	14.99%	75,075,000	Preferential Allotment	Others	Complied
March 31, 2007	42,500	0.56%	75,500,000	Allotment pursuant to conversion of warrants	Others	Complied
December 10, 2007	2,580,000	25.47%	101,300,000	Preferential Allotment	Promoters & Others	Complied
May 29, 2008	459,998	4.34%	105,899,980	Preferential Allotment	Others	Complied
July 21, 2008	425,000	3.86%	110,149,980	Allotment pursuant to conversion of warrants	Others	Complied
April 29, 2010	4,827,200	30.47%	158,421,980	Allotment of underlying Shares pursuant to GDR Issue	Others	Complied
June 24, 2010	911,268	5.44%	167,534,660	Allotment pursuant to conversion of warrants	Others	Complied
May 10, 2011	19,000	0.11%	167,724,660	Allotment pursuant to conversion of warrants	Others	Complied
May 18, 2011	6,69,732	3.84%	174,421,980	Allotment pursuant to conversion of warrants	Others	Complied

* Between June 24, 1993 and December 1, 2000, based on the Offering Circular dated April 26, 2010 for issuance of GDRs by the Target Company, as available on the website of Luxembourg Stock Exchange, the number of Shares outstanding of the Target Company had decreased by 21,71,000 on June 10, 1995. Subsequently, on January 17, 1998, 550,000 Shares were issued by the Target Company and on January 27, 2000, 16,21,000 Shares were issued by the Target Company, thereby, the net impact on the outstanding Share capital of the Target Company being nil due to these actions. Further, between December 2, 2000, and September 14, 2006, based on the Offering Circular dated April 26, 2010 for issuance of GDRs by the Target Company, as available on the website of Luxembourg Stock Exchange, the number of Shares outstanding of the Target Company had decreased by 9,03,210 on November 29, 2001. Subsequently, on February 20, 2004, 534,210 Shares were issued by the Target Company and on January 27, 2000, 3,69,000 Shares were issued by the Target Company, thereby, the net impact on the outstanding Share capital of the Target Company being nil due to these actions.

- 47 There has been no suspension of trading of the Shares of the Target Company on the Stock Exchanges.
- 48 There has not been any non-listing of any Shares of the Target Company at the Stock Exchanges.
- 49 On May 18, 2011, the Target Company allotted 6,69,732 Shares to the Acquirer upon conversion of 6,69,732 warrants pursuant to a request made by the Acquirer in this regard.

On April 18, 2011, the Target Company had allotted the following securities to certain qualified institutional buyers: (1) 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 3,00,000 (Rupees Three Lakhs Only) each, aggregating to Rs. 75,00,00,000 (Rupees Seventy Five Crores Only) and having a tenure of 48 months from the date of allotment; (2) 12,50,000 warrants at a warrant issue price of Rs. 30 (Rupees Thirty Only) each, which entitles the holder thereof, upon payment of the warrant exercise price of Rs. 600 (Rupees Six Hundred Only) per warrant, to exchange each warrant with 1 equity Share of Rs.10 (Rupees Ten Only) each of the Target Company during certain specific conversion periods commencing on and after 6 months from the date of allotment and expiring at the end of 48 months from the date of allotment of the warrants.

It should be noted that the board of directors of the Target Company, at its meeting held on July 12, 2011, rescinded and withdrew, with immediate effect, its QIP Issue made pursuant to Chapter-VIII of the SEBI ICDR Regulations, which QIP Issue was opened and closed on April 18, 2011, and whereunder the following securities were subsequently issued and allotted i.e.,

- (i) 2,500 12.5% secured redeemable non-convertible debentures of the face value of Rs. 3,00,000 (Rupees Three Lakhs Only) each; and
- (ii) 12,50,000 warrants at the warrant issue price of Rs. 30 (Rupees Thirty Only) each.

Consequent upon rescinding and withdrawal of the QIP Issue, as aforesaid, the issue and allotment of the non-convertible debentures and warrants made by the Target Company to Lakshmi Vilas Bank Limited and SICOM Limited pursuant to the issue stands annulled, and accordingly, the application moneys of Lakshmi Vilas Bank Limited and SICOM Limited have been refunded by the Target Company.

There were no other outstanding convertible instruments (fully convertible debentures / partly convertible debentures etc.) in the Target Company as of date of the PA. There are no partly paid up Shares of the Target Company.

- 50 The Target Company has made certain information available with respect to compliance with Chapter II of the SEBI (SAST) Regulations.

The Target Company has made information available with respect to compliance by itself with Regulation 7(3) of the SEBI (SAST) Regulations from December 13, 2007. The Target Company has made information available with respect to compliance by itself with Regulation 8(3) of the SEBI (SAST) Regulations for the financial years ending from March 31, 2004 to March 31, 2011.

The Target Company has made information available with respect to compliance by its promoters with Regulation 7(1A) of the SEBI (SAST) Regulations from December 11, 2007. The Target Company has made information available with respect to compliance by its promoters with Regulation 8(1) and Regulation 8 (2) of SEBI (SAST) Regulations for the financial years ending from March 31, 2004 to March 31, 2011.

To the extent of the information made available by the Target Company, the Target Company and the promoters have complied with Chapter II of the SEBI (SAST) Regulations for the period for which such information has been made available. However, we are not aware of the status of compliance by the Target Company and its promoters with the applicable provisions of Chapter II of the SEBI (SAST) Regulations for instances other than the information made available by the Target Company and for any period prior to the periods for which such information has been made available, as mentioned above.

SEBI may initiate suitable action against the promoters and the Target Company for the non-compliances made under the required provisions of Chapter II of the SEBI (SAST) Regulations for the year 1997 to 2003.

Based on the filings with the BSE, as on March 31, 2011, there was no Shareholder of the Target Company that held 5% or more Shares of the Target Company (such shareholders "Major Shareholders") other than the Acquirer and the promoters of the Target Company. Accordingly, as on March 31, 2011, there was no Shareholder other than the Acquirer and the promoters of the Target Company to whom Chapter II of the SEBI (SAST) Regulations was applicable.

- 51 The Target Company has complied with the listing requirements of the Stock Exchanges. No penal / punitive actions have been taken by the Stock Exchanges against the Target Company.

52 The board of directors of the Target Company, as of the date of the PA, is as under:

Name of Director	Date of Appointment	Educational Qualifications	Residential Address	DIN	Designation
Kalpesh Patel	18/11/1991	Diploma in Mechanical Engineering, Electrical Engineering and Plastic Technology from M.S. University, Baroda	202, Atlantic, IV, Near Natubhai Centre, Race Course, Vadodara 390007, India	00176818	Chairman and Managing Director
Kaushik Bhatt	10/02/1996	Graduate of Arts and Law from Gujarat University	21/121, Ellora Park, Race Course, Vadodara 390023, India	00730252	Independent Director and Non-Executive Director
Navin Patel	17/08/2007	Masters in Mathematics and Computer Science from Sardar Patel University, Vallabh Vidyanagar	401, Midwest Club Pkwy Oak Brook, Illinois 60523 United States of America	01733732	Non-Independent Director and Non-Executive Director
Tushar Patel	01/10/2007	BE (Mechanical) from Sardar Patel University, Vallabh Vidyanagar	8, Dayna Lane, Lawrenceville, New Jersey 006431583 United States of America	01271991	Independent Director and Non-Executive Director
K K Rai	17/01/2008	B.A. from Karnataka University, Dharwar and CAIIB from Indian Institute of Bankers, Mumbai	Sobha Astor, Flat No. 1053, 5th Main, SRS Nagar, Bilekahalli, B.G. Road, Bangalore 560 076	00629937	Independent Director and Non-Executive Director
Mahendra R Patel	03/06/2010	B.E. (Chem.) from M. S. University of Baroda, Baroda	1, Milan Park Society, Nizampura, Vadodara 390 002, India	03091255	Wholtime Director - Executive
Venugopal K Shastri	30/10/2010	B. Com, LL.B and M. Com from M. S. University of Baroda, Baroda and Chartered Accountant (CA) and Information System Audit (I.S.A.) from ICAI	Gayatri Krupa, 9, Manisha Society, Old Padra Road, Vadodara – 390 020, Gujarat, India	03308655	Independent Director and Non-Executive Director

53 Details of the experience of the board of directors of the Target Company are as under:

Mr. Kalpesh Patel

He is the founder of the Target Company and is currently the Chairman and Managing Director of the Target Company. He has more than 25 years of experience in Fibre Reinforced Products (FRP) and Composites. He has obtained expertise and experience in pultrusion technology, moulded granting and manufacturing of Phenolic Resins at collaborator's manufacturing facilities at USA, UK and at Netherlands.

Mr. Kaushik Bhatt

He is an Independent Director of the Target Company. He is a practising lawyer since 1979 and has been associated with the Target Company as a Director since 1996. He has about 30 years of experience in the legal field. He was ex-member of VCCI, ex-Vice President of Baroda Bar Association, ex-Chairman of Defaulter Committee Vadodara Stock Exchange and ex-member Disciplinary Committee - Bar Council of Gujarat.

Mr. Navin Patel

He is a Non-Executive Director of the Target Company. He has been associated with the Target Company as Director since 2007. He has about 25 years experience as a financial planner.

Mr. Tushar Patel

He is an Independent Director of the Target Company. He has been associated with the Target Company as a Director since 2007. He has been an entrepreneur with about 25 years of experience and also hold directorships in Crystal Caschem India Limited and Sebacic India Limited.

Mr. K K Rai

He is an Independent Director of the Target Company. He has been associated with the Target Company as a Director since 2008. He is a retired banking professional and retired as the Executive Director of Allahabad Bank. He has over 40 years of experience in banking and finance. He has served as a Nominee Director of UTI in Viceroy Hotels Limited, Hyderabad and Rama Industries Limited, Mumbai.

Mr. Mahendra R Patel

He is a Wholetime Director – designated as Executive of the Target Company. He has been associated with the Target Company since December 18, 2007. He has over 37 years of varied experience in field of training, technical services, process operation / maintenance, project execution, health safety environment management etc. Prior to joining the Target Company, he was associated with India Power Corporation Limited / Reliance Industries Limited - Vadodara, (VP-Operations).

Mr. Venugopal K Shastri

He is an Independent Director of the Target Company. He has been associated with the Target Company as a Director since October 30, 2010. He is a Chartered Accountant and has over 21 years of experience in the fields of income tax, accounting, auditing – internal and external for various organizations, banks, companies, trusts etc.; project finance, information system audit, management consultancy, bank audits and company law matters.

- 54 There has been no merger / demerger / spin offs involving the Target Company during the last 3 years. There has been no change in name of the Target Company since incorporation.

55 The financial details of the Target Company on a standalone basis for the last 3 financial years as derived from its audited financial statements and for 9 month period ended March 31, 2011 as per the limited review report issued by the statutory auditors of the company are as set forth below:

Profit & Loss Statement	12 Month ended Mar 31, 2008	12 Month ended Mar 31, 2009	15 Month ended Jun 30, 2010[^]	9 Month ended Mar 31, 2011
	Rs. Lacs			
Net Sales	22,047	36,421	60,783	60,759
Increase / (Decrease) in Stocks	6,007	5,544	1,101	3,895
Income from operations	28,054	41,965	61,883	64,654
Other Income	292	976	226	396
Total Income	28,346	42,940	62,110	65,050
Total Expenditure	20,926	32,744	46,776	47,659 ^{^^}
Profit Before Depreciation, Interest and Tax	7,420	10,196	15,333	17,391^{^^}
Depreciation	1,224	1,861	2,881	3,029
Interest	2,889	3,965	5,402	7,629
Profit Before Tax	3,307	4,369	7,051	6,733^{^^}
Provision for Tax	516	1,125	1,754	1,792
Profit After Tax	2,791	3,244	5,297	4,941^{^^}

Balance Sheet	12 Month ended Mar 31, 2008	12 Month ended Mar 31, 2009	15 Month ended Jun 30, 2010[^]	9 Month ended Mar 31, 2011
	Rs. Lacs			
Sources of Funds				
Equity Share Capital	1,013	1,101	1,675	1,675
Equity Share Warrants	893	551	620	620
Reserves & Surplus (Excl. Revaluation Reserve)	18,415	24,622	54,793	59,428
Networth	20,321	26,275	57,088	61,723
Secured Loans	26,435	61,779	91,734	1,10,906
Unsecured Loans	77	59	29	29
Deferred Tax Liability (net)	864	1,474	2,029	2,651
Total Sources of Funds	47,697	89,587	1,50,880	1,75,309
Uses of Funds				
Net Fixed Assets (Incl. CWIP & Advances for Capital Expenses)	23,589	43,676	82,210	97,693
Investments	208	201	9,101	9,150
Net Current Assets	22,911	45,700	59,569	68,466
Total miscellaneous expenditure not written off	989	10	-	-
Total Uses of Funds	47,697	89,587	1,50,880	1,75,309

Other Financial Data	12 Month ended Mar 31, 2008	12 Month ended Mar 31, 2009	15 Month ended Jun 30, 2010[^]	9 Month ended Mar 31, 2011
Dividend (%)	10.0%	15.0%	20.0%	NA
Book Value per share* (Rs.)	200.60	238.53	340.75	368.49
Earning per Share** (Rs.)	27.55	29.45	31.62	29.49 [@]
Return on Networth*** (%)	13.73%	12.35%	9.28%	8.01% [@]

[^] The financial year 2009-2010 of the Target Company was extended by 3 months upto June 30, 2010 and hence the annual accounts and Report of the Company have been prepared for the period of fifteen months, from April 1, 2009 to June 30 2010

^{^^} Total Expenditure, Profit Before Depreciation, Interest and Tax, Profit Before Tax and Profit After Tax are after the adjustment of Prior Period Income of Rs. 43.13 Lacs

* Book value per Share computed as networth / number of Shares outstanding at the end of the year

** Earning per Share computed as profit after tax / number of Shares outstanding at the end of the year

*** Return on networth computed as profit after tax / networth at the end of the year

@ Not annualized

- 56 The reasons for the rise and fall of net sales and profit after tax of the Target Company are set forth below:

15 month ended June 30, 2010 compared to 12 month ended March 31, 2009

Reasons for Change in Net Sales

Net sales increased to Rs. 60,783 Lacs (Rupees Six Hundred Seven Crores and Eighty Three Lacs Only) in fiscal 2010 from Rs. 36,421 Lacs (Rupees Three Hundred Sixty Four Crores and Twenty One Lacs Only) in fiscal 2009 i.e., an annualized increase of 33.51%. The major contribution for increase in turnover is on account of higher volume due to better utilization of manufacturing capacity, expansion in existing facility, contribution from new segments- transports (railways) and wind energy (windmill blade) division.

Reasons for Change in Net Profit

Net profit increased to Rs. 5,297 Lacs (Rupees Fifty Two Crores and Ninety Seven Lacs Only) in fiscal 2010 from Rs. 3,244 Lacs (Rupees Thirty Two Crores and Forty Four Lacs Only) in fiscal 2009 i.e., an annualized increase of 30.63%. Increase in net profit is due to increase in sales and higher utilization of capacity.

12 month ended March 31, 2009 compared to 12 month ended March 31, 2008

Reasons for Change in Net Sales

Net sales increased to Rs. 36,421 Lacs (Rupees Three Hundred Sixty Four Crores and Twenty One Lacs Only) in fiscal 2009 from Rs. 22,047 Lacs (Rupees Two Hundred Twenty Crores and Forty Seven Lacs Only) in fiscal 2008 i.e., an increase of 65.20%. The major reason for increase in turnover is on account of higher volume, additional manufacturing capacity of filament windings, pultrusion, moulding and grating products and contribution from increase in sales price.

Reasons for Change in Net Profit

Net profit increased to Rs. 3,244 Lacs (Rupees Thirty Two Crores and Forty Four Lacs Only) in fiscal 2009 from Rs. 2,791 Lacs (Rupees Twenty Seven Crores and Ninety One Lacs Only) in fiscal 2008 i.e., an increase of 16.25%, largely due to increase in volume. However, there was a drop in the net profit as a percentage of net sales to 8.91% in fiscal 2009 from 12.66% in fiscal 2008 on account of increased depreciation and interest.

12 month ended March 31, 2008 compared to 12 month ended March 31, 2007


Reasons for Change in Net Sales

Net sales increased to Rs. 22,047 Lacs (Rupees Two Hundred Twenty Crores and Forty Seven Lacs Only) in fiscal 2008 from Rs. 13,932 Lacs (Rupees One Hundred Thirty Nine Crores and Thirty Two Lacs Only) in fiscal 2007 i.e., an increase of 58.25%. The major contribution for increase in turnover is on account of higher volume, additional manufacturing capacity of resin, structure and profiles and filament windings

Reasons for Change in Net Profit

Net profit increased to Rs. 2,791 Lacs (Rupees Twenty Seven Crores and Ninety One Lacs Only) in fiscal 2008 from Rs. 1,893 Lacs (Rupees Eighteen Crores and Ninety Three Lacs Only) in fiscal 2007 i.e., an increase of 47.43%, largely on account of higher sales volume.

57 Pre and post Offer shareholding pattern of the Target Company as on May 13, 2011 is as follows:

Shareholders' category	Shareholding & Voting Rights Prior to the SPA / Acquisition and Offer as on May 13, 2011		Shares / Voting Rights Agreed to be Acquired which Triggered the Offer Under the SEBI (SAST) Regulations		Shares / Voting Rights Acquired Post Warrant Conversion		Shares / Voting Rights to be Acquired in the Offer (Assuming Full Acceptance)		Share holding / Voting Rights After the Offer and the Acquisition. i.e.,	
	(A)		(B)		(C)		(D)		(A)+(B)+(C)+(D)=(E)	
	No.	%	No.	%	No.	%*	No.	%*	No.	%**
(1) Promoter Group										
(a) Parties to the Transaction	-	0.000%							-	0.000%
(b) Promoters other than (a) above:	4,972,876	29.649%							4,972,876	28.511%
Total 1 (a+b)	4,972,876	29.649%							4,972,876#	28.511%
(2) Acquirer & PAC[^]										
(a) Acquirer - RPM International Inc.	2,515,266	14.996%	1,000	0.006%	669,732	3.840%	3,738,440	21.433%	6,924,438	39.699%
(b) PAC	-	0.000%	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Total 2 (a+b)	2,515,266	14.996%	1,000	0.006%	669,732	3.840%	3,738,440	21.433%	6,924,438	39.699%
(3) Parties to the Transaction other than (1)(a) and (2) above	40,000	0.238%	(1,000)	(0.006%)	-	-	-	-	39,000	0.224%
(4) Public (other than parties to the Transaction, Acquirer & PACs)							This will depend on response from and within each category of (4)		Number of Shares: 5,505,884 (9,244,324 Less 3,738,440): 31.566%#	
(a) Financial Institutions/ Banks	180,000	1.073%								
(b) Mutual Funds/ UTI	-	0.000%								
(c) FIs	58,807	0.351%								
(d) GDRs	4,827,200	28.781%								
(e) Others	4,178,317	24.912%								
Total (4)	9,244,324	55.116%					(3,738,440)	(21.433%)		
GRAND TOTAL (1+2+3+4)	16,772,466	100.000%	-	-	669,732	3.583%	-	-	17,442,198	100.0%

* % shareholding calculated on Diluted Equity Capital

The calculation of the shareholding/voting rights of the promoter group and the public after the Offer and the Acquisition, is based on the assumption that the promoters will not tender any Shares pursuant to the Offer. However, as mentioned in paragraph 16 all the Shareholders of the Company (except the Acquirer and the Selling Shareholder) are eligible to participate in this Offer.

Figures in bracket represent negative numbers.

As on May 13, 2011, there were 8,950 public Shareholders holding 92,44,324 Shares of the Target Company.

58 Change in the shareholding of the promoter group in the Target Company is set forth below:

Details of changes in the shareholding of promoter group of Kemrock

Date	Number of Shares/ Acquired / Allotted/ (Sold)	Details of Shares Issued	Cumulative Shareholding of Promoter Group	Total Share Capital of the Company	% Holding of Promoter Group	% Change in Holding of Promoter Group	Status of Compliance with Applicable Provisions of the Regulations, under the SEBI Act, 1992 and other Statutory Requirements, as Applicable
31.03.2001	-	---	1,742,760	6,382,500	27.31%	0.00%	N. A.
30.06.2001	(5,500)	Sold	1,737,260	6,382,500	27.22%	-0.09%	N. A.
30.09.2001	96,919	Purchased	1,834,179	5,479,290	33.47%	1.77%	\$ N. A.
31.12.2001	-	---	1,834,179	5,479,290	33.47%	0.00%	N. A.
31.03.2002	49,720	Purchased	1,883,899	5,479,290	34.38%	0.91%	N. A.
30.06.2002	(49,720)	Sold	1,834,179	5,479,290	33.47%	-0.91%	N. A.
30.09.2002	-	---	1,834,179	5,479,290	33.47%	0.00%	N. A.
31.12.2002	-	---	1,834,179	5,479,290	33.47%	0.00%	N. A.
31.03.2003	(24,000)	Sold	1,810,179	5,479,290	33.04%	-0.44%	N. A.
30.06.2003	145,100	Purchased	1,955,279	5,479,290	35.68%	2.65%	Complied
30.09.2003	45,020	Purchased	2,000,299	5,479,290	36.51%	0.82%	N. A.
31.12.2003	-	---	2,000,299	5,479,290	36.51%	0.00%	N. A.
31.03.2004	534,210	Allotted	2,534,509	6,013,500	42.15%	5.64%	* Complied
30.06.2004	-	---	2,534,509	6,013,500	42.15%	0.00%	N. A.
30.09.2004	-	---	2,534,509	6,013,500	42.15%	0.00%	N. A.
31.12.2004	932,448	---	3,466,957	6,013,500	57.65%	15.51%	# N. A. (Addition of PACs)
31.03.2005	369,000	Allotted	3,835,957	6,382,500	60.10%	2.45%	^ Complied
30.06.2005	(172,000)	---	3,663,957	6,382,500	57.41%	-2.69%	# N. A. (Reduction in PACs)
30.09.2005	(1,044,178)	---	2,619,779	6,382,500	41.05%	-16.36%	# N. A. (Reduction in PACs)
31.12.2005	1,189	Purchased	2,620,968	6,382,500	41.06%	0.02%	N. A.
01.01.2006	(20,000)	Sold	2,600,968	6,382,500	40.75%	-0.31%	N.A.
31.03.2006	(2,000)	Sold	2,598,968	6,382,500	40.72%	-0.03%	N.A.
30.06.2006	(1,800)	Sold	2,597,168	6,382,500	40.69%	-0.03%	N.A.
30.09.2006	(2,000)	Sold	2,595,168	7,507,500	34.57%	-0.03%	N.A.
31.12.2006	(4,500)	Sold	2,590,668	7,507,500	34.51%	-0.06%	N.A.
31.03.2007	(6,750)	Sold	2,583,918	7,550,000	34.22%	-0.09%	N.A.
30.06.2007	(2,300)	Sold	2,581,618	7,550,000	34.19%	-0.03%	N.A.
16.08.2007	(900)	Sold	2,580,718	7,550,000	34.18%	-0.01%	N.A.
31.09.2007	(4,000)	Sold	2,576,718	7,550,000	34.13%	-0.05%	N.A.
10.12.2007	1,270,000	Allotted	3,846,718	10,130,000	37.97%	3.84%	Complied
12.12.2007	4,000	Purchased	3,850,718	10,130,000	38.01%	0.04%	N.A.
31.12.2007	(2,350)	Sold	3,848,368	10,130,000	37.99%	-0.02%	N.A.
27.02.2008	(400)	Sold	3,847,968	10,130,000	37.99%	-0.004%	N.A.
31.03.2008	(2,270)	Sold	3,845,698	10,130,000	37.96%	-0.02%	N.A.
30.06.2008	(2,150)	Sold	3,843,548	10,589,998	36.29%	-0.02%	N.A.
30.09.2008	(1,250)	Sold	3,842,298	11,014,998	34.88%	-0.01%	N.A.
31.12.2008	(2,400)	Sold	3,839,898	11,014,998	34.86%	-0.02%	N.A.
31.03.2009	(500)	Sold	3,839,398	11,014,998	34.86%	-0.005%	N.A.
30.06.2009	(750)	Sold	3,838,648	11,014,998	34.85%	-0.01%	N.A.
19.03.2010	58,600	Purchased	3,897,248	11,014,998	35.38%	0.53%	Complied
22.03.2010	467,500	Purchased	4,364,748	11,014,998	39.63%	4.24%	Complied
31.03.2010	(750)	Sold	4,363,998	11,014,998	39.62%	-0.01%	N.A.
30.06.2010	(2,250)	Sold	4,361,748	16,753,466	26.03%	-0.01%	N.A.
30.09.2010	(2,000)	Sold	4,359,748	16,753,466	26.02%	-0.01%	N.A.
22.10.2010	41,100	Purchased	4,400,848	16,753,466	26.27%	0.25%	Complied
23.12.2010	110,000	Purchased	4,510,848	16,753,466	26.92%	0.66%	Complied
31.12.2010	(1,000)	Sold	4,509,848	16,753,466	26.92%	-0.01%	N.A.

Date	Number of Shares/ Acquired / Allotted/ (Sold)	Details of Shares Issued	Cumulative Shareholding of Promoter Group	Total Share Capital of the Company	% Holding of Promoter Group	% Change in Holding of Promoter Group	Status of Compliance with Applicable Provisions of the Regulations, under the SEBI Act, 1992 and other Statutory Requirements, as Applicable
10.01.2011	7,838	Purchased	4,517,686	16,753,466	26.97%	0.05%	Complied
11.01.2011	7,226	Purchased	4,524,912	16,753,466	27.01%	0.04%	Complied
12.01.2011	3,506	Purchased	4,528,418	16,753,466	27.03%	0.02%	Complied
17.01.2011	6,462	Purchased	4,534,880	16,753,466	27.07%	0.04%	Complied
18.01.2011	6,687	Purchased	4,541,567	16,753,466	27.11%	0.04%	Complied
19.01.2011	20,292	Purchased	4,561,859	16,753,466	27.23%	0.12%	Complied
21.01.2011	1,728	Purchased	4,563,587	16,753,466	27.24%	0.01%	Complied
24.01.2011	887	Purchased	4,564,474	16,753,466	27.24%	0.01%	Complied
25.01.2011	11,416	Purchased	4,575,890	16,753,466	27.31%	0.07%	Complied
27.01.2011	5,425	Purchased	4,581,315	16,753,466	27.35%	0.03%	Complied
28.01.2011	11,322	Purchased	4,592,637	16,753,466	27.41%	0.07%	Complied
31.01.2011	2,814	Purchased	4,595,451	16,753,466	27.43%	0.02%	Complied
01.02.2011	12,323	Purchased	4,607,774	16,753,466	27.50%	0.07%	Complied
02.02.2011	8,546	Purchased	4,616,320	16,753,466	27.55%	0.05%	Complied
03.02.2011	2,323	Purchased	4,618,643	16,753,466	27.57%	0.01%	Complied
04.02.2011	6,000	Purchased	4,624,643	16,753,466	27.60%	0.04%	Complied
15.02.2011	25,028	Purchased	4,649,671	16,753,466	27.75%	0.15%	Complied
16.02.2011	5,000	Purchased	4,654,671	16,753,466	27.78%	0.03%	Complied
18.02.2011	32,742	Purchased	4,687,413	16,753,466	27.98%	0.20%	Complied
21.02.2011	24,399	Purchased	4,711,812	16,753,466	28.12%	0.15%	Complied
22.02.2011	14,062	Purchased	4,725,874	16,753,466	28.21%	0.08%	Complied
23.02.2011	17,955	Purchased	4,743,829	16,753,466	28.32%	0.11%	Complied
24.02.2011	12,911	Purchased	4,756,740	16,753,466	28.39%	0.08%	Complied
25.02.2011	9,325	Purchased	4,766,065	16,753,466	28.45%	0.06%	Complied
28.02.2011	14,037	Purchased	4,780,102	16,753,466	28.53%	0.08%	Complied
01.03.2011	10,863	Purchased	4,790,965	16,753,466	28.60%	0.06%	Complied
07.03.2011	13,770	Purchased	4,804,735	16,753,466	28.68%	0.08%	Complied
08.03.2011	3,659	Purchased	4,808,394	16,753,466	28.70%	0.02%	Complied
09.03.2011	50,077	Purchased	4,858,471	16,753,466	29.00%	0.30%	Complied
10.03.2011	10,665	Purchased	4,869,136	16,753,466	29.06%	0.06%	Complied
15.03.2011	4,220	Purchased	4,873,356	16,753,466	29.09%	0.03%	Complied
16.03.2011	2,000	Purchased	4,875,356	16,753,466	29.10%	0.01%	Complied
18.03.2011	6,227	Purchased	4,881,583	16,753,466	29.14%	0.04%	Complied
21.03.2011	50,397	Purchased	4,931,980	16,753,466	29.44%	0.30%	Complied
22.03.2011	5,000	Purchased	4,936,980	16,753,466	29.47%	0.03%	Complied
23.03.2011	14,756	Purchased	4,951,736	16,753,466	29.56%	0.09%	Complied
25.03.2011	14,140	Purchased	4,965,876	16,753,466	29.64%	0.08%	Complied
31.03.2011	(200)	Sold	4,965,676	16,753,466	29.64%	-0.001%	N.A.
15.04.2011	5000	Purchased	4,970,676	16,753,466	29.67%	0.06%	Complied
19.04.2011	2200	Purchased	49,72,876	16,753,466	29.68%	0.01%	Complied

\$ The increase in the promoters' holding to 34.38% as on March 31, 2002 has resulted mainly on account of decrease in total paid-up capital due to forfeiture of Shares during the financial year.

*Issue of these Shares have been regularized at the extra-ordinary general meeting held on February 22, 2007 and are under lock-in for 5 years till February 22, 2012 in accordance with BSE's direction.

^Issue of these Shares have been regularized at the extra-ordinary general meeting held on February 22, 2007 and are under lock-in for 5 years till February 22, 2012 in accordance with BSE's direction.

Increase and reduction in the promoters' percentage holding is merely on account of reclassification (by way of addition and reduction) of persons acting in concert (PACs) during the relevant quarter.

N.A.: Not Applicable

The information on changes in the shareholding of the promoter group of the Target Company for the period prior to March 31, 2001 is currently not completely and readily available in the records of the Target Company. The information on changes in the shareholding of the promoter group of the Target Company for the period from March 31, 2001 to June 30, 2007, is currently readily available on a quarterly basis in the records of the Target Company.

59 The Target Company has confirmed that it is in compliance with the corporate governance provisions of Clause 49 of the listing agreements with the Stock Exchanges.

60 The following are the details of the contingent liabilities and capital commitments for the Target Company as on March 31, 2011:

Particulars	Rs. Lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,414.59
Foreign currency forward contracts	-
Forward currency options	1,418.56
Bank guarantees	7,968.86
Letters of credit	2,884.60
Tax contingency	56.92
Litigations against the Target Company	21.85*

* This figure indicates the principal amount of the suits

61 The compliance officer of the Target Company is Mr. Dinesh Patel (Address: Kemrock Industries and Exports Limited, Village Asoj, Tal. Waghodia, Dist. Vadodara 391 510, Gujarat, India; Telephone: +91 2668 666200, Facsimile: +91 2668 666400)

VI. Offer Price and Financial Arrangements

Justification of Offer Price

- 62 The Shares of the Target Company are listed on the BSE and the NSE.
- 63 The annualized trading turnover during the period November, 2010 to April, 2011, the 6 calendar months prior to May, 2011 (the month in which PA was made), was as follows:

Name of the Stock Exchange	Total number of Shares traded during the preceding 6 calendar months prior to the month of the PA (November 2010 to April 2011)	Total number of listed Shares	Annualised trading turnover (as % of total number of listed Shares)
BSE	40,18,269	1,67,53,466	48.0%
NSE	33,60,572	1,67,53,466	40.1%

Source: BSE and NSE Websites

- 64 Based on the above information, the Shares of the Target Company are deemed to be frequently traded on both BSE and NSE as the annualized trading turnover based on the trading during 6 calendar months i.e., November, 2010 to April, 2011 is more than 5% of the total number of listed Shares in terms of Explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. As the annualized trading turnover on the BSE is 48.0% as compared to 40.1% on the NSE of the total number of listed Shares, the Shares of the Target Company are deemed to be "most frequently traded" on the BSE in terms of Explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.
- 65 The details of closing prices and volume on the BSE for the 26-week period prior to the date of the PA are as under:

Week Number	Week-ended	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
Week 1	18-Nov-10	708.80	680.90	694.85	458,907
Week 2	25-Nov-10	686.45	613.35	649.90	471,897
Week 3	2-Dec-10	621.90	604.75	613.33	259,551
Week 4	9-Dec-10	558.60	523.20	540.90	241,697
Week 5	16-Dec-10	523.25	504.35	513.80	206,099
Week 6	23-Dec-10	516.65	508.15	512.40	282,762
Week 7	30-Dec-10	531.60	521.05	526.33	98,103
Week 8	6-Jan-11	568.85	532.20	550.53	84,792
Week 9	13-Jan-11	536.05	514.70	525.38	68,223
Week 10	20-Jan-11	516.00	508.35	512.18	89,909
Week 11	27-Jan-11	524.25	512.05	518.15	27,562
Week 12	3-Feb-11	512.40	508.10	510.25	50,948
Week 13	10-Feb-11	504.05	500.05	502.05	67,849
Week 14	17-Feb-11	510.95	498.15	504.55	81,687
Week 15	24-Feb-11	513.75	499.85	506.80	104,102
Week 16	3-Mar-11	499.95	498.75	499.35	90,458
Week 17	10-Mar-11	503.95	487.80	495.88	129,406
Week 18	17-Mar-11	506.00	498.50	502.25	189,879
Week 19	24-Mar-11	534.10	502.60	518.35	295,446
Week 20	31-Mar-11	537.40	524.55	530.98	99,786
Week 21	7-Apr-11	549.95	533.95	541.95	99,364
Week 22	14-Apr-11	534.45	526.45	530.45	64,178
Week 23	21-Apr-11	535.30	518.85	527.08	129,140
Week 24	28-Apr-11	518.15	509.95	514.05	69,823
Week 25	5-May-11	519.75	504.30	512.03	72,823
Week 26	12-May-11	519.40	500.85	510.13	116,659
Average				533.23	

Source: BSE Website

The details of intra-day high and low prices and volume on the BSE for the 2-week period prior to the date of the PA are as under:

Day Number	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	29-Apr-11	518.00	506.00	512.00	18,965
2	2-May-11	522.00	507.40	514.70	23,654
3	3-May-11	525.00	513.30	519.15	9,219
6	4-May-11	514.95	502.55	508.75	11,941
7	5-May-11	514.90	497.05	505.98	9,044
8	6-May-11	509.50	490.50	500.00	7,878
9	9-May-11	516.75	502.75	509.75	37,159
10	10-May-11	524.90	508.05	516.48	21,151
13	11-May-11	537.90	511.35	524.63	14,126
14	12-May-11	526.00	505.00	515.50	36,345
Average				512.69	

Source: BSE Website

- 66 The Offer Price of Rs. 539.0 (Rupees Five Hundred and Thirty-Nine Only) per Share is justified in terms of Regulation 20(4) read with explanation to Regulation 20(11) of the SEBI (SAST) Regulations as it is the highest of:

Particulars	Price (in Rs. per Share)
The average of the high and low of the closing prices for every week for the last 26-weeks prior to the date of the PA on BSE	Rs. 533.23
The average of the daily high and low of the intra-day trading prices for the last 2-weeks prior to the date of the PA on BSE	Rs. 512.69
The negotiated price*	Rs. 539.00
The highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before the date of the PA	Rs. 360.00 (allotment of Shares on exercise of warrants on May 10, 2011)

* It should be noted that no compensation, either directly or indirectly, is being given to the Selling Shareholder, apart from the negotiated price as per the SPA and as indicated above.

- 67 Non-compete fee has not been agreed to be paid by the Acquirer for the Acquisition.
- 68 Based on the above, the Offer Price is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations.
- 69 The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Shares of the Target Company from the date of PA upto 7 working days prior to the closure of the Offer. Further, no Shares shall be acquired during the last 7 working days prior to the closure of the Offer, except those accepted in the Offer.
- 70 As per the SEBI (SAST) Regulations, the Acquirer is permitted to revise the Offer Price upwards up to 7 working days prior to the date of the closure of this Offer. In the event of such a revision an announcement would be made in the same newspapers in which the PA has appeared and the revised Offer Price would be paid for all the Shares that would be accepted under the Offer in accordance with and subject to the SEBI (SAST) Regulations.

Financial Arrangements

- 71 The maximum consideration payable under this Offer, assuming full acceptance, is Rs. 2,01,50,19,160 (Rupees Two Hundred One Crores Fifty Lacs Nineteen Thousand One Hundred and Sixty Only) ("Maximum Consideration").

- 72 By way of security for performance of its obligations under the SEBI (SAST) Regulations, the Acquirer, the Manager to the Offer and Kotak Mahindra Bank Limited have entered into an open offer escrow agreement dated May 9, 2011 ("Escrow Agreement") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Escrow Agreement, the Acquirer has created an escrow account named "Escrow Account – Kemrock Open Offer" ("Escrow Account") with Kotak Mahindra Bank Limited and the Acquirer has made a cash deposit of an amount of Rs. 35,43,10,606 (Rupees Thirty Five Crores Forty Three Lacs Ten Thousand Six Hundred and Six Only) in the aforesaid Escrow Account, which is adequate as per the computation of escrow amount as required by the SEBI (SAST) Regulations. The Manager to the Offer is empowered to realize the value of the cash deposit lying to the credit of the above-mentioned Escrow Account in accordance with the SEBI (SAST) Regulations.
- 73 The Acquirer proposes to finance the Offer through a combination of internal accruals and bank borrowings. The Acquirer has arranged for:
- An unconditional and irrevocable standby letter of credit for an amount of USD 40,683,998 (United States Dollars Forty Million Six Hundred Eighty Three Thousand Nine Hundred and Ninety Eight Only) (equivalent to Rs. 1,81,85,74,711 (Rupees One Hundred Eighty One Crores Eighty Five Lacs Seventy Four Thousand Seven Hundred and Eleven Only) using the RBI reference rate 1 USD = Rs. 44.70 (source: www.rbi.org.in)) dated May 9, 2011 in favor of the Manager to the Offer ("Firm Financing Arrangement") from PNC Bank, National Association, a national banking association duly constituted in accordance with the laws of the United States of America. The Firm Financing Arrangement has been made in accordance with Regulation 22(11) of the SEBI (SAST) Regulations and is exclusively for purposes of fulfilling the Acquirer's obligations under the Offer; and
 - Escrow arrangement comprising of cash deposit as set out in paragraph 72 above.
- The source of funds to meet the Acquirer's obligations under the Offer is foreign funds.
- 74 S.V. Ghatalia & Associates, Chartered Accountants, Registration Number 103162W (Partner: Vishal Arora, Membership Number: 95788) having its office at Golf View Corporate Tower B, Sector 42, Sector Road, Gurgaon -122002, Haryana, India, Telephone: +91 124 464 4000, Facsimile: +91 124 464 4050 have certified through certificate dated May 12, 2011, the adequacy of financial resources of the Acquirer for fulfilling its obligations under the SEBI (SAST) Regulations for a value up to the Maximum Consideration.
- 75 On the basis of the above, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer.

VII. Terms and Conditions of the Offer

- 76 This Letter of Offer specifying the detailed terms and conditions of this Offer along with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to all the Shareholders, except the Acquirer and the Selling Shareholder, whose names appear on the register of members of the Target Company at the close of business hours on May 20, 2011 i.e., the Specified Date, being registered equity Shareholders as per the records of National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and registered Shareholders holding Shares in physical form as per the records of the Target Company, as on the Specified Date. In addition, this Letter of Offer along with the Form of Acceptance-cum-Acknowledgment and Form of Withdrawal will be sent to BNY Mellon, being the Custodian of the GDRs issued by the Target Company. Accidental omission to dispatch this Letter of Offer to any person to whom the Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate the Offer in any way.
- 77 Shares which are locked-in as per the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or restated, can be tendered in the Offer. In such an event, the residual lock-in period shall continue in the hands of the Acquirer. The Acquirer shall only accept Shares of the Target Company that are fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
- 78 This Offer is made to all Shareholders (other than the Acquirer and the Selling Shareholder) as on the Specified Date and also to persons who acquire Shares before the closure of the Offer and tender these Shares into the Offer in accordance with this Letter of Offer; save and except for the Acquirer and the Selling Shareholder.

- 79 Subject to the terms and conditions of the Offer and receipt of necessary statutory / regulatory approval(s), the Acquirer proposes to acquire, to the extent of the Offer Size, all Shares that are validly tendered under the Offer.
- 80 The SEBI (SAST) Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to 7 working days prior to the closure of the Offer viz. up to August 23, 2011 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers in which the PA has appeared. In case of revision, the revised Offer Price would be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer in accordance with and subject to the SEBI (SAST) Regulations.
- 81 Each Shareholder to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified. Further, the acceptance must be based on the fact that the Shareholder who has accepted this Offer has acquired and is holding the Shares in accordance with applicable law (including, without limitation, Foreign Exchange Management Act, 1999, as amended and the rules and regulations made thereunder). The Shareholders who have tendered the Shares in the Offer which have not been acquired or held by them in accordance with applicable law (including, without limitation, Foreign Exchange Management Act, 1999, as amended and the rules and regulations made thereunder) shall be solely and exclusively responsible for the same.
- 82 Shareholders who hold Shares in **physical form** and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in Section VIII of this Letter of Offer titled "Procedure for Acceptance and Settlement", at their own risk and cost, to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 92 of this Letter of Offer, either by hand delivery during business hours or by registered post or by courier with acknowledgement due (at Mumbai (Bhandup (W) collection center only), so that the same are received on or before the closing date i.e., September 5, 2011.
- 83 In respect of **dematerialized Shares**, the credit for the Shares tendered must be received in the special depository account with NSDL (as specified in paragraph 95) on or before September 5, 2011. If the Shareholders hold their Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with NSDL as mentioned in paragraph 95 below.
- 84 The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents / forms submitted, the acceptance is liable to be rejected.
- 85 **In case of non-receipt of this Letter of Offer**, the Shareholder (except the Acquirer and the Selling Shareholder) may send his participation, to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of shares offered, along with the necessary documents (as mentioned in paragraph 94) so as to reach the Registrar to the Offer on or before the closure of the Offer (i.e., on or before September 5, 2011), at his own risk and cost.
- 86 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

Statutory / Regulatory Approvals

- 87 This Offer is subject to the Acquirer obtaining all necessary approvals required for the acquisition / transfer of the Shares tendered pursuant to this Offer, including:
- (a) approval(s) from the RBI under the Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations made there under, as required. The Acquirer has already made the requisite application to RBI to obtain such approval(s) on May 16, 2011.

RBI has through its letter dated July 8, 2011 approved the acquisition of the Shares by the Acquirer tendered pursuant to this Offer subject to certain terms and conditions.

- 88 The PA mentioned that one of the approvals to be obtained for the completion of this Offer was the approval of the CCI under the Competition Act, if required. This was based on the draft Merger Regulations that were released on March 2, 2011. However, the Merger Regulations notified on May 11, 2011 under the Competition Act, have clarified the position with respect to the applicability of the Merger Regulations. Regulation 31 of the Merger Regulations states that the Merger Regulations shall apply only to mergers and amalgamations where the proposal has been approved by the board of directors on or after June 1, 2011, and, to acquisitions where the binding transaction documents are executed on or after June 1, 2011. Since the SPA (which triggered the Offer requirement under the SEBI (SAST) Regulations in the instant case) has been executed on May 12, 2011 and the Public Announcement has been issued by the Acquirer on May 13, 2011 (i.e., prior to June 1, 2011), the completion of this Offer will not require the approval of the CCI.
- 89 As of the date of this Letter of Offer, to the best of the knowledge of the Acquirer, there are no other statutory / regulatory approvals required for the Acquirer to acquire the Shares that are validly tendered pursuant to this Offer.
- 90 To the best of the knowledge of the Acquirer, no approvals are required from financial institutions or banks for the Offer.
- 91 It may be noted that in case of non-receipt of statutory / regulatory approvals within time, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs due to willful default of the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

VIII. Procedure for Acceptance and Settlement

92 The Shareholders (except the Acquirer and the Selling Shareholder), who wish to avail of and accept this Offer, should deliver, at their own risk and cost, the requisite documents mentioned below as soon as possible by registered post or by courier with acknowledgement due or in person, so as to reach the Registrar to the Offer or the Registrar's Collection Centers, as the case may be, at the addresses mentioned below (and in accordance with the mode of delivery) on or before September 5, 2011. The Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects otherwise the same are liable to be rejected. In the case of dematerialized Shares, 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., on or before September 5, 2011). The Form of Acceptance-cum-Acknowledgment of such dematerialized Shares not credited in favour of the special depository account before the closure of the Offer is liable to be rejected. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents may be submitted at any of the collection centers mentioned below.

Serial Number	Collection Centre	Address of Collection Centre	Contact Person	Telephone	Facsimile	Mode of Delivery
1	Mumbai	Link Intime India Private Limited, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400078	Pravin Kasare	022-25960320	022-25960329	Hand Delivery & Registered Post/ Courier
2	Mumbai	Link Intime India Private Limited, 203, Davar House, Next to Central Cinema, D N Road, Fort, Mumbai – 400001.	Vivek Limaye	022-22694127	022-25960329	Hand Delivery
3	Ahmedabad	Link Intime India Private Limited, 211 Sudarshan Complex, Near Mithakali Underbridge, Navrangpura, Ahmedabad – 380009.	Hitesh Patel	079-26465179	079-26465179 (Telefax)	Hand Delivery
4	Bangalore	Link Intime India Private Limited, 543/A, 7th Main, 3rd Cross, Hanumanthanagar, Bangalore – 560019.	Prashant D. Shedbal	080-26509004	080-26509004 (Telefax)	Hand Delivery
5	Baroda	Link Intime India Private Limited, B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara – 390020.	Alpesh Gandhi	0265-2356573/ 2356796/ 2356794	0265-2356791	Hand Delivery
6	Kolkata	Link Intime India Private Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata – 700020.	S.P. Guha	033-22890539/40	033-22890539/40 (Telefax)	Hand Delivery
7	New Delhi	Link Intime India Private Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028.	Swapan Naskar	011-41410592/93/94	011-41410591	Hand Delivery

Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, (Indian Standard Time) except Public Holidays.

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / THE TARGET COMPANY OR THE MANAGER TO THE OFFER

- 93 Applicants who cannot hand deliver their documents at any of the collection centers referred to above, may send the same by registered post or courier with acknowledgement due, at their own risk and cost, to the Registrar to the Offer at its address, Link Intime India Private Limited, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078; Telephone: +91 22 2596 0320 - 328; Facsimile: +91 22 2596 0329; Email: kemrock.offer@linkintime.co.in; Contact Person: Mr. Pravin Kasare
- 94 In case of non-receipt of this Letter of Offer, the Shareholders (except the Acquirer and the Selling Shareholder) may obtain a copy of this Letter of Offer from the SEBI website “www.sebi.gov.in”, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:
- (a) In case Shares are held in the dematerialized form, by sending their consent, in writing, on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer on or before September 5, 2011, stating the name, address, number of Shares held, number of Shares offered, Depository Participant (“DP”) name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by the DP, in favour of “LIPL ESCROW A/C – KEMROCK OPEN OFFER” filled as specified in paragraph 95, as applicable.
- (b) In case of Shares held in the physical form, by sending their consent, 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 number, folio number, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and share transfer form(s) duly signed (as specified in paragraph 95, as applicable), either by hand delivery or by registered post or courier with acknowledgement due (at Mumbai (Bhandup (W) collection center only), such that these are received by the Registrar to the Offer on or before September 5, 2011.

No indemnity would be required from unregistered Shareholders as regards the title of the Shares.

95 Documents to be delivered by all Shareholders

(a) For Shares held in the DEMATERIALIZED FORM

- (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP.
- (ii) Photocopy of the Delivery Instruction in “Off-market” mode or counterfoil of the delivery instruction slip in “Off-market” mode, duly acknowledged by the DP. The details of the special depository account are as follows:

Depository Name	National Securities Depository Limited (NSDL)
Account Name	LIPL ESCROW A/C – KEMROCK OPEN OFFER
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Number	20003236
ISIN	INE990B01012
Market	Off-Market
Date of Credit	On or before September 5, 2011

It is the sole responsibility of the Shareholders to ensure credit of their Shares in the special depository account above, prior to the closure of the Offer.

Please note the following:

- (i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgment.
- (ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account or for Shares that are credited in the above special account but the corresponding Form of Acceptance-cum-Acknowledgment has not been received as on the date of closure of the Offer.

(b) In case of Shares held in the PHYSICAL FORM by REGISTERED SHAREHOLDERS:

- (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold the Shares. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
- (ii) Original equity share certificate(s); and
- (iii) Valid share transfer form(s) duly signed by transferor (by all the equity Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE SHARE TRANSFER FORM.

(c) In case of Shares held in the PHYSICAL FORM by PERSONS NOT REGISTERED AS SHAREHOLDERS:

- (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
- (ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
- (iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
- (iv) In case the share certificate(s) and the share transfer form(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company / its transfer agents, of the share certificate(s) and the share transfer form(s).
- (v) No indemnity regarding title of the Shares is required from persons not registered as Shareholders.

96 Non-resident Shareholders desirous of participating in the Offer should, in addition to the above, submit copy(ies) of approval(s), received from the RBI or any other statutory / regulatory authority that such Shareholders would have obtained to acquire Shares held by them in the Target Company. NRIs who have acquired the Shares on a non-repatriable basis and OCBs are requested to seek a specific approval of the RBI and a copy of such approval must be provided along with other requisite documents in the event that any such NRI or OCB Shareholder tenders the Shares held by it in the Offer. In case the previous approval(s) from the RBI are not submitted, the Acquirer reserves the right to reject such tendered Shares.

97 Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the DP. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder is received on or prior to the date of the closure of the Offer (i.e., September 5, 2011), else the application will be rejected.

98 Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares of the Target Company, that are the subject matter of litigation or any other dispute wherein the Shareholders of the Target Company may be prohibited from transferring such Shares during the pendency of the said litigation or dispute, are liable to be rejected if the express and unambiguous directions/orders permitting the transfer of such Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory / regulatory authorities for further action by such authorities.

99 The Shareholders desirous of participating in the Offer must also provide all 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 are not limited to:

- Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder) if the original Shareholder has expired
- Duly attested power of attorney if any person apart from the Shareholder has signed the acceptance form and / or share transfer form(s);
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;
- In case of companies, the necessary corporate authorization (including certified copy of the board and/or general meeting resolution(s)); and
- Any other relevant documents

- 100 In case the number of Shares validly tendered in the Offer by the Shareholders are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be, as per the provisions of Regulation 21(6) of the SEBI (SAST) Regulations, on a proportional basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1.
- 101 The SEBI (SAST) Regulations require that the Offer be for Shares only. Consequently, GDR holders are not permitted to directly tender GDRs. GDR holders who wish to participate in this Offer must withdraw their underlying Shares and then tender such Shares in the Offer. The Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) will be sent to BNY Mellon, being the Custodian of the GDRs issued by the Target Company.
- 102 Subject to the statutory / regulatory approvals, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer (i.e., until September 20, 2011) and for the purpose open a special account as provided under Regulation 29 of the SEBI (SAST) Regulations, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory / regulatory approvals, SEBI may, if satisfied that non-receipt of requisite statutory / regulatory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose of the completion of the Offer, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI.
- 103 The unaccepted share certificates, share transfer forms and other documents, if any, would be returned by registered post, at the Shareholders' sole risk. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account as per the details received from their DP. It will be the responsibility of the Shareholders to ensure that the unaccepted Shares under the Offer are accepted by their respective DPs upon transfer by the Registrar to the Offer.
- 104 The Registrar will hold in trust the Form of Acceptance-cum-Acknowledgment, Shares lying to the credit of the special depository account, share certificate(s), share transfer form(s) and/or other documents on behalf of the Shareholders of the Target Company who have accepted this Offer, until the warrants / cheques / drafts for the consideration are dispatched and unaccepted share certificate(s) / Shares, if any, are dispatched/ returned to the relevant Shareholders.
- 105 Payment to those Shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer, will be by way of a crossed account payee cheque / demand draft / pay order / Direct Credit ("DC") / National Electronic Clearance System ("NECS") / Electronic Clearing Services ("ECS") / National Electronic Funds Transfer ("NEFT") / Real Time Gross Settlement ("RTGS"). So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder in the Form of Acceptance-cum-Acknowledgment and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance-cum-Acknowledgment. In case of Shareholder(s) holding Shares in physical form, if the bank account details are not provided, then, the consideration will be dispatched in the name of the sole/first named holder at his/her/its registered address (at their own risk). The decision regarding (i) the acquisition (in part or full), of the Shares tendered pursuant to the Offer, or (ii) rejection of the Shares tendered pursuant to the Offer along with (a) any corresponding payment for the acquired Shares and/or (b) return of share certificates for any rejected Shares or Shares withdrawn or Shares accepted in part, will be communicated to the Shareholders by registered post or by ordinary post as the case may be, at the Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired or Shares withdrawn will be credited back to the beneficial owners' depository account as per the details received from their DP.
- 106 For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/ not credited through DC/NECS/ECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered post or ordinary post, as required. Dispatches involving payment of a value in excess of Rs. 1,500 (Rupees One Thousand and Five Hundred Only) will be made by registered post at the Shareholder's sole risk. All other dispatches will be made by ordinary post at the Shareholder's sole risk.
- 107 All cheques / demand drafts / pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note.

108 A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Shareholders (except the Acquirer and the Selling Shareholder) can make an application for tendering the Shares held by them in the Offer in the Form of Acceptance-cum-Acknowledgement downloaded from SEBI's website.

109 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA and the Letter of Offer, can withdraw the same up to 3 working days prior to the date of closure of the Offer (*i.e.*, by August 29, 2011). The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned in paragraph 92 as per the mode of delivery indicated therein on or before August 29, 2011.

- (a) The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with this Letter of Offer.
- (b) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
 - In case of physical Shares: name, address, distinctive numbers, folio number, number of Shares tendered; and
 - In case of dematerialized Shares: name, address, number of Shares tendered, 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 "off-market" mode, duly acknowledged by the DP.
- (c) In case of partial withdrawal of Shares tendered in physical form, if the original share certificate(s) is required to be split, the same will be returned on receipt of fresh share certificates from the Target Company after splitting. Further, the facility of partial withdrawal is available only to registered Shareholders.
- (d) Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit to their DP account.

110 Tax-related Provisions:

(a) General

- (i) As per the provisions of Section 195(1) of the Income-tax Act, 1961, as amended ("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 is required to deduct taxes at source (including surcharge and education cess).
- (ii) In case of non-receipt of statutory / regulatory approvals within time, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under Regulation 22(12) of the SEBI (SAST) Regulations. Further, as per the provisions of Section 194A of the Income Tax Act, a body corporate responsible for paying to a resident any income by way of interest is required to deduct tax at source (including surcharge and education cess as applicable). Since the interest payable to the Shareholders on being directed by SEBI under Regulation 22(12) of the SEBI (SAST) Regulations will be chargeable to income tax under the Income Tax Act, the Acquirer, under Section 194A of the Income Tax Act, will be required to deduct tax at source (including surcharge and education cess as applicable) on such interest income.
- (iii) In view of provisions of section 206AA of Income Tax Act, resident and non-resident Shareholders (including FIIs) are required to submit their Permanent Account Number ("PAN"). In case PAN is not submitted or is invalid or does not belong to the Shareholder, the Acquirer will arrange to deduct tax at the rate of 20% or at the rate in force or at the rate specified in the relevant provisions of the Income Tax Act, whichever is higher.
- (iv) In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the entire consideration and interest if any, payable to such Shareholder.
- (v) Securities transaction tax will not be applicable to the Shares accepted in this Offer.

- (vi) Any shareholder claiming benefit under any Double Taxation Avoidance Agreement between India and any other foreign country should furnish 'Tax Residence Certificate' provided to him / it by the Income Tax Authority of such other foreign country of which he / it claims to be a tax resident.
- (vii) The provisions contained under paragraphs 110(a)(iii) and 110(a)(iv) above shall apply notwithstanding anything contrary contained in paragraphs 110(b) to 110(d) below.

(b) Tax to be Deducted in Case of Non-resident Shareholders (other than FII)

- (i) All non-resident Shareholders, who desire that no tax should be deducted at source or tax should be deducted at lower rate or on lesser amount, shall be required to submit certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the Income Tax Act along with the Form of Acceptance-cum-Acknowledgement indicating the extent to which the tax is required to be deducted at source by the Acquirer/ before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such certificate.
- (ii) In case the aforesaid certificate is not submitted, the Acquirer will arrange to deduct tax at the applicable rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the entire gross consideration and interest if any, payable to such Shareholder. The Acquirer will not take into consideration any other details and documents submitted by the Shareholder for deducting lower amount of tax at source.
- (iii) In case of an individual non-resident Shareholder who has himself/ herself acquired Shares of the Target Company with convertible foreign exchange and has also held such Shares for at least 12 months prior to the date on which the Shares, if any, are accepted under the Offer, the applicable rate of tax deduction at source would be 10.30%. However, to be eligible for this lower rate of tax deduction at source, the Shareholder will have to furnish a copy of his/ her demat account clearly reflecting the fact that Shares held in that account are in repatriable mode. Further, copy of the demat account should also reflect that the Shares were held for more than 12 months prior to the date on which the Shares, if any, are accepted under the Offer. In case of Shares being held in physical mode, the Shareholder will have to furnish certificate from his/ her bank to the effect that the purchase consideration of these Shares was paid out of non-resident external account of the Shareholder concerned.

(c) Withholding tax implications for FII

- (i) As per provisions of section 196D(2) of the Income Tax Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in Section 115AD of the Income Tax Act to a FII as defined in Section 115AD of the Income Tax Act.
- (ii) A FII should certify ("FII Certificate") the nature of its income arising from the sale of Shares in the Target Company as per the Income Tax Act (whether capital gains or otherwise) by tick marking on the appropriate option provided in the Form of Acceptance-cum-Acknowledgement for this purpose. In the absence of FII Certificate to the effect that their income from sale of Shares is in the nature of capital gains, the Acquirer will deduct tax at the maximum rate applicable to the category to which such FII belongs on the entire consideration payable to such FII. Should the FII submit a certificate under Section 195(3) or Section 197 of the Income Tax Act from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, the Acquirer will deduct tax in accordance with the same.
- (iii) In respect of interest income, should the FII submit a certificate (as indicated in paragraph 110(b)(i) above) from the Income Tax Authorities indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, the Acquirer will deduct tax in accordance with the certificate under Section 195(3) or Section 197 so submitted. In absence of such certificate under Section 195(3) or Section 197 of the Income Tax Act, the Acquirer will arrange to deduct tax at the rate applicable to the category to which such FII belongs.

(d) Tax to be deducted in case of resident Shareholders

- (i) In absence of any specific provision under the Income Tax Act, the Acquirer will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares.

- (ii) The Acquirer will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of Rs. 5,000 (Rupees Five Thousand Only).
- (iii) The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement a certificate under Section 197 of the Income Tax Act from the Income Tax Authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H as may be applicable. The self declaration in Form 15G or Form 15H shall not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid certificate under Section 197 of the Income Tax Act or Form 15G or 15H, if applicable, is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the Shareholder under the Income Tax Act. Also, no tax is to be deducted on interest amount in the case of resident Shareholder being a Mutual Fund as per Section 10(23D) of the Income Tax Act or a Bank/ an entity specified under Section 194A(3)(iii) of the Income Tax Act if it submits a copy of the relevant registration or notification along with the Form of Acceptance-cum-Acknowledgement.

(e) Issue of withholding tax certificate

- (i) The Acquirer/ will issue a certificate in the prescribed form to the Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

(f) Withholding taxes in respect of overseas jurisdictions

- (i) Apart from the above, the Acquirer will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("Overseas Tax").
- (ii) For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirer will be entitled to rely on this representation at their/its sole discretion.

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.

IX. Documents for Inspection

Copies of the following documents will be available for inspection to the Shareholders (except the Acquirer and the Selling Shareholder) at the office of the Manager to the Offer at 1st floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e., Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer.
- Audited annual reports / financial statements of the Acquirer for the financial year ended May 31, 2008, May 31, 2009 and May 31, 2010.
- Audited annual reports / financial statements of the Target Company for the financial year ended March 31, 2008, March 31, 2009 and June 30, 2010.
- Certificate from Mr. Vishal Arora (Membership No.: 95788), Partner of 42. S.V. Ghatalia & Associates, Chartered Accountants, Registration Number 103162W, dated May 12, 2011 certifying the adequacy of financial resources with Acquirer to fulfill the Offer obligations.
- Escrow Agreement between the Acquirer, Kotak Mahindra Bank Limited and the Manager to the Offer dated May 9, 2011.
- Copy of the SPA dated May 12, 2011.
- Copy of the agreement between the Acquirer, the Registrar to the Offer and the Depository Participant for opening the special depository account for the purpose of the Offer.
- Letter from Kotak Mahindra Bank Limited, confirming the deposit of Rs. 35,43,10,606 (Rupees Thirty Five Crores Forty Three Lacs Ten Thousand Six Hundred and Six Only) in the Escrow Account.
- Copy of the application made to the RBI on May 16, 2011 and the copy of the approval letter dated July 8, 2011 from the RBI.
- Published copy of the Public Announcement dated May 13, 2011.
- SEBI's observation letter dated August 2, 2011, issued under the proviso to Regulation 18(2) of the SEBI (SAST) Regulations.

X. Declaration by the Acquirer

For the purpose of disclosures in this Letter of Offer relating to the Target Company, the Acquirer and the directors of the Acquirer have relied on the information provided by the Target Company and have not independently verified the accuracy of the details of the Target Company. Subject to the aforesaid, the board of directors of the Acquirer accept full responsibility for the information contained in this Letter of Offer. The Acquirer shall be responsible for ensuring compliance with the SEBI (SAST) Regulations.

Signed by

Sd-

For the board of directors of RPM International Inc.

Name : Keith R. Smiley
Designation : Authorized Signatory
Date : August 8, 2011
Place : Ohio

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FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

Kemrock Industries and Exports Limited Open Offer

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to any of the Collection Centres as mentioned in the Letter of Offer)

From
Folio Number./DP ID Number/Client ID Number:

OFFER OPENS ON	August 16, 2011
LAST DATE OF WITHDRAWAL	August 29, 2011
OFFER CLOSSES ON	September 5, 2011

To

The Acquirer:

RPM International Inc. – Kemrock Industries and Exports Limited Open Offer

C/o Link Intime India Private Limited,

Unit : Kemrock –Open Offer

C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West),

Mumbai – 400 078

Dear Sir,

Sub: **Open Offer to acquire 37,38,440 fully paid up equity Shares of face value of Rs. 10 (Rupees Ten Only) each, representing 21.43% of the Diluted Equity Capital of Kemrock Industries and Exports Limited (“Target Company”) by RPM International Inc. (“Acquirer”) (at a price of Rs. 539.0 (Rupees Five Hundred and Thirty Nine Only) per fully paid up equity Share)**

I/We refer to the Public Announcement dated May 13, 2011 and the Letter of Offer for acquiring the equity Shares held by me/us in Kemrock Industries and Exports Limited.

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

SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by the Depository Participant (“DP”) in respect of my / our Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	Number of Shares

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

- via a delivery instruction from my account with NSDL
 via an inter-depository delivery instruction from my account with CDSL

Depository Name	National Securities Depository Limited (NSDL)
Account Name	LIPL ESCROW A/C – KEMROCK OPEN OFFER
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Number	20003236
ISIN	INE990B01012
Market	Off-Market
Date of Credit	On or before September 5, 2011

Shareholders should ensure that the Shares are credited in the aforementioned account before the close of business hours on or before September 5, 2011.

I/We note and understand that the Shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures and ascertainment that the same are in order.

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

Acknowledgement Slip

Kemrock Industries and Exports Limited Open Offer

Received from Mr./Ms. _____ a Form of Acceptance cum Acknowledgement for _____ Shares along with:

- copy of depository instruction slip from DP ID _____ Client ID _____
 _____ share certificate(s) _____ share transfer form(s) under folio number(s) _____

for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed share transfer form(s) in respect of my/our Shares as mentioned below.

Serial Number	Ledger Folio Number(s)	Certificate Number(s)	Distinctive Number(s)		Number of Shares
			From	To	
1.					
2.					
3.					
4.					
5.					
<i>(In case the space provided is inadequate, please attach a separate sheet with details.)</i>					
Total Number of Equity Shares					

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer form in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures and ascertainment that the same are in order.

For all Shareholders

I / We, confirm that our residential status for the purposes of tax is:

- Resident
 Non-resident Indian, being either citizen of India or person of Indian origin
 Non-resident Indian, other than above
 Foreign Company
 Non-resident, any other (please specify)

I / We, confirm that our status is:

- Individual
 Firm
 Company
 Association of Person / Body of Individual
 Trust
 Any other - please specify _____

For FIIs, where the Shares are held on capital / investment account, I / we, confirm that the Shares tendered by me / us are held on (select whichever is applicable):

- Capital / investment account
 Trade account

For Non Residents including NRIs/OCBs/FIIs/Foreign Shareholders

Where the Shares are held on capital / investment account, I / we, confirm that the Shares tendered by me/ us are on (select whichever is applicable):

- Long-term capital assets as defined under the Income-tax Act, 1961, as amended, purchased on _____
 Short-term capital assets under the Income-tax Act, 1961, as amended, purchased on _____

In case Shares tendered comprise both long term capital assets and short term capital assets, then please provide a break up of the same.

For Shares held in dematerialized form, attach a copy of the demat account in case the Shares are claimed to have been held for more than 12 months.

Non Residents including NRIs/OCBs/FIIs/Foreign Companies

I / We, have enclosed the following documents:

- Self attested copy of PAN card
 Nil / lower withholding tax certificate from the Indian Income tax authorities under Section 195(3) or under Section 197 under the Income-tax Act, 1961, as amended
 (applicable for consideration amount whether it is treated as capital gain or as business income and interest, if any)
 Tax residency certificate if the Shareholder intends to avail the beneficial provisions under a Tax Treaty
 Certificate of no permanent establishment in India under the Income-tax Act, 1961, as amended, and a Tax Treaty
 For Shares held in physical form, Banker certificate certifying inward remittance
 For Shares held in dematerialized form, copy of the demat account (including the portion that shows that Shares are held on repatriable basis, wherever applicable) in case Shares are claimed to have been held for more than 12 months.
 SEBI Registration Certificate for FIIs including certificate for sub – accounts, wherever applicable
 Approval from the RBI for the transfer of Shares by NRIs/OCBs.

For Resident Shareholders

I / We, have enclosed the following documents:

- Self attested copy of PAN card
 Nil / lower withholding tax certificate from the Indian Income tax authorities under Section 197 under the Income-tax Act, 1961, as amended (applicable only for interest payment, if any)
 Self declaration form in Form 15G / Form 15H, if applicable
 For Mutual fund/Banks/Notified Institution under Section 194A(3)(iii)(f) of the Income-tax Act, 1961, as amended, copy of relevant Registration or notification (applicable only for interest payment, if any)

For NRIs/ OCBs/ FIIs/ Non-Resident Shareholders:

Foreign Institutional Investors enjoy exemption from tax deduction at source on capital gains under Section 196D(2) of the Income-tax Act, 1961, as amended, and hence no tax shall be deducted on amount payable to FIIs subject to receipt of an undertaking from them stating their residential status and that it does not have a permanent establishment in India, the amount received by them as a part of the Offer constitutes capital gains and does not constitute business income for them and that similar gains have been taxed as capital gains by the tax authorities in India in the past.

FIIIs to confirm if the above is true Yes No

I/We have enclosed the following documents:

- No Objection Certificate / Tax Clearance Certificate from Income tax authorities.
- RBI approvals for acquiring the Shares of Kemrock Industries and Exports Limited hereby tendered in the Offer.
- Others please specify _____

I/We confirm that the equity Shares of Kemrock Industries and Exports Limited, which are being tendered herewith by me/us under the Offer, have been acquired and are held by me/us in accordance with applicable law(s) (including, without limitation, the Foreign Exchange Management Act, 1999, as amended and the rules and regulations made thereunder) and also free from liens, charges and encumbrances of any kind whatsoever. I/We shall be solely and exclusively be responsible for any liability arising from the incorrectness of this confirmation.

I/We authorize the Acquirer 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 to return to me/us, share certificate(s)/Shares, which is / are not found valid. I / We authorize the Acquirer to return to me / us share certificate(s) / Shares which are not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post / ordinary post, as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I/ We have tendered my/ our Shares in dematerialized form, I/ We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to use my/ our details regarding my address and bank account details as obtained from my / our depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the Letter of Offer and I/we authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents, as may be found necessary and expedient for the purpose.

Bank Details

So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in dematerialized form, the bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said bank particulars, and not any details provided herein.

Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1) Electronic Form _____ 2) Physical Form _____

Please provide the following particulars:

Name of the Bank		Branch	
Account Number		Savings/Current/(Others: please specify)	
MICR Code		IFSC Code (For Transfers Via Electronic Medium, except Electronic Clearing Service ("ECS"))	

Yours faithfully,
Signed and Delivered

	Full Name(s) of the Shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder _____

Place:

Date:

The details of the collection centres are set forth below:

Serial Number	Collection Centre	Address of Collection Centre	Contact Person	Telephone	Facsimile	Mode of Delivery
1	Mumbai	Link Intime India Private Limited, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400078	Pravin Kasare	022-25960320	022-25960329	Hand Delivery & Registered Post/ Courier
2	Mumbai	Link Intime India Private Limited, 203, Davar House, Next to Central Cinema, D N Road, Fort, Mumbai – 400001.	Vivek Limaye	022-22694127	022-25960329	Hand Delivery
3	Ahmedabad	Link Intime India Private Limited, 211 Sudarshan Complex, Near Mithakali Underbridge, Navrangpura, Ahmedabad – 380009.	Hitesh Patel	079-26465179	079-26465179 (Telefax)	Hand Delivery
4	Bangalore	Link Intime India Private Limited, 543/A, 7th Main, 3rd Cross, Hanumanthanagar, Bangalore – 560019.	Prashant D. Shedbal	080-26509004	080-26509004 (Telefax)	Hand Delivery
5	Baroda	Link Intime India Private Limited, B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara – 390020.	Alpesh Gandhi	0265-2356573/ 2356796/ 2356794	0265-2356791	Hand Delivery
6	Kolkata	Link Intime India Private Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata – 700020.	S.P. Guha	033-22890539/40	033- 22890539/40 (Telefax)	Hand Delivery
7	New Delhi	Link Intime India Private Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028.	Swapan Naskar	011- 41410592/93/94	011-41410591	Hand Delivery

Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, (Indian Standard Time) except Public Holidays

INSTRUCTIONS:

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

- (1) **All queries** pertaining to the Offer may be directed to the Registrar to the Offer.
- (2) **Shareholders holding registered physical Shares** should submit the Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the share transfer form.
- (3) **Shareholders holding Shares in dematerialised form** should submit the Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP.
- (4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form of Acceptance-cum-Acknowledgement and in the share transfer form(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (6) **Persons who own physical Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance, in writing, to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the share transfer form(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and share transfer form(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and share transfer form(s). Persons under this clause should submit their acceptance and necessary documents by registered post or by courier with acknowledgement due (at Mumbai (Bhandup (W) collection center only), or in person to the Registrar to the Offer at its office / collection centers as mentioned above, in accordance with the mode of delivery.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form of Acceptance-cum-Acknowledgement, to enable the Registrar to print the said details in the cheques after the name of the payee.

In order to avail ECS for receipt of consideration, the attached ECS mandate form needs to be duly filled in and signed by the Sole/First Shareholder and submitted with the Form of Acceptance-cum-Acknowledgement before the closure of the Offer.

- (7) **Non-resident Shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company. NRIs who have acquired the Shares on a non-repatriable basis and OCBs are requested to seek a specific approval of the Reserve Bank of India for tendering their shares and a copy of such approval must be provided along with other requisite documents.
 - (8) **Non-resident Shareholders** are advised to refer to the clause on taxation in Section VIII of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.
 - (9) NRIs, OCBs and foreign Shareholders are required to furnish Banker's Certificate certifying inward remittances of funds for acquisition of Shares of the Target Company.
 - (10) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
 - (11) **All the Shareholders** should provide all 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/ probate / letter of administration (in case of single Shareholder) if the original Shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the Shareholder has signed the acceptance form and/ or share transfer form(s).
 - (c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
 - (d) Any other relevant documents
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Note: All future correspondence, if any, should be addressed to Registrar to the Offer

Link Intime India Private Limited

Unit : Kemrock –Open Offer

C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078

Telephone: +91 22 2596 0320 – 328, Facsimile: : +91 22 2596 0329

Contact Person: Mr. Pravin Kasare

Email: kemrock.offer@linkintime.co.in

FORM OF WITHDRAWAL

Kemrock Industries and Exports Limited Open Offer
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

From Folio Number/DP ID Number./Client ID Number:	OFFER OPENS ON	August 16, 2011
	LAST DATE OF WITHDRAWAL	August 29, 2011
	OFFER CLOSSES ON	September 5, 2011

To
The Acquirer:
RPM International Inc. – Kemrock Industries and Exports Limited Open Offer
 C/ o Link Intime India Private Limited
 Unit : Kemrock –Open Offer
 C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West),
 Mumbai – 400 078

Dear Sir,

Sub: Open Offer to acquire 37,38,440 fully paid up equity Shares of face value of Rs. 10 (Rupees Ten Only) each, representing 21.43% of the Diluted Equity Capital of Kemrock Industries and Exports Limited (“Target Company”) by RPM International Inc. (“Acquirer”) (at a price of Rs. 539.0 (Rupees Five Hundred Thirty Nine Only) per fully paid up equity Share)

I/We refer to the Public Announcement dated May 13, 2011 and the Letter of Offer for acquiring the equity Shares held by me/us in Kemrock Industries and Exports Limited.

I / We, the undersigned have read the aforementioned Public Announcement and the Letter of Offer and understood their 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 authorize the Acquirer to return to me / us, the tendered 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/ Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e., August 29, 2011.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the Shares/ share certificate(s) held in physical form and also for the non-receipt of Shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars/ instructions.

I / We also note and understand that the Acquirer will return the original share certificate(s), share transfer form(s) / Shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time and ascertainment that the same are in order.

The particulars of tendered original share certificate(s) and duly signed share transfer form(s) are set forth below:

Ledger Folio Number(s)	Certificate Number(s)	Distinctive Number(s)		Number of Shares
		From	To	
Tendered				
Total Certificates		Total Shares Tendered		
Withdrawn				
Total Certificates		Total Shares Tendered		

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Acknowledgement Slip

Kemrock Industries and Exports Limited Open Offer

Received from Mr./Ms. _____ residing at _____ a Form of Withdrawal for _____ Shares along with:

- copy of depository instruction slip from DP ID _____ Client ID _____
- copy of acknowledgement slip issued when depositing dematerialized Shares
- copy of acknowledgement slip issued when depositing physical Shares

for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:	Signature of Official:	Date of Receipt:	
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I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the "LIPL ESCROW A/C – KEMROCK OPEN OFFER". 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 follows:

DP Name	DP ID	Client ID	Beneficiary Name	Number of Shares Tendered	Number of Shares Withdrawn

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 dematerialized 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 Shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder _____

Phone: _____ Email: _____

Place: _____

Date: _____

INSTRUCTIONS

- (1) **Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to August 29, 2011, being 3 working days prior to the closure of the Offer.**
- (2) The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed along with the copy of the acknowledgment slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgment.
- (3) **All queries** pertaining to the Offer may be directed to the Registrar to the Offer.
- (4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form of Withdrawal as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.
- (5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (6) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholder resolutions, as applicable) authorizing the withdrawal of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (7) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate/ probate / letter of administration (in case of single Shareholder) if the original Shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the Shareholder has signed the withdrawal form and/ or acceptance form and/ or share transfer form(s).
 - (c) Any other relevant documents.

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Note: All future correspondence, if any, should be addressed to Registrar to the Offer

Link Intime India Private Limited

Unit : Kemrock –Open Offer

C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078

Telephone: +91 22 2596 0320 – 328, Facsimile: +91 22 2596 0329

Contact Person: Mr. Pravin Kasare

Email: kemrock.offer@linkintime.co.in

**MANDATE FORM
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)**

RPM International Inc.
2628 Pearl Road, Medina, Ohio 44256,
United States of America

Dear Sirs:

I / We am pleased to participate in the Electronic Clearing Services introduced by the Reserve Bank of India. The particulars of my bank account to which the payment of Offer consideration may be electronically credited are as follows:

1. Name of Sole/First Holder of shares _____
2. Folio Number _____
3. Name of the Bank _____

4. Branch address of Bank to which consideration
Amount to be credited _____

5. 9-digit Code Number of the Bank and Branch
appearing on the MICR cheque issued by your
Bank. This is mentioned on the MICR band next
to the cheque number.
**(Please attach blank "cancelled" cheque or a
photo copy thereof).**
6. Account Type (tick one) Savings Current Cash Credit
7. Ledger Folio of your Bank Account
(If any, appearing on your cheque book) _____
8. Account Number (as appearing on your cheque book) _____

I/ We hereby declare that the particulars given above are correct and complete. If the payment of Offer consideration is delayed or not effected at all for reasons of incomplete or incorrect information, I/ we would not hold the Target Company and/ or the Acquirer responsible.

Date:

.....
Signature of Sole/First Holder

In case the Shareholder is not in a position to give blank "cancelled" cheque or a photo copy thereof, a certificate of the Shareholder's bank may be furnished as under:

Certificate of the Shareholder's Bank
(To be submitted only if blank "cancelled" cheque or a photo copy thereof is not enclosed)

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp: _____

Date:

Signature of the Authorized Official of the Bank

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