LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a Shareholder(s)/beneficial owner(s) **of Kilitch Drugs (India) Limited (KDIL).** If you require any clarification about the action to be taken, you may consult your Stock Broker or Investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

NBZ PHARMA LIMITED (MAIN ACQUIRER)

Registered office : Ujagar Industrial Estate, Unit No: 37 to 41, Sub Plot, DWT Patil Marg, Deonar, Mumbai – 400 088
Tel No (022) 67031655, (022) 67033322 Fax No. (022) 67031658, E Mail Id: nbzjpp@mail.com

&

Shri. Mukund P Mehta, 143, Kalpataru Residency, Near Cine Planet, Sion (West), Mumbai 400 022, Tel No. (022) 66661538
Shri. Paresh P Mehta, 164, Kalpataru Residency, Near Cine Planet, Sion (West), Mumbai 400 022 , Tel No. (022) 2401 4422
Shri. Bhavin M Mehta, 143, Kalpataru Residency, Near Cine Planet, Sion (West), Mumbai 400 022, Tel No. (022) 66661538

and

Shri. Prataprai K Mehta 143, Kalpataru Residency, Near Cine Planet, Sion (West), Mumbai 400 022 Tel No. (022) 66661538

(Persons Acting in Concert along with the Acquirer)

MAKES A CASH OFFER AT Rs. 47/50 (RUPEES FORTY SEVEN AND PAISE FIFTY ONLY)
PER FULLY PAID EQUITY SHARE TO ACQUIRE

26,40,425 Equity Shares of Rs. 10/- each, representing 20.00 % of the paid up and voting capital of the Target Company

KILITCH DRUGS (INDIA) LIMITED

Regd. Office: C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane - 400 705,
Tel. Nos: (022) 27630518, 27680913, 27619023 Fax No: (022) 27680912
Admn. Office : Ujagar Industrial Estate, Unit No:37, W T Patil Marg, Deonar, Mumbai – 400 088.
Tel No: (022) 67033322, Fax No: (022) 67031658., Email : info@kilitch.com Website: www.kilitch.com.

Notes:

- This Offer is made pursuant to and in compliance with Regulations 11(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof.
- This Offer is not conditional as to any minimum level of acceptance.
- This is not a competitive bid.
- There has been no revision of Offer price, till the date of this Letter of Offer
- As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.
- **Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of Offer, can withdraw the same upto 3 working days prior to the date of closure of the Offer. The Last date for such withdrawal is Friday, August 31, 2007.**
- The Acquirer can revise the Offer price upto 7 working days prior to the date of closure of the Offer. The last date for such revision is Monday, August 26, 2007. Any upward revision or withdrawal of the Offer would be informed by way of a Public Announcement in the same Newspapers where the original Public Announcement had appeared. **Consideration at the same rate will be paid for all Equity Shares tendered anytime during the Offer period**.
- Details of Competitive bids , if any : **There is no competitive bid**
- **If there is a competitive bid, the public offers under all the subsisting bids will close on the same date.**
- The Registration of all the Intermediaries associated with the Offer, viz. Transwarranty Capital Pvt. Ltd., Manager to the Offer and Intime Spectrum Registry Ltd., Registrar to the Offer are valid and no action has been initiated by SEBI or any other Government body against them.

A copy of this Letter of Offer (including the Form of Acceptance and Acknowledgement, Form of Withdrawal), Copies of the Public Announcement and Corrigendum to the Public Announcement are available on SEBI's web-site: www.sebi.gov.in

MERCHANT BANKER TO THE OFFER	REGISTRARS TO THE OFFER
TRANSWARRANTY CAPITAL PVT LIMITED SEBI Regn. No. 1NM 000010965 403, Regent Chambers, Nariman Point, Mumbai – 400 021 Tel. Nos. (022) 66306090/66306091, 22047965 Fax Nos. (022) 66306655 E Mail: premkumar@transwarranty.com **Contact Person: Shri. G K Prem Kumar**	INTIME SPECTRUM REGISTRY LIMITED **INTIME SPECTRUM REGISTRY LIMITED** SEBI Regn No: **INR 000003761** C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078, Telephone Nos. (022) 25963838, Fax Nos. (022) 25960329/28, Email id : kilitch-offer@intimespectrum.com **Contact Person: Shri. Rajesh Bramhadande**

The Schedule of activities is as follows:

Activity	Original	Revised
Public Announcement (PA)	Thursday, June 14, 2007	Thursday, June 14, 2007
Corrigendum to PA		Thursday, August 9, 2007
Specified date	Friday, July 06, 2007	Friday, July 06, 2007
Last date for a competitive bid	Thursday, July 05, 2007	Thursday, July 05, 2007
Letter of Offer to be posted to Shareholders	Friday, July 27, 2007	Monday, August 13, 2007
Date of opening of the Offer	Thursday, August 02, 2007	Friday, August 17, 2007
Last date for withdrawing acceptance from the Offer	Tuesday, August 14, 2007	Friday, August 31, 2007
Date of closing of the Offer	Tuesday, August 21, 2007	Wednesday, September 5, 2007
Last date for revising the Offer price/ number of Shares.	Wednesday, August 08, 2007	Monday, August 26, 2007
Last date of communicating rejection/ acceptance and payment of consideration for applications accepted	Wednesday, September 05, 2007	Thursday, September 20, 2007

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

1. Association of KDIL with the Acquirer does not warrant any assurance with respect to the future financial performance of KDIL
2. Shareholders accepting this Offer will be tendering their Equity Shares before getting payment of consideration as the Acquirer has 15 days time from date of closure of offer to make payment of consideration. Further, they will not be able to take advantage of any favorable price movements in the market.
3. As on date of this Letter of Offer, no statutory approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The despatch of consideration can be delayed beyond 15 days from date of closure of offer, in case any statutory approval, which becomes so applicable on a later date, is not received. In terms of Regulation 22(12) in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment, subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of Offer.
4. The Target Company as well as the Acquirer are in the same line of business and as such, there is potential conflict of interest.
5. Assuming full acceptance of this Offer, the post offer Shareholding of the promoter group shall be 89.14% of the paid up capital.

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DEFINITIONS/ABBREVIATIONS

1	KDIL /Target Company	Company whose Equity Shares are proposed to be acquired viz. Kilitch Drugs (India) Limited.
2	Acquirer/NBZ	NBZ Pharma Ltd., having its Registered Office at Ujagar Industrial Estate, Plot 37 – 41, DWT Patil Marg, Deonar, Mumbai – 400 088, who is offering to acquire Equity Shares of KDIL through this Offer
3	PACs	Persons Acting in Concert with the Acquirer viz. Shri. Mukund P Mehta, Shri. Paresh P Mehta, Shri. Bhavin M Mehta and Shri. Prataprai K Mehta.
4	RBI	Reserve Bank of India
5	SEBI/Board	Securities and Exchange Board of India
6	Merchant Banker/ Manager to the Offer	Transwarranty Capital Private Limited
7	Registrar to the Offer	Intime Spectrum Registry Limited
8	PA/ Public Announcement	Announcement of the Offer made in dailies, on Thursday, June 14, 2007
9	Corrigendum to PA	Corrigendum to Public Announcement made on Thursday, August 9, 2007
10	Offer	Cash offer being made by the Acquirer to the Shareholders of the Target Company
11	Shares	Equity Shares
12	EPS	Earnings per Equity Share, for the period under reference and annualized
13	Book Value	Book Value of each Equity Share as on the date referred to
14	Regulations/Takeover Regulations/ SEBI(SAST) Regulations	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 as amended till date
15	NAV	Net Asset Value of Equity Shares
16	Persons not eligible to participate in the Offer	Promoter group Shareholders of the Target Company including the Acquirer/ PACs
17	Persons eligible to participate in the Offer	All Equity Shareholders of the Target Company, other than the promoter group Shareholders of the Target Company. Both registered and unregistered Shareholders can participate in the Offer
18	BSE	Bombay Stock Exchange Ltd
19	RNW	Return on Net Worth
20	FIIs	Foreign Institutional Investors
21	NRIs	Non Resident Indians and persons of Indian origin residing abroad
22	FIs	Financial Institutions
23	SFIs	State Level Financial Institutions
24	UTI	Unit Trust of India
25	PAT	Profit after Tax
26	SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading Regulations) 1992 as amended.
27	ASE	Ahmedabad Stock Exchange Ltd
28	NSDL	National Securities Depository Ltd
29	CDSL	Central Depository Services (India) Ltd
30	Reference Date	May 4, 2007, being the date of the Board Meeting of the Target Company, which decided upon the preferential allotment
31	DIP Guidelines	SEBI (DIsclosure and Investor Protection) Guidelines 2000, as amended till date.

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF KILITCH DRUGS (INDIA) LIMITED (KDIL), THE TARGET COMPANY, TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs 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 ACQUIRER & PACs ARE 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 & PACs DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER M/S. TRANSWARRANTY CAPITAL PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 22, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1. This Offer is in compliance with Regulations 11(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof (hereinafter referred to as the “Regulations”). NBZ Pharma Ltd., having its Registered Office at Ujagar Industrial Estate, Plot37 to 41, sub plot, DWT Patil Marg, Deonar Mumbai – 400 088 (Tel No (022) 67031655, (022) 67033322 Fax No. (022) 67031658, E Mail ID: nbzjpp@mail.com), (hereinafter referred to as “ the Acquirer”), one of the promoter group companies of Kilitch Drugs (India) Limited, alongwith Shri. Mukund P Mehta, 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022, Tel No. (022) 66661538 E Mail Id : mukundmehta@kilitch.com, Shri. Paresh P Mehta, 164, Kalpataru Residency, 16th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 , Tel No. (022) 2401 4422 E Mail Id: pareshmehta@kilitch.com, Shri. Bhavin M Mehta, 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022, Tel No. (022) 6666 1538, E Mail Id: bhavinmehta@kilitch.com and Shri. Prataprai K Mehta 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022, Tel No. (022) 6666 1538 (the Persons Acting in Concert along with the Acquirer/PACs) is making an open Offer to the Public Shareholders (i.e. Shareholders other than the Acquirer & promoter group Shareholders of KDIL) of Kilitch Drugs (India) Ltd., (“KDIL” “the Target Company”) to acquire 26,40,425 Equity Shares of Rs. 10/- each, at a price of Rs. 47/50 (Rupees Forty Seven and Paise Fifty only), representing 20% of the issued, subscribed, paid up and voting capital of KDIL, after the preferential allotment of 61,45,000 Equity Shares, made on June 12, 2007. The Offer is at a price of Rs.47/50 (Rupees Forty Seven and Paise Fifty Only) per Equity Share fully paid up (“the Offer Price”), payable in cash (“the Offer”), subject to the terms and conditions mentioned hereinafter. There are no partly paid shares. Out of the 61,45,000 Shares allotted on preferential basis, 60,00,000 Equity Shares were allotted to NBZ Pharma Ltd and balance to the public shareholders as detailed in 2.1.2 below.

2.1.2 The promoters of KDIL were holding 31,28,893 Equity Shares constituting 44.34% of equity capital before the preferential allotment of 61,45,000 Equity Shares. The Board of Directors of KDIL, in their meeting held on May 4, 2007, decided to convene an Extra Ordinary General Meeting of members on May 28, 2007 to consider preferential allotment of 61,45,000 Equity Shares. Out of this, 60,00,000 Equity Shares was proposed to be made to NBZ Pharma Ltd (the Acquirer), 1,00,000 Shares to Ms. Neha Narayan Rathi, residing at A 34, Kalpataru Habitat, Near Piramal Chambers, Dr. S S Rao Road, Parel, Mumbai 400 012, 25,000 Shares to Ms. Pravina Mehta, residing at 4A, Prem Kutir, 177, N S Road, Mumbai 400 020, 10,000 Shares to Shri. Sanjeev Nandu, residing at Nandu Villa, 2nd Floor, J Nehru Road, Mulund (West) Mumbai 400 080 and 10,000 Shares to Shri. Mahendra A Chheda (HUF) , C 802, Jamadagni Building, Saptarishi Park, Swapna Nagari, Mulund (West), Mumbai 400 080. None of the above allottees, except NBZ Pharma Ltd, is related to the promoters/promoter group Shareholders of the Target Company. NBZ Pharma Ltd, is a Company promoted by promoters of the Target Company. None of the other allottees are acting in concert with the Acquirer/ promoters of the Target Company. The members of KDIL in their Extra – Ordinary General Meeting held on May 28, 2007 approved the preferential allotment and the Board of Directors of KDIL in their meeting held on June 12, 2007 allotted the Shares. The said preferential allotment has been made at a price of Rs.47.50. Of the said allotment, 60,00,000 Equity Shares constituting 45.44% of the post preferential Equity Share capital of the Target Company was allotted to NBZ Pharma Ltd., a Promoter Group Company. The said Equity Shares are subject to lock-in as per the SEBI (DIP) Guidelines. KDIL has complied with all the relevant provisions of DIP Guidelines with regard to the preferential allotment. The aggregate holding of the Promoter group after the preferential allotment of Equity Shares is 91,28,893 Equity Shares, constituting 69.14% of the post preferential allotment paid up and voting capital of KDIL.

2.1.3 NBZ Pharma Ltd is promoted by the promoters of the Target Company and is a Promoter Group Company. They have been declared as a promoter group Company, in the Explanatory Statement to the Notice for EGM of members of the Target Company , which considered the preferential allotment. NBZ Pharma Ltd , was not holding any Equity Shares of the Target Company, prior to the preferential allotment.

2.1.4 KDIL has applied for the listing of 61,45,000 Equity Shares being allotted on Preferential basis and has received the “In principle” approval from BSE vide their letter No. DCS/PREF/RAS/PRE/573/07-08 dated June 06, 2007. The Shares were allotted on June 2007 and final listing approval has been obtained from BSE on 31st July 2007.

2.1.5 The Acquirer, its Promoters / Directors, the PACs, the Target Company and its promoters / Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the regulations made under the SEBI Act. No other action has been taken against them by SEBI.

2.1.6 The Offer will not result in change in control of KDIL. No changes in the Board of Directors of KDIL are contemplated by the Acquirer/PACs, consequent to this acquisition.

2.1.7 Shri Prataprai K Mehta, Shri Mukund P Mehta and Shri Paresh P Mehta, Directors and promoters of NBZ Pharma Ltd., are also on the Board of Directors of KDIL and they shall recuse themselves and not participate in any matter(s) concerning or “relating” to the offer including any preparatory steps leading to the offer.

2.2 Details of the proposed Offer

2.2.1. A Public Announcement, as per Regulation 15 (1) of the Regulations, was made in all editions of one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily published at the place where the registered office of the Target Company is situated which is also the place where the Equity Shares of the Target Company are most actively traded, in the following Newspapers. A Corrigendum to the Public Announcement was also made in the same newspapers. The Public Announcement and Corrigendum to PA are also available at SEBI’s Website : www.sebi.gov.in

Newspaper	Language	Editions	Date of PA	Date of Corrigendum
Business Standard (covers all editions)	English	Mumbai, Delhi, Kolkatha, Bangalore, Chennai, Hyderabad , Lucknow, Chandigarh, Kochi& Ahmedabad editions	Thursday, June 14, 2007	Thursday, August 9, 2007
Prathakaal (covers all editions)	Hindi	Mumbai Edition Udaipur Edition Jaipur Edition	Thursday, June 14, 2007	Thursday, August 9, 2007
Navshakthi	Marathi	Mumbai	Thursday, June 14, 2007	Thursday, August 9, 2007

2.2.2 The offer is to acquire 26,40,425 Equity Shares of Rs. 10/- each, at a price of Rs. 47.50(Rupees Forty Seven and Paise Fifty only), representing 20% of the issued, subscribed, paid-up and voting capital of KDIL, after the preferential allotment of 61,45,000 Equity Shares, of which 60,00,000 Equity Shares are allotted to NBZ Pharma Ltd, the Acquirer.

2.2.3 The Offer price is Rs. 47.50 (Rupees Forty Seven and Paise Fifty only) per each fully paid up Equity Share. There are no partly paid Shares.

2.2.4 The consideration will be paid in Cash. There is no differential price since entire consideration is payable in cash.

2.2.5 This is not a competitive bid.

2.2.6 This Offer is not conditional as to any minimum level of acceptance.

2.2.7 Since the cumulative holdings of the Promoters / persons acting in concert with the Promoters of KDIL is more than 55% of the paid up Equity Share Capital of the Target Company, the Acquirer/promoter group Shareholders of KDIL shall not make any further acquisitions of Equity Shares/voting rights in KDIL through market purchases or otherwise except through this open offer. Any upward revision of the Offer will be made at least 7 working days prior to the date of closure of the Offer and announced through a public announcement in same newspapers in which the original public announcement was made.

2.2.8 Details of competitive bids, if any: **There is no competitive bid**

2.2.9 Transwarranty Capital Pvt. Ltd., Manager to the Offer does not hold any Equity Shares in the Target Company. They declare and undertake that they shall not deal in the Shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the offer.

2.2.10 There is no agreement by the Acquirer/PACs with any person/entity, in connection with this offer. The entire Shares proposed to be acquired under this Offer will be acquired by the Acquirer and no other person/entity proposes to take part in the acquisition.

2.2.11 The Acquirer, PACs and other promoter group Shareholders of KDIL have not acquired any Equity Shares of KDIL after the date of PA. They shall not acquire any further Equity Shares except under this offer, as the cumulative holdings of the promoters / persons in control of the Target Company is more than 55% of the issued and paid up Equity Share capital after the preferential allotment.

2.3 **OBJECTS AND PURPOSE OF ACQUISITION AND FUTURE PLANS**

2.3.1 This offer to acquire 20% of the post preferential Equity Share capital of KDIL and is made in terms of Regulation 11(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. After the preferential allotment, the Shareholding of the promoter group has gone up from 44.34% to 69.14%.

2.3.2 In order to meet the working capital, normal capital expenditure for on going project and repayment of high cost debt being availed by the Target Company for the just commissioned plant at Himachal Pradesh, KDIL has allotted 61,45,000 on a preferential basis to both promoter group and others. The preferential allotment of 60,00,000 Equity Shares to the Acquirer is in excess of the limits under Reg. 11(1) of the Takeover Regulations and NBZ is therefore making an open offer in accordance with the Takeover Regulations.

2.3.3 Barring unforeseen circumstances, the Acquirer/PACs are confident of ensuring sustained growth. The present activities will be continued. The additional infusion of funds through preferential allotment will enable KDIL to repay high cost debts, improve working capital position and meet normal capital expenditure which are expected to enhance the financial position significantly.

2.3.4 The Offer will not result in change in control of KDIL. No changes in the Board of Directors of KDIL are contemplated by the Acquirer/PACs, consequent to this acquisition.

2.3.5 The Acquirer/PACs do not have any plan to dispose off or otherwise encumber any assets of KDIL in the succeeding two years from the date of closure of the Offer, except in the ordinary course of business as may be permissible. They undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the Shareholders.

2.3.6 The Acquirer as well as the Target Company are in similar line of business viz. manufacturing/marketing of pharmaceutical products and as such there is conflict of interest/ potential conflict of interest between the Acquirer and the Target Company.

3. BACKGROUND OF THE ACQUIRER AND PERSONS ACTING IN CONCERT WITH THEM

3.1 NBZ PHARMA LTD (MAIN ACQUIRER)

3.1.1 The Main Acquirer is NBZ Pharma Ltd., a public limited Company. M/s. Mukund P Mehta, Paresh P Mehta, Bhavin M Mehta and Prataprai K Mehta, promoters of the Target Company are Persons Acting in Concert with the Acquirer (PACs).

3.1.2 NBZ Pharma Ltd. (NBZ) was incorporated on December 15, 1998 in the State of Gujarat as a public limited Company. NBZ , thereafter shifted its registered office to Mumbai and its registered office is situated at Ujagar Industrial Estate, Unit No: 37 to 41, Sub Plot, DWT Patil Marg, Deonar, Mumbai – 400 088 (Tel No (022) 67031655, (022) 67033322, Fax No. (022) 67031658, E Mail Id: nbzjpp@gmail.com

3.1.3 The promoters of NBZ are Shri Pratap K Mehta, Shri Mukund P Mehta, Shri Paresh P Mehta, Shri Bhavin M Mehta, Smt. Neeta M Mehta, Smt. Neha P Mehta and Smt. Hiralakshmi.

3.1.4 The existing promoters of the Target Company are also promoters of NBZ.

3.1.5 The main objects of NBZ is to carry on the business of manufacturing and dealing in (including import and export of) pharmaceutical, medicinal and chemical preparations and all types of industrial preparations, drugs, compounds, patent medicines, pharmaceutical products and fine chemicals.

3.1.6 The Equity Shares of NBZ are closely held i.e. the Equity Shares are not listed on any Stock Exchanges

3.1.7 **The Board of Directors of NBZ as on the date of the PA i.e. June 14, 2007 are :**

Name & Qualification	Designation / Experience	Date of Appointment	Residential Address
Shri Bhavin M Mehta B. Pharm.	**Managing Director** Nearly 10 years of experience in the pharmaceutical industry.	01.03.2000	143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion, Mumbai – 400 022
Shri Pratap K Mehta Registered Pharmacist	**Whole Time Director** Registered Pharmacist and more than 3 decades of experience in pharmaceutical line.	15.12.1998	143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion, Mumbai – 400 022
Shri Mukund P Mehta B.Com, BGL	**Director**, Experience in finance and banking matters with over 25 years of experience in pharmaceutical industry.	15.12.1998	143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion, Mumbai – 400 022
Shri Paresh P Mehta B. Pharm	**Director,** More than 25 years of experience in pharmaceutical formulation technology.	15.12.1988	164, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion, Mumbai – 400 022
Shri Balkrishan Dhavale B.Com	**Additional Director** 15 years as H R Consultant.	30.04.2007	D/002, Suresh Park CHS Ltd., 1st Pokhran Road, Devdaya Nagar, Shastri Nagar, Thane - 400 606

Shri Pratap K Mehta, Shri Mukund P Mehta and Shri Paresh P Mehta are also on the Board of Directors of KDIL and they shall recuse themselves and not participate in any matter(s) concerning or "relating" to the offer including any preparatory steps leading to the offer.

3.1.8 **The brief audited financials of NBZ., for the last three years and for the nine months ended December 31, 2006 (Certified by Auditor) is given below:**

(Rupees in Lacs)

Profit & Loss Statement	**9 months ended 31.12.2006**	**2005-06**	**2004-05**	**2003-04**
Income from Operations (Sales)	2577.09	3816.91	3548.83	4447.20
Other Income	53.41	85.78	33.39	58.11
Extra Ordinary Income(Ins. Claim)	0.00	75.63	0.00	0.00
Total Income	**2630.50**	**3978.32**	**3582.23**	**4505.31**
Total Expenditure	2550.88	3839.94	3499.40	4444.07
Extra ordinary expenditure	0.00	0.00	0.00	0.00
Profit before Depreciation, Interest and Tax	79.62	138.38	82.82	61.23
Depreciation	-	36.42	47.56	45.57
Interest & Fin charges	0.75	-	-	-
Profit Before Tax before Extraordinary Income/Extraordinary exp.	78.87	26.33	35.26	15.66
Profit Before Tax after Extraordinary income/Extra ordinary exp.	78.87	101.96	35.26	15.66
Less: Provision for Taxes	12.00	15.35	9.00	1.50
Profit After Tax Before Extraordinary items.				
Profit After Tax after Extraordinary Items.	**66.87**	**86.61**	**26.26**	**14.16**

Balance Sheet Statement	31.12.2006	31.3.2006	31.3.2005	31.3.2004
Sources of funds				
Paid up Equity Share Capital	78.25	78.25	78.25	78.25
Reserves & Surplus (Excluding revaluation reserves, if any)	262.83	195.96	108.43	80.35
Less: Misc. Expenses not written off	0.34	0.46	0.62	0.79
Net Worth	340.74	273.75	186.06	157.81
Secured Loans	0.00	13.02	56.18	165.81
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred tax liability	3.81	3.80	9.43	14.16
Total	**344.55**	**290.57**	**251.67**	**337.78**
Uses of funds				
Net Fixed Assets	195.00	217.39	247.36	285.59
Investments	2.50	0.00	212.56	480.54
Net Current Assets	147.05	73.18	(208.25)	(428.35)
Total	**344.55**	**290.57**	**251.67**	**337.78**
Other Financial Data				
Dividend (%)	N.A.	NIL	NIL	NIL
Earnings per Share (Rs 10/-.) (Net profit / No. of subscribed Equity Shares. (31.12.2006 annualized) Note: There are partly paid Shares also. Total No. of subscribed Shares is 1262520.	7.06	6.86	2.08	1.12
Return on Net Worth (%) (Net profit X 100 divided by Net Worth) (31.12.2006 annualized)	26.17	31.64	14.11	8.97
Book Value Per Equity Share(F.V. Rs.10) Net Worth divided by number of subscribed Equity Shares	26.98	21.23	14.36	12.27

Significant Accounting Policies: (as per Audited B/S as on 31.03.2006)

1. **Basis of accounting:** The financial statements are prepared under historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 in India.
2. **Revenue recognition :**Sales are recognized on completion of sale of goods and are recorded net of trade discounts, rebates and excise duty on own manufactured products.
3. **Fixed Assets:** Fixed assets are recorded at cost less accumulated depreciation.
4. **Depreciation :** The company has charged depreciation on W.D.V at the rates prescribed for single shift in the manner specified in schedule XIV of the Companies Act, 1956.
5. **Investments:** Long-term investments are valued at cost. Current investments are valued at lower of cost or fair value as on the date of the Balance Sheet.

6 **Miscellaneous Expenditure:** Miscellaneous expenditure is written off on a straight-line basis over a period of 10 years.

7 **Inventories:** Inventories are valued at the lower of cost or net realizable value. Work-in- process and finished goods inventories include production overheads, wherever applicable.

3.1.9. There are no Contingent Liabilities not provided as on March 31, 2006. There are no Contingent liabilities as on 31.12.2006 having a bearing on the financials.

3.1.10. Reason for rise/fall in Sales and PAT during the above period: In the year 2004-05, the Government of India changed policy to levy Excise Duty on MRP. Major buyers refrained from buying, especially in the last quarter of the year, which led to fall in sales during the year 2004-05, compared to 2003-04. However, the PAT during the year was higher than previous year as margins were better.

In the year 2005-06, there was only normal increase in sales but the PAT has improved significantly consequent to receipt of an extraordinary income by way of an insurance claim.

During the 9 months period ended 31.12.2006, the sales turnover is slightly below the previous year(pro rata for 9 months) as Company discontinued marketing of low margin products and concentrated on high margin segment. Consequently, the PAT improved significantly.

3.1.11 There are no pending litigations against NBZ.

3.1.12 The Acquirer, its promoters/Directors, the PACs, the Target Company, its promoters/ Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the regulations made under the SEBI Act. No other action has been taken by SEBI against them.

3.1.13 **Name and other Details of compliance Officer:** Not applicable as the Acquirer is a closely held Company.

3.1.14 There has been no change of name, merger/demerger, spinoff involving the Acquirer during last 3 years. Further the Acquirer is not a listed Company.

3.1.15 Shareholding pattern of NBZ Pharma Ltd as on the date of PA is as under:

Name of Shareholder	As on 14.06.2007	% of total Share holding
Promoters		
Shri Pratap K Mehta	180360	14.285
Shri Mukund P Mehta	180360	14.285
Shri Paresh P Mehta	180360	14.285
Shri Bhavin M Mehta	180360	14.285
Smt. Neeta M Mehta	180360	14.285
Smt. Neha P Mehta	180360	14.285
Smt. Hiralakshmi	180360	14.290
Total	**1262520**	**100.00**

3.1.16 Status of Corporate Governance: Since the Acquirer is a closely held Company, the provisions of Corporate Governance are not applicable.

3.1.17 M/s. Mukund P Mehta, Paresh P Mehta, Bhavin M Mehta and Prataprai K Mehta, promoters of the Target Company are Persons acting in Concert with the Acquirer(PACs).

3.1.18 As per Certificate dated May 31, 2007 from R S. Negi & Co., (Membership No. 107400) Chartered Accountant, B7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) the Net Worth of NBZ as on December 31, 2006 is Rs. 340.74 Lacs.

3.1.19 R S Negi & Co., (Membership No. 107400) Chartered Accountant, B-7, Ground Floor, Jadhav Nivas, SN Road, Mulund(west) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.comrbkanvin@gmail.com) vide his Certificate dated June 09, 2007, has certified that the Acquirer has adequate liquid resources to meet the funds requirements of the Offer, including the expenses there of. The Liquid funds available as on June 08, 2007 are Rs.1270.00 Lacs. The liquid funds available are Deposit with Shamrao Vithal Co operative Bank Ltd Rs. 900 Lacs, Bank balance in account no. 2079 at Shamrao Vithal Co operative Bank Ltd Rs. 328.74 Lacs and Balance with Citibank, Account No. 0301430124 Rs. 41.26 Lacs. Total Rs. 1270.00 Lacs.

3.1.20 The Board of Directors of NBZ, in their meeting held on 12th June 2007, has authorized Shri. Mukund P Mehta, Director, to sign this Letter of Offer on behalf of the Acquirer.

3.1.21 The members of NBZ, in their meeting held on 15th June 2006 have approved, by adopting resolution under Section 372(A), investments(including investment in the Target Company) in excess of the limits under the Companies Act, 1956.

3.2 BRIEF DETAILS PESRONS ACTING IN CONCERT WITH THE ACQUIRER(PACs)

3.2.1. M/s. Mukund P Mehta, Paresh P Mehta, Bhavin M Mehta and Prataprai K Mehta, promoters of the Target Company are Persons acting in Concert with the Acquirer(PACs).

Shri. Mukund P Mehta, aged 54 years, B Com, BGL residing at 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 has about 25 years experience in banking and other financial matters and has been involved in the manufacture and marketing of pharmaceutical formulations for the past 25 years. He is a promoter of the Target Company/its group Companies. He is Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

Shri. Paresh P Mehta, aged 47 years, B. Pharm residing 164, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 at has about 25 years experience in pharmaceutical formulations business He is a promoter of the Target Company/its group Companies. He is Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

Shri. Bhavin M Mehta, aged 31 years, B Pharm, residing at 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022, has about 10 years experience in pharmaceutical business. He is Managing Director of NBZ Pharma Ltd. He is a promoter of the Target Company/its group Companies. He is Director of NBZ Pharma Ltd and Kilitch Pharma Company Ltd.

Shri. Prataprai K Mehta, aged 74 years, residing at 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 is a registered pharmacist and is having over 3 decades' experience in the pharmaceutical industry. He is a Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

3.2.2 As per Certificate dated 8th June 2007 issued by R S. Negi & Co., (Membership No. 107400) Chartered Accountant, B7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) the Net Worth of Shri. Mukund P Mehta as on 31.12.2006 is Rs. 223 Lacs, Net worth of Shri. Paresh P Mehta as on 31.12.2006 is Rs. 233 Lacs , the Net Worth of Shri. Bhavin M Mehta as on 31.12.2006 is Rs.72.80 Lacs and Net worth of Shri. Prataprai K Mehta as on 31.12.2006 is Rs. 252 Lacs.

3.2.3 The Acquirer and PACs have not entered into any agreement amongst themselves with regard to the Acquisition/Offer.

3.2.4 M/s. Mukund P Mehta, Paresh P Mehta, Bhavin M Mehta and Prataprai K Mehta, the PACs are on the Board of Directors of the Target Company and they shall recuse themselves and not participate in any matter(s) concerning or "relating" to the offer including any preparatory steps leading to the offer.

3.2.5 **Brief details of the Acquirer/PACs is given hereunder**

Name , address and contact details	**Relationship amongst Acquirer/ PACs**	**Net Worth as certified by Chartered Accountant**	**Companies in which is a full time Director**
NBZ Pharma Ltd Regd.office: Ujagar Industrial Estate, Unit no.37 to 41, Sub Plot, DWT Patil Marg, Deonar, Mumbai 400088 Tel No.(022) 67031655, 67033322, Fax No.(022)67031658 E Mail id:nbzjpp@gmail.com	_____	Rs. 340.74Lacs as on 31.12.2006 (Certificate dated 31.05.2007)	_____
Mr. Mukund P Mehta 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion(W), Mumbai. Tel No.(022) 6666 1538, E Mail :mukundmehta@kilitch.com	Promoter of NBZ S/0 Prataprai P Mehta	Rs.223Lacs as on 31.12.2006 (Certificate dated 08.06.2007)	**Listed** Kilitch Drugs(I) Ltd **Unlisted** Kilitch Pharma Co. Ltd NBZ Pharma Co. Ltd
Mr. Paresh P Mehta, 164, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion(W), Mumbai 400 022. Tel No.(022) 2401 4422 E Mail: pareshmenta@kilitch.com	Promoter of NBZ S/0 Prataprai P Mehta	Rs.233Lacs as on 31.12.2006 (Certificate dated 08.06.2007)	**Listed** Kilitch Drugs(I) Ltd **Unlisted** Kilitch Pharma Co. Ltd NBZ Pharma Co. Ltd
Mr. Bhavin M Mehta 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion(W), Mumbai. Tel No.(022) 6666 538 E Mail:bhavinmehta@kilitch.com	Promoter of NBZ S/0 Mukund P Mehta	Rs. 72.80Lacs as on 31.12.2006 (Certificate dated 08.06.2007)	**Listed** NIL **Unlisted** Kilitch Pharma Co. Ltd NBZ Pharma Co. Ltd
Mr. Prataprai K Mehta 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion(W), Mumbai. Tel No.(022) 6666 1538,	Promoter of NBZ F/o Mukund P Mehta and Pratap P Mehta	Rs. 252Lacs as on 31.12.2006 (Certificate dated 08.06.2007)	**Listed** Kilitch Drugs(I) Ltd **Unlisted** Kilitch Pharma Co.Ltd NBZ Pharma Co. Ltd

3.3 The filing of returns under Chapter II of SEBI (SAST) Regulations was made with a delay of 14 days for the year 1997 and 8 days for the year 1998, by the PACs as well as other promoter group Shareholders of the Target Company. The filings under Chapter II of the Regulations have been done within the stipulated time from 1999 till date. For non compliance with provisions of Chapter II for the years 1997 and 1998, by the promoters/promoter group Shareholders of the Target Company, SEBI may take suitable action, if any, at a later date.

3.4 Compliance with Regulation 21(2) & Clause 40A of the Listing Agreement: The acquisition of 20% Equity Shares of the Target Company by the Acquirer under this Offer together with the Equity Shares being held by the promoter group Shareholders of KDIL will result in public Shareholding falling below the level required for continued Listing. Assuming full acceptance under this Offer, the post offer holding of the Public shall be 10.86 % of the voting Capital. If consequent to the open offer, the public holding falls below the level required for continued listing, then the Acquirer/ Promoter Group Shareholders/Target Company will comply with the relevant provisions of Clause 40A of the listing agreement in this regard, within the time limits stipulated therein. The Acquirer/PACs undertake and declare that they do not have any intention to delist the Equity Shares of Target Company, after the preferential allotment and Open Offer. They also undertake that they will comply with provisions of Clause 40A of the listing agreement, in this regard, within the time limits stipulated therein.

3.5 **FUTURE PLANS OF THE ACQUIRER WITH RESPECT TO KDIL**

The Acquirer/PACs, as a part of the promoter group, proposes to continue with the existing activities viz. manufacture of paranteral formulations, both in the powder form and liquid form and also manufacture Cephalosporins at its new plant at Himachal Pradesh. The Acquirer / PACs/Promoters are confident of utilizing their experience to ensure sustained growth.

4 BACKGROUND OF THE TARGET COMPANY

4.1.1 KDIL was incorporated on May 12, 1992 with the Registrar of Companies, Maharashtra at Mumbai. as a Public Limited Company. KDIL made its maiden public issue of Equity Shares in March 1994 and got its Equity Shares listed at ASE & BSE. The Equity Shares were subsequently delisted from ASE and confirmed by ASE vide their letter No. ASE/2005/4602 dated January 13, 2005 KDIL is currently manufacturing parenteral formulations, both in the powder and the liquid form. KDIL caters to both the Indian as well as the multinational companies. KDIL has two factories, one at Pawane in Thane District of Maharashtra and the other at Paontasahib in the state of Himachal Pradesh. The plant at Pawane is approved by WHO and many other International Regulatory Agencies such as Drug Control Authority of Sudan, Yemen, Nigeria, Tanzania and Uganda.

In order to meet the working capital, normal capital expenditure for on going project and repayment of high cost debt being availed by KDIL for the just commissioned plant at Himachal Pradesh, KDIL has allotted 61,45,000 Equity Shares on a preferential basis to both promoters and others.

The Registered Office of KDIL is situated at C-301/2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane – 400 705 and the Administrative Office of KDIL is situated at Ujagar Industrial Estate, Unit NO: 37, W T Patil Marg, Deonar, Mumbai – 400 088. Tel. Nos: (022) 27630518, 27680913, 27619023 Fax No: (022) 27680912.

KDIL is promoted by Shri. Prataprai K Mehta, Shri. Mukund P Mehta and Shri. Paresh P Mehta. Shri. Mukund P Mehta, aged 54 years, B Com, BGL residing at 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 has about 25 years experience in banking and other financial matters and has been involved in the manufacture and marketing of pharmaceutical formulations for the past 25 years. He is a promoter of the Target Company/its group Companies. He is Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

Shri. Paresh P Mehta, aged 47 years, B. Pharm residing 164, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 at has about 25 years experience in pharmaceutical formulations business He is a promoter of the Target Company/its group Companies. He is Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

Shri. Prataprai K Mehta, aged 74 years, residing at 143, Kalpataru Residency, 14th Floor, Near Cine Planet, Sion (West), Mumbai 400 022 is a registered pharmacist and is having over 3 decades' experience in the pharmaceutical industry. He is a Director of NBZ Pharma Ltd, Kilitch Drugs (India) Ltd and Kilitch Pharma Company Ltd.

4.1.2 Prior to the preferential allotment, the promoter group/persons in control, were holding 31,28,893 Equity Shares, constituting 44.34% of the listed Capital and after the preferential allotment the promoter group / persons in control hold 91,28,893 Equity Shares, constituting 69.14% of the issued, paid up and voting capital of KDIL.

4.1.3 The Directors of KDIL are Shri. Pratap K Mehta (Chairman), Shri. Mukund P Mehta (Managing Director), Shri. Paresh P Mehta (Jt. Managing Director) , Shri. Dinesh J Shah (Non Executive & Independent Director), Shri. Mukesh D Shah (Non Executive and Independent Director))and Smt. Nilima Waigankar (Independent and Non Executive Whole Time Director).

4.1.4 The Authorized Capital of KDIL is Rs. 1500 Lacs, divided into 1,50,00,000 Equity Shares of Rs 10/- each .The post preferential allotment paid up Equity Share Capital is 132,02,122 Equity Shares of Rs. 10 each aggregating Rs. 1320.21 Lacs. All the Equity Shares are listed. All the Equity Shares except 3,35,412 Equity Shares allotted on a preferential basis on March 02, 2007 and 61,45,000 Equity Shares which have been allotted on June 12.06.2007 have been admitted for trading. KDIL has submitted application for trading permission in respect of the 3,35,412 Equity Shares on May 16, 2007. KDIL has received "in-principle approval from BSE for the listing of the 61,45,000 Equity Shares allotted on a preferential basis vide letter No. DCS/PREF/RAS/PRE/573/07-08 dated June 06, 2007 from BSE. Final listing approval was received on July 31, 2007.

4.1.5 KDIL has, as its main objects, "to carry on the business as manufacturers, products, makers, processors, buyers, merchants, suppliers, contractors, manufacturers, suppliers, contractors, manufacturers, representatives, chemists, dealers of all kinds and description of drugs, medicines, pharmaceuticals and medicinal preparations such as biologicals, antibiotics, tinctures, spirits, tablets, capsules, powders, pills, lozenges, strip packs, syrups, liquids, ointments, injectibles, water for injection liquors, mineral waters, cordials, tonics, broths, soups, extracts, restoratives, veterinary products pharmaceuticals, vitamins, ayurvedic medicines, proprietary medicines, soaps, soap powders, liquid soaps, detergents, cosmetics, shampoos, liniments, lotions, perfumeries, toilet requisites, disinfecting and toilet preparations."

4.1.6 KDIL has signed agreements with NSDL and CDSL for offering Shares in dematerialized form and is traded in compulsory demat mode. The Marketable lot for the Shares of KDIL is 1 (one only). The ISIN Number is INE 729D01010.

4.1.7 KDIL has fixed assets valued at Rs.2880.68 Lacs as at the end of March 31, 2006 and the fixed assets comprises of Land, Factory Building, Office Premises, Plant and Machinery, Furniture, Computer, Other Office Equipment, Motor Car and Capital Work In Progress.

4.1.8 KDIL has no Subsidiaries

4.1.9 KDIL is not a Sick Industrial Company.

4.1.10 The Equity Shares of KDIL are presently listed only at BSE. The Shares are not admitted as a permitted security at any other Stock Exchange. All the outstanding issued Equity Shares of KDIL are listed. All the Outstanding Equity Shares except 3,35,412 Equity Shares allotted on a preferential basis on March 02, 2007 and 61,45,000 Equity Shares allotted on a preferential basis on June 12, 2007 have been admitted for trading. There are no partly paid Equity Shares or outstanding warrants or options or similar instruments, convertible into Equity Shares at a later stage. 10,08,997 Equity Shares held by the promoters are locked-in upto 15.08.2007; 3,03,333 Equity Shares are locked in upto 13.10.2007 ; 3,19,470 Equity Shares are locked-in upto 14.10.2008 and 3,35,412 Equity Shares are locked in upto 01.03.2010. Out of the 61,45,000 Equity Shares allotted on a preferential basis on 12.6.2007, 60,00,000 Equity Shares allotted to the promoter group is under locked in for a period of 36 months from the date of allotment i.e. till 11.06.2010 and 1,45,000 Equity Shares allotted to the non promoters is under lock-in for a period of 12 months from the date of allotment i.e. till 11.08.2008. The details of Shares under lock in are given hereunder:

Sr. No.	Name of the shareholder	Number of locked-in shares
1	Mr. Mukund P. Mehta	690773
2	Mr. Paresh P. Mehta	658474
3	Mr. Prataprai K. Mehta	617965
4	M/s. NBZ Pharma Limited	6000000
5	Ms.Neha Rathi	117701
6	Ms. Pravina Mehta	25000
7	Mr.Sanjeev Nandu	10000
8	Mr. Mahendra A Chheda (HUF)	10000
	Total No. of Shares under lock-in	**8129913**

4.1.11 KDIL has no arrears of listing fee to Stock Exchanges. KDIL has been complying with the listing requirements of the Stock Exchanges. No action has so far been taken by the Stock Exchanges or SEBI against KDIL, its Directors or promoters.

4.1.12 KDIL is complying with the provisions of Clause 49 of the Listing Agreement.

4.1.13 The filing of returns under Chapter II of SEBI (SAST) Regulations was made with a delay of 14 days for the year 1997 and 8 days for the year 1998. SEBI has, vide its letter no. CFD/DCR/RC/TO/13060/04 dated July 23, 2004, given an option to KDIL for settlement by Consent Order for the violations by imposing a penalty of Rs. 1,75,000/- on consent terms and KDIL has, vide its letter August 23, 2004, while accepting that there has been a delay of few days in filing reports, have requested for an opportunity for a personal hearing and the quantum of penalty to be reduced. For the delay in the compliance of Regulations 6 & 8 by the Target Company for the years 1997 and 1998, SEBI may initiate suitable action in terms of the Regulations and provisions of the SEBI Act, if any, at a later date. The filings under Chapter II of the Regulations have been done within the stipulated time from 1999 till date.

4.1.14 There has not been any merger or demerger or spin-off of activity in the preceding 3 years.

4.1.15 KDIL has no overdue liabilities to Banks/FIs. There are no pending litigations against KDIL. However, 11cases have been filed in Labour Courts against the civil contractors at the time of commissioning of the project at Paonta Sahib, Himachal Pradesh, in which Shri. Mukund P Mehta, MD of Kilitch was also made a party. Last hearing was on 04.08.07. The cases are still pending.

4.1.16 **The details of Secured Loans availed by KDIL are as follows:**

(Rs. In Lacs)

Name of the Bank	Nature of Loan	Outstanding as on 31.3.2006	Outstanding as on 31.12.2006
ICICI Bank, Nariman Pint, Mumbai	Cash Credit Working capital	22.24	71.12
ICICI Bank, Nariman Pint, Mumbai	Term Loan	690.00	683.60
State bank of India, Nariman Point, Mumbai	Working Capital	25.38	46.40
State bank of India, Nariman Point, Mumbai	Term Loan	66.00	632.00
Total		**803.62**	**1433.12**

4.1.17 The Compliance Officer of KDIL is Shri. Mukund P Mehta, Managing Director, residing at 143, Kalpataru Residency-14th Floor, Near Cine Planet, Sion (East), Mumbai – 400 022, who will be available at the registered office address of KDIL and shall attend to all investor grievances.

4.2 Equity Share Capital History

4.2.1 Equity Share Capital Structure of KDIL as on Thursday, June 14, 2007 the date of PA.

Paid up Equity Shares of KDIL	No. of Shares	% of Shares	Voting Rights	% of voting rights.
Fully paid up Equity Shares	132,02,122	100	132,02,122	100
Partly paid up Equity Shares	0	0	0	0
Total paid up Equity Shares	132,02,122	100	132,02,122	100
Total voting rights in Target Company	132,02,122	100	132,02,122	100

4.2.2 Build Up of Current Capital

4.2.2.1 Build up of Authorized capital

(In Rs.)

Date	From	To	Authorized Capital after enhancement
On Incorporation	0	10,00,000	10,00,000
02.11.1992	10,00,000	4,00,00,000	4,00,00,000
28.03.1995	4,00,00,000	10,00,00,000	10,00,00,000
18.05.2007	10,00,00,000	15,00,00,000	15,00,00,000

The Authorized Capital consists of Equity Share Capital only.

4.2.2.2 Build up of Current paid up Capital

Date of allotment	No. and % of Shares Issued	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottees (e.g.-promoters /others)	Status of compliance With SEBI (SAST) Regulations and other Regulations under SEBI Act 1992
12.05.1992	70 (0.0001% of current capital)	700	For cash	Signatories to the Memorandum.	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
30.04.1994	11,49,930 (8.71% of current capital) 25,50,000 (19.32% of current capital)	3,70,00,000	For cash For cash	Promoters, Relatives & Associates Indian Public	Provisions of Companies Act, 1956 complied with. SEBI Clarifications on Public Issues, complied with
22.12.1995	23,98,907 (18.17% of current capital)	6,09,89,070	For cash	Rights Issue to existing Shareholders.	Provisions of Companies Act, 1956 complied with. SEBI Guidelines / Regulations complied with.
14.10.2004	3,03,333 (2.30% of current capital)	6,40,22,400	For Cash	Preferential Allotment to Promoters	SEBI Guidelines/Regulations complied with. Provisions of Companies Act, 1956 complied with.
14.10.2005	3,19,470 (2.42% of current capital)	6,72,17,100	For cash	Preferential Allotment to Promoters	SEBI Guidelines / Regulations complied with. Provisions of Companies Act, 1956 complied with.
02.03.2007	3,35,412 (2.54% of current capital)	7,05,71,220	For cash	Preferential Allotment to Promoters	SEBI Guidelines / Regulations complied with. Provisions of Companies Act, 1956 complied with.
12.06.2007	61,45,000 (46.54% of current capital)	13,20,21,220	For cash	Preferential Allotment to Promoters and others	SEBI Guidelines / Regulations complied with. SEBI(SAST) Regulations being complied with, through this Offer. Provisions of Companies Act, 1956 complied with.

4.2.2.3 Change in Shareholding of promoters and position of Compliance

Date of allotment/ Acquisition/ Sale	No. of Shares Issued/ acquired/ sold/ reduced	Cumulative Share holding (Shares)	Mode of allotment/ Acquisition	Identity of allottees (e.g.-promoters /others	Status of compliance with SEBI (SAST) Regulations other Regulations under SEBI Act 1992 & other statutory requirements, as applicable
On Incorporation	70	70	Promoters/ promoter group Shareholders		SEBI (SAST) Regulations 1997 not applicable.
14.08.94	11,49,930	11,50,000 (31.08% of the listed capital)	Allotment in Public Issue	Promoters/ promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable.
22.12.1995	9,87,145 (16.18% of the listed capital)	21,37,145 (35.04% of the listed capital)	Allotment in Rights Issue	Promoters/ promoter group Shareholders	SEBI(SAST) Regulations, 1997 not applicable

Sales made in March 1998	21,100 (0.35% of the listed capital)	21,16,045 (34.69% of the listed capital)	Market Sales	Promoters / Promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable as it is sale. Reporting under Reg. 7(1A) not applicable since the sale during the financial year is less than 2%.
Sales made in March 1999	100	21,15,945 (34.69% of the listed capital)	Market Sales	Promoters / Promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable as it is sale. Reporting under Reg. 7(1A) not applicable since the sale during the financial year is less than 2%.
Purchases made in March 2000.	1,000 (0.02% of the listed capital)	21,16,945 (34.71% of the listed capital of the Company)	Market Purchases	Promoters / promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable as the purchases it is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) not applicable since the Purchases during the financial year is less than 2%.
Sales made in March 2001	300 (0.001% of the listed capital)	21,16,645 (34.70% of the listed capital of the Company)	Market Sales	Promoters / Promoter Group Shareholders	SEBI (SAST) Regulations 1997 not applicable as it is sale. Reporting under Reg. 7(1A) not applicable since the sale during the financial year is less than 2%.
Purchases made in March 2002	53,333 (0.87% of the listed capital)	21,69,978 (35.57% of the listed capital of the Company)	Market Purchases	Promoters / Promoter Group Shareholders	SEBI (SAST) Regulations 1997 not applicable as the purchases it is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) not applicable since the Purchases during the financial year is less than 2%.
24.12.2002	Inter-se transfer of 3,00,000 Shares amongst promoter group (4.91% of the listed capital)	21,69,978 (35.57% of the listed Company)	Inter-se Transfer by promoter group Shareholders	Promoters / Promoter Group Shareholders	SEBI (SAST) Regulations 1997 not applicable as the inter-se transfer is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) has been done.
24.12.2002	2,84,833 (4.67% of the listed capital)	18,85,145 (30.91% of the listed capital)	Market Sale	Promoter / Promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable as it is sale. Reporting under Reg. 7(1A) has been done..
22.03.04	2,84,833 (4.67% of the listed capital)	21,69,978 (35.57% of the listed capital)	Market Purchase	Promoter / Promoter group Shareholders	SEBI (SAST) Regulations 1997 not applicable as the purchases it is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) has been done as the purchase is more than 2%.
14.10.04	3,03,333 (3.59% of the listed capital)	24,73,311 (38.63% of the listed capital)	Preferential Allotment	Promoter / Promoter group Shareholders	SEBI (SAST) Regulations, 1997 not applicable as the acquisition is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) has been complied with as the acquisition is more than 2%.
14.10.05	3,19,470 (2.92% of the listed capital)	27,92,781 (41.55% of the listed capital)	Preferential Allotment	Promoter / Promoter Group Shareholders	SEBI (SAST) Regulations, 1997 not applicable as the acquisition is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) has been complied with as the acquisition is more than 2%.

02.03.07	3,35,412 (2.75% of the listed capital)	31,28,893 (44.3% of the listed capital)	Preferential Allotment	Promoter / Promoter Group Shareholders	SEBI (SAST) Regulations, 1997 not applicable as the acquisition is within the limits under Regulation 11(1). Reporting under Reg. 7(1A) has been complied with as the acquisition is more than 2%.
12.06.07	60,00,000 (45.45% of the listed capital)	91,28,893 (69.14% of the listed capital)	Preferential Allotment	Promoter / Promoter Group Shareholders	SEBI (SAST) Regulations, 1997 applicable as the acquisition is in excess of the limits under Regulation 11(1).This open offer is in compliance. Reporting under Reg. 7(1A) has been complied with as the acquisition is more than 2%.

4.3 There are no outstanding warrants or options or similar instruments, convertible into Equity Shares at a later date.

4.4 All the issued Equity Shares of KDIL are listed at the Stock Exchanges.

4.5 Save and except for the actions disclosed under 4.1.13 above, SEBI/the Stock Exchanges have not awarded any penalties/initiated action against the Target Company, its promoters/Directors.

4.6.1 **Board of Directors as on Thursday, June 14, 2007, the date of PA:**

Name	Date of appointment	Residential Address/Contact details	Designation
Shri Pratap K Mehta	12.05.1992	143, Kalpataru Residency – 14th Floor, Near Cine Planet, Sion (East) Mumbai – 400022	Chairman
Shri Mukund P Mehta	12.05.1992	143, Kalpataru Residency – 14th Floor, Near Cine Planet, Sion (East) Mumbai – 400022	Managing Director
Shri Paresh P Mehta	12.05.1992	143, Kalpataru Residency – 14th Floor, Near Cine Planet, Sion (East) Mumbai – 400022	Jt. Managing Director
Shri Dinesh J Shah	30.12.2005	161/162, Kalpataru Residency Tower – A Flat No. 164, Kamani Marg, Sion (East) Mumbai – 400022	Director
Shri. Mukesh D Shah	09.02.2005	54/57, Ridhi Siddhi Apartment, Plot No: 307, 3rd Floor, Rafi Ahmed Kidwai Road, Matunga, Mumbai - 400019	Director
Smt Nilima Waigankar	27.01.2007	203 – Trimbak Ashish, P & T Colony, Gandhi Nagar Dombivli (East)	Director

4.6.2 There has been the following change in Board of Directors in the last three years.

Name	Date of change	Nature of change
Smt Nilima Waigankar	30.04.2004	Appointed as a Director
Shri Jagdish Engineer	05.09.2005	Resigned as a Director
Shri Baburao Sawant	01.10.2005	Resigned as a Director
Shri Dilip Chaudhary	30,12,2005	Resigned as a Director
Shri Suresh Chandra Sharma	30.12.2005	Resigned as a Director
Smt Nilima Waigankar	30.12.2005	Resigned as a Director
Shri Dinesh Shah	30.12.2005	Appointed as a Additional Director
Shri Mukesh Shah	30.12.2005	Appointed as a Additional Director
Shri Dinesh Shah	30.09.2006	Appointed as a Director
Shri Mukesh Shah	30.09.2006	Appointed as a Director
Shri Bhavin M Mehta	27.01.2007	Resigned as a Director
Smt Nilima Waigankar	27.01.2007	Resigned as a Director

Note: None of the above, except Shri Bhavin M Mehta, who resigned on 27.01.2007, is related to the promoters of the Acquirer. He is also a PAC to this Offer.

4.6.3 Experience, Qualification and date of appointment of the Board of Directors

Name	Date of appointment	Age, , Qualification	Experience, in brief
Shri Pratap K Mehta	12.05.1992	Age: 74 Qualification : Registered Pharmacist	Is a Registered Pharmacists and has experience of more than 3 decades in the Pharmaceutical industry
Shri Mukund P Mehta	12.05.1992	Age: 54 Qualification: B.Com, BGL	Experienced in Banking and other related financial matters and has been involved in the manufacturing of pharmaceuticals formulations for the past 25 years.
Shri Paresh P Mehta	12.05.1992	Age: 47 Qualification: B.Pharm.	Has more than 25 years of experience in the pharmaceutical formulation technology
Shri Dinesh J Shah	30.12.2005	Age: 52 Qualification: B.Com.	Has been a Pharmaceutical Distributor since 1985
Shri. Mukesh D Shah	09.02.2005	Age: 49 Qualification: B.Com	Is a Broker of the Bombay Stock Exchange and has more than 25 years of experience in that line.
Smt Nilima Waigankar	27.01.2007	Age : 39 Qualification : B.Sc	Has more than 16 years of experience in Quality Control.

4.7 There has not been any mergers/demergers involving the Target Company nor was there any spin off of activity during the last three years. There has been no change of name since Incorporation.

4.8. **Brief published Audited Financial data for the last three years and for the nine months ended 31.12.2006 (certified by Auditors) are given hereunder:**

(Rs. in Lacs)

Profit & Loss Statement	9 months ended 31.12.2006	2005-06	2004-05	2003-04
Income from Operations (Sales)	2017.61	2442.96	2470.93	1726.39
Other Income	0.06	58.95	34.25	37.31
Extra Ordinary Income	0.00	0.00	0.00	0.00
Total Income	**2017.67**	**2501.91**	**2505.19**	**1763.70**
Total Expenditure	1960.10	2365.03	2387.24	1665.45
Extra ordinary expenditure	0.00	0.00	0.00	0.00
Profit before Depreciation, Interest and Tax	57.57	136.88	117.94	98.24
Depreciation	-	54.81	55.17	51.45
Interest & Fin charges	-	15.30	10.72	3.27
Profit Before Tax before Extraordinary Income/Extraordinary exp.	57.57	66.77	52.05	39.81
Profit Before Tax after Extraordinary income/Extra ordinary exp.	57.57	66.77	52.05	39.81
Less: Provision for Taxes	12.55	24.10	9.50	12.50
Profit After Tax Before Extraordinary items.	**45.02**	**42.67**	**42.55**	**27.31**
Profit After Tax after Extraordinary Items.	**45.02**	**42.67**	**42.55**	**27.31**

Balance Sheet Statement	31.12.2006	31.3.2006	31.3.2005	31.3.2004
Sources of funds				
Paid up Equity Share Capital	670.83	670.83	638.88	608.55
Reserves & Surplus (Excluding revaluation reserves, if any)	541.56	496.54	357.16	316.08
Less: Misc. Expenses not written off	57.26	65.08	75.51	82.83
Net Worth	**1155.13**	**1102.29**	**920.53**	**841.80**
Share Application money	90.56			
Secured Loans	1433.12	803.62	70.47	29.00
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred tax liability	33.56	28.01	28.88	27.40
Total	**2712.37**	**1933.92**	**1019.88**	**898.20**
Uses of funds				
Net Fixed Assets	3082.25	2880.68	841.62	403.80
Investments	36.10	9.24	307.18	310.70
Net Current Assets	(405.98)	(956.00)	(128.92)	183.70
Total	**2712.37**	**1933.92**	**1019.88**	**898.20**
Other Financial Data				
Dividend (%)	Nil	Nil	Nil	Nil
Earnings per Share (Rs 10/-.) (Net profit / no. of subscribed Equity Shares. (31.12.2006 annualized) fully diluted.	0.89	0.63	0.67	0.45
Return on Net Worth (%) (Net profit X 100 divided by Net Worth) (31.12.2006 annualized)	5.20	3.87	4.62	3.27
Book Value Per Equity Share (F.V. Rs.10) Net Worth divided by number of subscribed Equity Shares	17.22	16.43	14.40	13.83

Details of Other Income during the above period (Rs. In Lacs)

OTHER INCOME	31.03.06	31.03.05	31.03.04
Interest from Banks & others	0.95	0.00	16.44
Dividend	0.51	3.18	3.30
License Fees	0.25	0.00	0.00
Profit on Sale of Shares	15.03	31.07	7.06
Profit on Sale of Office Premises	27.21	0.00	0.00
S.Bal Written Off	0.00	0.00	0.00
Profit on Sale of Mutual Fund	15.00	0.00	0.00
Cess Tax Refund from NMMC	0.00	0.00	7.15
Sales Tax Refund	0.00	0.00	3.36
Total of Other Income	**58.95**	**34.25**	**37.31**

The above financials are furnished after

- Making adjustments / rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in Audit qualifications; Material amounts relating to adjustments for last three years, if any have been identified and adjusted in arriving at the profits of the years to which they relate.

- Where there has been a change in accounting policy during the last three years, the profits or losses of those years have been re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years. However, in respect of any incorrect accounting policy being followed, the re-computation of the financial statements has been made in accordance with correct accounting policies. There has been no change in the accounting policies in the above period.
- Statement of profit or loss discloses both the profit or loss arrived at before considering extraordinary/ exceptional items and after considering the profit or loss from extraordinary items/exceptional items. There are no extraordinary or exceptional items of Income and Expenditure during the above period.
- The statement of assets and liabilities have been prepared after deducting the balance outstanding on revaluation reserve account, if any, from both fixed assets and reserves and the net worth arrived at after such deductions. There is no revaluation reserves.
- The Investments are mostly in listed Equity and Equity related instruments such as Mutual Funds.
- As on 31.3.2005 there were calls in arrears in respect of Equity Share. These Shares were allotted in the Public Issue. The calls have been paid subsequently and as on date of Public Announcement, there are no Shares where calls are in arrears. The calls in arrears as on 31.3.2005 is Rs. 1.34 Lacs.
- The Share Application Money outstanding on 31.12.2006 is Share Application money brought in towards preferential allotment of 3,35,412 Equity Shares allotted to promoter group @ Rs. 27/- per Share. The allotment was made on 2.3.2007.

4.9. Pre and Post- Offer Share holding pattern of KDIL shall be as follows:

Shareholders' category	**Shareholding prior to the Preferential Issue of securities and offer.**		**Shares acquired through the Preferential offer which triggered off the Regulations**		**Shares to be Acquired in Open Offer(Assuming full acceptances)**		**Share holding after the acquisition and Offer.**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
1.Promoter group								
NBZ Pharma Ltd (the main Acquirer)	0	0	60,00,000	45.44	26,40,425	20	86,40,425	65.45
Other promoter group Shareholders, including PACs	31,28,893	44.34	0	0	0		31,28,893	23.69
Total of 1 (Total promoter holding)	**31,28,893**	**44.34**	**60,00,000**	**45.44**	**26,40,425**	**20**	**1,17,69,318**	**89.14**
2 Public Holding								
a. Indian Public	39,11,718	55.43	1,45,000	1.10				
b. FIIs/FIs/Mutual Funds/Banks	100	0.00	-					
c. NRIs	16411	0.23	-		(26,40, 425)	20	14,32,804	10.86
Total 2 (a+b+c)	**39,28,229**	**55.66**	-					
Total (1+2)	**70,57,122**	**100**	**61,45,000**	**46.54**			**1,32,02,122**	**100**

Notes:

a. The % indicated in Columns C & D above are calculated on the post preferential allotment capital.

b. There are no partly paid Equity Shares or outstanding warrants or options or similar instruments, convertible into Equity Shares at a later stage.

c. 10,08,997 Equity Shares held by the promoters are locked-in upto 15.08.2007; 3,03,333 Equity Shares are locked in upto 13.10.2007 ; 3,19,470 Equity Shares are locked-in upto 14.10.2008 and 3,35,412 Equity Shares are locked in upto 01.03.2010. Out of the 61,45,000 Equity Shares allotted on a preferential basis 60,00,000 Equity Shares allotted to the promoter group is locked in for a period of 36 months from the date of allotment i.e. till 11.06.2010 and 1,45,000 Equity Shares allotted to the non promoters is under lock-in period of 12 months from the date of allotment i.e. till 11.06.2008.

d. The Acquirer/PACs, other promoter group Shareholders of KDIL have not acquired any Shares from the date of the Public Announcement till date of this Letter of Offer.

e. The number of Shareholders under Public Category, i.e. under 2 above, on the Specified Date is **7541**

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 **Justification of Offer price**

5.1.1. The Equity Shares of KDIL are listed on BSE. The Shares are not admitted as permitted Security in any other Stock Exchange.

5.1.2 The annualized trading turnover of Shares of KDIL, during the preceding 6 calendar months prior to the month in which the Board of Directors decided on the preferential allotment (May 4, 2007), i.e. during the months November 2006 to April 2007 (both inclusive) is given below.

Name of Stock Exchange(s)	**Total no. of Shares traded**	**Total No. of listed Shares**	**Annualized Trading turnover (in terms of % to total listed Shares)**
The Bombay Stock Exchange Ltd (BSE)	8,66,876	67,21,710	25.78%

The trading volume data has been taken from the BSE website www.bseindia.com.

The Shares are thus not infrequently traded in terms of Regulation 20 (5), explanation (i) at the Stock Exchanges

5.1.3 Since the Equity Shares of the Target Company has not been infrequently traded as per explanation (i) to Regulation 20(5) at the Stock Exchanges during the 6 calendar months preceding the month in which the Board of Directors decided on the preferential allotment (May 4, 2007), the Offer price has been justified, taking into account, the following parameters, as set out under Regulations 20(4):

a.	The Negotiated Price	Not Applicable
b	Highest Price paid by Acquirer and Persons Acting in Concert with the Acquirer for acquisition, if any, including by way of allotment in a public or rights issue during the 26 weeks prior to the date on which the Board of Directors decided on the preferential allotment (May 4, 2007)	N.A.
c.	Price paid by the Acquirer (including Persons Acting in Concert) for any Preferential allotment made during the 26 weeks prior to 4th May 2007, the date on which the Board of Directors decided on the present preferential allotment (Allotted to promoter Group on 02.03.2007)	Rs.27 Per Share
d.	The Price at which Preferential allotment is made to the Acquirer (due to which open offer has been triggered)	Rs.47.50 per Share
e.	The average of the weekly High and Low of the closing prices of the Shares of KDIL during 26 weeks period preceding the reference date i.e. May 04, 2007.	Rs.47.36 per Share
f.	The average of the daily High and Low of the prices of the Shares of KDIL during 2 weeks period preceding the reference date i.e. May 04, 2007.	Rs. 45.29 per Share

(Source of Information: (1) BSE Website : www.bseindia.com, (2) Board/EGM Resolutions by the Target Company

5.1.3.1 .Trading data at Bombay Stock Exchange Limited (BSE)

a. The Weekly High and Low of the closing prices of the Equity Shares of KDIL at Bombay Stock Exchange Limited during the 26 Weeks preceding May 4, 2007,the date of the Board Meeting which decided on the preferential allotment is as under:

S. No	Week		High	Low	Average	Volume
1	03.11.06	09.11.06	40.00	37.60	38.80	27284
2	10.11.06	16.11.06	40.20	38.25	39.23	35082
3	17.11.06	23.11.06	37.20	35.45	36.33	23165
4	24.11.06	30.11.06	42.55	35.10	38.83	39022
5	01.12.06	07.12.06	49.15	44.65	46.90	72469
6	08.12.06	14.12.06	45.00	40.80	42.90	41544
7	15.12.06	21.12.06	50.80	45.20	48.00	65660
8	22.12.06	28.12.06	48.85	45.60	47.23	31042
9	29.12.06	04.01.07	58.45	50.70	54.58	67445
10	05.01.07	11.01.07	61.50	56.20	58.85	42558
11	12.01.07	18.01.07	60.10	57.05	58.58	50761
12	19.01.07	25.01.07	59.40	55.70	57.55	30341
13	26.01.07	01.02.07	57.10	54.40	55.75	21037
14	02.02.07	08.02.07	56.00	54.20	55.10	31082
15	09.02.07	15.02.07	53.40	48.25	50.83	18372
16	16.02.07	22.02.07	52.15	50.00	51.08	29042
17	23.02.07	01.03.07	50.85	47.80	49.33	31527
18	02.03.07	08.03.07	49.10	47.40	48.25	21864
19	09.03.07	15.03.07	48.50	41.65	45.08	25550
20	16.03.07	22.03.07	42.50	41.05	41.78	13225
21	23.03.07	29.03.07	45.00	40.70	42.85	9349
22	30.03.07	05.04.07	44.00	41.85	42.93	31882
23	06.04.07	12.04.07	46.00	44.55	45.28	26100
24	13.04.07	19.04.07	44.95	42.85	43.90	6392
25	20.04.07	26.04.07	44.00	42.05	43.03	72629
26	27.04.07	03.05.07	50.90	46.20	48.55	11700
	Total	**1277.65**	**1185.25**	**1231.45**	**876124**	
	Average Price				**47.363**	

(Source: BSE Website : www.bseindia.com)

b. The daily High and Low of the traded prices of KDIL at Bombay Stock Exchange Limited in the two Weeks preceding May 4, 2007,the date of the Board Meeting which decided on the preferential allotment is as under:

(Price in Rs.)

Sr. No.	Date	High	Low	Average	Volume
1	20-Apr, 2007	43.45	42.00	42.73	1501
2	23-Apr, 2007	44.00	42.55	43.28	2468
3	24-Apr, 2007	43.00	42.00	42.50	3402
4	25-Apr, 2007	44.15	43.90	44.03	4558
5	26-Apr, 2007	46.35	43.25	44.80	60700
6	27-Apr, 2007	46.20	45.00	45.60	3886
7	30-Apr, 2007	48.50	48.5	48.50	518
8	03-May, 2007	50.90	50.90	50.90	7496
	Total	**366.55**	**358.10**	**362.34**	**84529**
	Average Price		**45.29**		

Note: There was no trading in the Exchange on 1/05/2007 and 2/05/2007.

5.1.4. This is not an indirect acquisition/control.

5.1.5 **Non Compete Fee:** There is no non-compete agreement for payment to any person.

5.1.6 The Offer price is justified in terms of Regulation 20 (11) of the Regulations. In the opinion of the Manager to the Offer and the Acquirer/PACs, the Offer price is justified. The Offer price of Rs. 47.50 per Equity Share(fully paid up) is equal to the price paid for the preferential allotment to the Acquirer and is also higher than the weekly high and low of the closing prices of the Equity Shares of KDIL as quoted at BSE in the 26 weeks preceding the date of the Board meeting which considered the preferential allotment and decided to convene the Extraordinary General meeting of members for the same and is also higher than the average of the daily high and low prices as quoted at BSE during the 2 weeks preceding the said date. There are no partly paid Shares.

5.1.7 Since the cumulative holding of the promoters / persons acting in concert with the promoters is more than 55% of the paid up capital of KDIL, the Acquirer / PACs and promoter group do not intend to acquire any further Equity Shares until 7 working days before the closure of the offer. Any upward revision of the Offer will be notified through an announcement in all dailies where the original Public Announcement was made. The last date for any upward revision is Monday August 26, 2007.

5.2 Financial arrangements :

5.2.1 Assuming full acceptance, the total funds requirements to meet this Offer is Rs. 12,54,20,187.50 (Rupees Twelve Crores Fifty Four Lacs Twenty Thousand One Hundred and Eighty Seven and Paise Fifty Only).

5.2.2 In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirer has created an Escrow Account in the form of Fixed Deposit for Rs. 3,20,00,000/- (Rupees Three Crores Twenty Lacs Only), which is more than 25 % of the total consideration payable under the Offer, with The Federal Bank Ltd, Vile Parle Branch, Wembley, Off Nehru Road, Vile Parle (East), Mumbai 400 057 on June 11, 2007 and lien has been marked on the said account in favor of Transwarranty Capital Pvt. Ltd., Manager to the Offer.

5.2.3 The Acquirer has authorized Transwarranty Capital Pvt. Ltd., Managers to the Offer to realize the value of the Escrow Account in terms of the Regulations.

5.2.4 As per Certificate dated May 31, 2007 from R S Negi & Co., Chartered Accountant (Membership No. 107400), B7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) the Net Worth of NBZ as on December 31, 2006 is Rs. 340.74 Lacs.

5.2.5 As per Certificate dated 8th June 2007 issued by R S. Negi & Co., (Membership No. 107400) Chartered Accountant, B7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) the Net Worth of Shri. Mukund P Mehta as on 31.12.2006 is Rs. 223 Lacs, Net worth of Shri. Paresh P Mehta as on 31.12.2006 is Rs. 233 Lacs , the Net Worth of Shri. Bhavin M Mehta as on 31.12.2006is Rs.72.80 Lacs and Net worth of Shri. Prataprai K Mehta as on 31.12.2006 is Rs. 252 Lacs.

5.2.6 R S Negi & Co., Chartered Accountant (Membership No. 107400) , B-7, Ground Floor, Jadhav Nivas, SN Road, Mulund(west) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) vide his Certificate dated June 09, 2007, has certified that the Acquirer has adequate liquid resources to meet the funds requirements of the Offer, including the expenses there of. The Liquid funds available as on June 08, 2007 are Rs.1270.00 Lacs. The liquid funds available are Deposit with Shamrao Vithal Co operative Bank Ltd Rs. 900 Lacs, Bank balance in account no. 2079 at Shamrao Vithal Co operative Bank Ltd Rs. 328.74 Lacs and Balance with Citibank, Account No. 0301430124 Rs. 41.26 Lacs. Total Rs. 1270.00 Lacs.

5.2.7 The aggregate funds with the Acquirer, as certified by R S Negi & Co., Chartered Accountant (Membership No. 107400) , B-7, Ground Floor, Jadhav Nivas, SN Road, Mulund(west) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) vide his Certificate dated June 09, 2007, to meet the funds requirements for the preferential allotment as well as Open Offer is as follows:

Balance with Banks	Rs. 4104.90 Lacs
Cash & Cash equivalents	Rs. 15.10 Lacs
Total	Rs. 4120.00 Lacs

R.S Negi & Co, Chartered Accountants, have also certified that a sum of Rs. 28,50,00,000 being application money for the preferential allotment has already been remitted by the Acquirer.

The details of source of the funds/funding arrangements are given hereunder:

(Rs. In Lacs)

Source of funds	Amount
Term Loan from Shamrao Vithal Co Operative Bank Ltd	1820
Term Loan from Shamrao Vithal Co operative Bank Ltd (Against third party deposits)	810
Balance in Current Account No. 2079 with Shamrao Vithal co operative Bank Ltd	190
Corporate Loan from Kilitch Pharma Company Ltd , Gr. Company (Commercial transaction @ 11% interest per annum)	350
Unsecured Loans from Directors	200
Internal cash Flows made available for the preferential allotment/open offer.	750
Total	**4120**

5.2.8 Transwarranty Capital Pvt. Ltd., Manager to the Offer certify and confirm that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

6. TERMS AND CONDITIONS OF THE OFFER

6.1

a. This Offer will open on Friday, August 17, 2007 and will close on Wednesday, September 5, 2007. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with all rights of dividends, bonuses or rights from now on and hereafter.

b. This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.

c. The Specified date for this Offer is Friday, July 06, 2007.

d. **Specified date is only for the purpose of determining the names of the Shareholders as on such date, to whom the Letter of Offer would be sent and all owners (registered or unregistered) of Shares of KDIL anytime before the closure of the Offer, are eligible to participate in the Offer.**

e. KDIL has signed agreements with NSDL and CDSL for offering Shares in dematerialized form and is traded in compulsory demat mode. The Marketable lot for the Shares of KDIL is 1 (one only). The ISIN Number is INE 729D01010.

6.2 **Locked in Shares:** 10,08,997 Equity Shares held by the promoters are locked-in upto 15.08.2007; 3,03,333 Equity Shares are locked in upto 13.10.2007 ; 3,19,470 Equity Shares are locked-in upto 14.10.2008 and 3,35,412 Equity Shares are locked in upto 01.03.2010. Out of the 61,45,000 Equity Shares allotted on a preferential basis 60,00,000 Equity Shares allotted to the Acquirer is locked in till 11.06.2010 and 1,45,000 Equity Shares allotted to the non promoters is locked-in till 11.06.2008.

6.3. Eligibility for accepting the Offer

6.3.1 The Letter of Offer shall be mailed to all Equity Shareholders/beneficial owners holding Equity Shares in dematerialized form (except the Acquirer/PACs and other promoter group Shareholders of KDIL) whose names appear in register of Target Company as on Friday, July 06, 2007, the Specified Date.

6.3.2 This Offer is also open to persons who own Equity Shares in KDIL but are not registered Shareholders as on the "Specified date".

6.3.3 All Equity Shareholders/Beneficial owners holding Equity Shares in dematerialized form (except the Acquirer/PACs, present promoters/promoter group Shareholders of KDIL) who own Equity Shares of Target Company anytime before the closure of the Offer are eligible to participate in the Offer.

6.3.4 The Form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, M/s. Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup(W), Mumbai – 400 078 Telephone Nos. (022) 25963838 Fax No. (022) 25960329/28 email id : kilitch-offer@intimespectrum.com (Contact Person: Shri. Rajesh Bramhadande) between 10 a.m. to 4 p.m. on working days and between 10. a.m. to 2 p.m. on Saturdays, during the period, the Offer is open.

6.3.5 The Public Announcement, Corrigendum to PA, Letter of Offer, the Form of Acceptance and Form of Withdrawal will also be available at SEBI's website: www.sebi.gov.in. In case of non-receipt of Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance or Form of Withdrawal from the SEBI website for applying in the Offer or to withdraw from the Offer.

6.3.6 Unregistered Equity Shareholders who have sent the Share Certificates for transfer to KDIL/its Share Transfer Agent and not received them back or hold Shares of KDIL without being submitted for transfer or those who hold in Street Name shall also be eligible to participate in this Offer.

6.3.7 Unregistered Equity Shareholders and those who apply in plain paper will not be required to provide any Indemnity.

6.3.8 Unregistered Shareholders may follow the same procedure mentioned above for registered Shareholders.

6.3.9 The acceptance of this Offer by the Equity Shareholders of KDIL must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.3.10 The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of KDIL.

6.3.11 The Acquirer/PACs, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms etc. during transit and the Equity Shareholders of KDIL are advised to adequately safeguard their interest in this regard.

6.3.12 The acceptance of Shares tendered in the Offer will be made in consultation with the Manager to the Offer.

6.3.13 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of the Offer.

6.3.14 The Manager to the Offer shall submit a final report to SEBI within 45 days of closure of the Offer in accordance with Reg. No. 24 (7) of the Regulations.

6.3.15 For any assistance please contact Transwarranty Capital (P) Ltd., Manager to the Offer or the Acquirer/ PACs or the Registrar to the Offer.

6.4 **Statutory Approvals :**

6.4.1 As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

6.4.2 Barring unforeseen circumstances, the Acquirer would endeavor to obtain all approvals within 15 days from the date of closure of the Offer. In terms of Regulation 22(12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment, subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of the Offer.

6.4.3 In case the Acquirer fail to obtain requisite statutory approval in time, on account of any willful default or neglect or inaction or no-action, then action in terms of Regulation 22(13) will be initiated by SEBI.

6.4.4 No approval is required to be obtained from Banks/Financial Institutions for the Offer

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

ACCEPTANCE OF THE OFFER

7.1.1 Name and Address of the persons (Registrars to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent including name of the contact person, Telephone no., Fax no. etc.

Registrars to the Offer	Working days and timings	Mode of delivery
INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078 Telephone Nos. (022) 25963838 Fax No. (022) 25960329/28 Email id : kilitch-offer@intimespectrum.com **Contact Person: Shri. Rajesh Bramhadande**	**Monday to Friday** 11.00 A. M to 4.00 P.M. **Saturday** 11.00 A M to 2.00 P M	By Post/Courier/ Hand delivery

7.1.2 Share holders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their form of acceptance, original Share certificates and transfer deeds to the Registrar to the Offer: Intime Spectrum Registry Ltd (SEBI Regn Number : INR 000003761) C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup(W), Mumbai – 400 078 Telephone Nos. (022) 25963838 Fax No. (022) 25960329 /28 (Contact Person: Shri. Rajesh Bramhadande either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Wednesday, September 5, 2007 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance.

7.1.3 Beneficial owners (holders of Equity Shares in Dematerialized Form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in “Off –market” mode or counterfoil of the delivery instruction in “Off –market” mode, duly acknowledged by the Depository Participant (DP) in favor of the Special Depository Account opened by the Registrar to the Offer, in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance-cum-acknowledgement. The details of the Special Depository Account is given below:

DP Name	Stock Holding Corporation of India Ltd
DP ID	IN301330
Client Name	ISRL-Escrow Account – KILITCH DRUGS(INDIA) LTD –offer
Client ID	20068953

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

7.2. Procedure for acceptance of the Offer by unregistered Shareholders/owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer

7.2.1. Accidental omission to dispatch the Letter of Offer to any person will not invalidate the Offer in any way.

7.2.2 In case of non-receipt of the letter of Offer, the eligible person(s), holding Equity Shares of KDIL in physical form, may send his/her/their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the date of closure of the Offer.

7.2.3 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in “Off-market”, or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favor of the Special Depository account, so as to reach the Registrar to the Offer on or before the date of closure of the Offer.

7.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with KDIL /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by KDIL /its Share Transfer Agent, for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of Memorandum & Articles of Association shall also be sent.

Unregistered owners holding Equity Shares in physical Form should enclose

a. Form of Acceptance-cum-acknowledgement duly completed and signed in accordance with instructions contained therein, by all Shareholders whose names appear on the Share certificates.

b. Original Share Certificates.

c. Original broker contract note of a registered broker of a recognized Stock Exchange

d. Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance.

7.3 The Acquirer shall accept all valid fully paid up Shares tendered (except those which are withdrawn, within the date specified for withdrawal).

7.4 If the number of Equity Shares offered by the Shareholders are more than the Offer size, then the acquisition from each Shareholder will be as per Regulation 21 (6) of the SEBI (SAST) Regulations, on proportionate basis.

7.5 The market lot for KDIL’s Shares is 1(one only).

7.6 Consideration for Equity Shares accepted will be paid by Crossed Account Payee Cheque drawn at Mumbai and sent by Registered Post/Under Certificate of Posting.

7.7 The Equity Shares Certificate(s) and the transfer form (s) or Shares transferred to the Special Depository Account together with the Acceptance Form submitted by the acceptors of the Offer, will be held by the Registrars in trust for the acceptors of the Offer until the Acquirer pays the Offer Price.

7.8 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in case of non receipt of statutory approvals, SEBI has the power to grant extension of time beyond 15 days from the date of closure of offer, for the purpose of making payment, subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of the Offer.

7.9 In case of acceptance on proportionate basis/or rejection for any reason, the unaccepted Share Certificates, Transfer deeds and other documents, if any, will be returned by Registered Post at the Share holder’s / unregistered holder’s sole risk as per the details furnished in the form of acceptance-cum-acknowledgement. Shares held in demat form to the extent not accepted will be returned to the beneficial owner to the credit of the beneficial owner’s DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.10 Shareholders who are desirous of withdrawing their acceptances tendered in the Offer can do so upto three working days prior to the date of closure of the Offer, in terms of Regulation 22(5A).

7.11 The Withdrawal option can be exercised by submitting the Form of Withdrawal attached to the Letter of Offer duly filled in, with relevant particulars, so as to reach the Registrar to the Offer on or before Friday, August 31, 2007.

7.12 The Withdrawal option can also be exercised by making an application on plain paper along with the following details:

a. Name, Address, Distinctive numbers, Folio nos., No. of Shares tendered/ withdrawn, if held in physical form

b. Name, Address, DP Name, DP ID, Beneficiary Account/Client ID No. of the Account from where Shares were tendered, photocopy of the delivery instruction in “ Off Market Mode” duly acknowledged by the DP in favor of the Special Depository Account in the name of Registrar and number of Shares tendered /withdrawn.

7.13. The Shares withdrawn by Shareholders, which are in physical form will be returned by Registered Post. Shares tendered in dematerialized form and withdrawn will be returned by credit to the beneficial owner’s DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.14 SETTLEMENT/ PAYMENT OF CONSIDERATION

7.14.1 The Acquirer shall arrange to pay the consideration on or before Thursday, September 20, 2007. Payment will be made to the person named by the acceptors in the relevant box in the Acceptance Form by "Account Payee" crossed Cheque payable at Mumbai as indicated in the form of acceptance. If no such details are filled in by the acceptor(s), then the same will be sent by registered post/certificate of posting to the Sole/ First holder at their registered address at the Equity Share holder's own risk. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

7.14.2 Consideration for Equity Shares accepted will be paid by Cheque crossed "Account Payee" and drawn at Mumbai. Payment Cheques upto Rs. 1,500/- will be sent by Certificate of Posting and for amount of Rs.1,500/- and above by Registered Post.

7.14.3 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in the case of non receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond the last date mentioned for payment of consideration.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Ujagar Industrial Estate Plot Unit No: 37 to 41, Sub Plot, DWT Patil Marg, Deonar Mumbai – 400 088, the registered office of the Acquirer. The documents can be inspected during normal business hours (10.00 A.M. to 5.00 P.M.) on all working days (except Saturdays and Sundays) during the period from the date of this Letter of Offer, till date of closure of the Offer.

1. Certificate dated May 31, 2007 from M/s R S Negi & Co, Chartered Accountant,), Auditors of NBZ certifying the Net worth of NBZ Pharma Ltd, as on 31st December 2006.
2. Certificate dated June 09, 2007 from M/s. R S Negi & Co, Chartered Accountant, Auditors of NBZ ,certifying that the Acquirer has adequate liquid resources to meet the funds requirements of the Offer.
3. Certificates (all dated 8th June 2007) issued by R S. Negi & Co., (Membership No. 107400) Chartered Accountant, B7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West) Mumbai – 400 080 (Tel. No. (022) 30976131, E Mail ID: rbkanvin@gmail.com) certifying the Net Worth of Shri. Mukund P Mehta, the Net worth of Shri. Paresh P Mehta, the Net Worth of Shri. Bhavin M Mehta and Net worth of Shri. Prataprai K Mehta as on 31.12.2006
4. Published Audited accounts of NBZ Pharma Ltd for the years 2003-04, 2004 –2005, 2005-2006 & certified results for the 9 months ended 31.12.2006.
5. Published Audited accounts of KDIL for the years 2003-04, 2004 –2005, 2005-2006 & certified results for the 9 months ended 31.12.2006
6. Copy of Fixed Deposit Receipt No. 5026, dated June 11, 2007 for Rs.320.Lacs in the name of NBZ Pharma Ltd & Transwarranty Capital Pvt. Ltd being Escrow Account and letter dated 11th June 2007 from The Federal Bank Ltd, Vile Parle (East) Branch certifying that lien has been noted in favor of Transwarranty Capital Pvt. Limited, Manager to the Offer.
7. Published Copies of the Public Announcement made in newspapers on June 14, 2007 and Corrigendum to PA made on August 9 , 2007
8. Due Diligence letter dated June 22, 2007 submitted to SEBI by Transwarranty Capital Pvt. Ltd., Manager to the Offer
9. Certified Copies of Certificate of Incorporation and Certificate for Commencement of Business of KDIL, the Target Company.
10. Certified Copies of Certificate of Incorporation and Certificate for Commencement of Business of NBZ, the Acquirer.
11. Copy of MOU dated June 6, 2007 between the Acquirer and Manager to the Offer.
12. Copy MOU dated June 4, 2007 between the Acquirer and the Registrar to the Offer.
13. Copy of Agreement dated June 4, 2007 between Intime Spectrum Registry. Ltd and Stock Holding Corporation of India Ltd for opening the Special Depository Account
14. Copy of Board Resolution dated 12th June 2007, adopted by the Board of Directors of Acquirer, authorizing Shri. Mukund Mehta to sign this Letter of Offer

15. Copy of Board Resolution dated May 4, 2007, of KDIL, convening the EGM of members to consider the preferential allotment
16. Copy of Special Resolution adopted by members of KDIL, u/s 81(1A) of Companies Act, in their meeting held on May 28, 2007, approving the preferential allotment.
17. Copy of Board Resolution dated June 12, 2007, making allotment of Equity Shares under preferential allotment.
18. Copies of Letter No. DCS/PREF/RAS/PRE/573/07-08 dated June 06, 2007 from BSE, granting " In Principle" listing approval for 61,45,000 Equity Shares allotted on preferential basis & letter dated July 31, 2007 from BSE granting final listing approval.
19. SEBI Observation letter No. CFD/DCR/MM/TO/100120/07 dated July 31, 2007.

9. DECLARATION

The Acquirer, each of its Directors and the PACs, jointly and severally accepts full responsibility for the information contained in this Letter of Offer and Form of Acceptance. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

The Acquirer and PACs shall be jointly and severally responsible for ensuring compliance of the Regulations.

The Acquirer

NBZ Pharma Limited

Shri. Mukund P Mehta
Director

Persons Acting in Concert

Shri. Mukund P Mehta

Shri. Paresh P Mehta

Shri. Bhavin M Mehta

Shri. Prataprai P Mehta

Place: Mumbai
Date: August 10, 2007

Encl.:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Share Transfer Deed

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer)

Offer opens on	Friday August 17, 2007
Offer closes on	Wednesday September 5, 2007

From: -

Unique identification No. under MAPIN, if applicable __________

To,

INTIME SPECTRUM REGISTRY LIMITED
SEBI Regn No: **INR 000003761**
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai – 400 078 Telephone Nos. (022) 25963838
Fax No. (022) 25960329/28, Email id : kilitch-offer@intimespectrum.com
Contact Person: Shri. Rajesh Bramhadande

Dear Sir,

Sub: Open Offer to acquire 26, 40,425 Equity Shares representing 20.00 % of the Issued, Subscribed and paid up Equity Capital of Kilitch Drugs (India) Limited

by

NBZ Pharma Ltd and others

I/We refer to the Letter of Offer dated August 10, 2007 for acquiring the Equity Shares held by me/us in Kilitch Drugs (India) Limited.

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We, hold Shares in the physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We, hold Equity Shares of Kilitch Drugs (India) Limited in physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

Sr. No.	Ledger Folio No.	No. of Shares	Share Certificate No.	No. of Shares	Distinctive No(s)	
					From	To

(In case of insufficient space, please attach a separate sheet.)

I/We confirm that the Equity Shares of Kilitch Drugs (India) Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original Share certificate(s) and valid Share transfer deed will be held in trust for me/us by the Registrars to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

Tear Here

ACKNOWLEDGEMENT RECEIPT

Received from Mr./Ms./M/s.. Form of acceptance cum acknowledgement in connection with open offer to Shareholders of Kilitch Drugs (India) Limited.

Ledger Folio No. __________________________ No. of Share Certificates /Copy of Delivery instructions to DP for ____________________________Shares of Kilitch Drugs (India) Limited.

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares
	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form.

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

Sl. No	DP Name.	DP ID	Client ID	Name of beneficiary	No. of Shares

I/We have done an Off market transaction for crediting the Shares to the Special Depository Account noted below:

DP Name	Stock Holding Corporation of India Ltd
DP ID	IN301330
Client Name	ISRL-Escrow Account – KILITCH DRUGS(INDIA) LTD –offer
Client ID	20068953

I/We note and understand that the Shares transferred to the above Special Depository Account will be held in trust for me/us by the Registrars to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

I/We confirm that the Equity Shares of Kilitch Drugs (India) Limited which are transferred by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the Shares so offered which they 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, Equity Share certificate(s) in respect of which the offer is not found valid /not accepted, specifying the reasons thereof. I/We authorize the Acquirer or the Manager to the Offer or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

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

	PAN / GIR No.
1st Shareholder	
2nd Shareholder	
3rd Shareholder	
4th Shareholder	

Yours faithfully

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place:____________

Date: ____________

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

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	

Tear Here

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

INTIME SPECTRUM REGISTRY LIMITED
SEBI Regn No: **INR 000003761**
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai – 400 078,
Telephone No. (022) 25963838, Fax No. (022) 25960329/28
Email id : kilitch-offer@intimespectrum.com
Contact Person: Shri. Rajesh Bramhadande

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer)

Offer opens on	Friday August 17, 2007
Offer closes on	Wednesday September 5, 2007

From: -

Unique identification No. under MAPIN, if applicable ___________

To,

INTIME SPECTRUM REGISTRY LIMITED
SEBI Regn No: **INR 000003761**
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai – 400 078 Telephone Nos. (022) 25963838
Fax No. (022) 25960329/28, Email id : kilitch-offer@intimespectrum.com
Contact Person: Shri. Rajesh Bramhadande

Dear Sir,

Sub: Open Offer to acquire 26, 40,425 Equity Shares representing 20.00 % of the Issued, Subscribed and paid up Equity Capital of Kilitch Drugs (India) Limited
by
NBZ Pharma Ltd & Others

I/We refer to the Letter of Offer dated August 10, 2007 for acquiring the Equity Shares held by me/us in Kilitch Drugs (India) Limited

I/We, hereby consent to 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 Equity Shares 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 the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay /loss in transit of the Share Certificate(s) due to incomplete or inaccurate particulars.

/We also note and understand that the Acquirer will return the original Share Certificate(s) , Share Transfer Deed(s) or credit back the Shares to my/our Beneficiary Account for Shares held in dematerialized form, only on completion of verification of the documents .

The particulars of Share Certificate(s) tendered and duly signed Transfer Deeds which are wished to be withdrawn from the Offer are as given below:

(In the case of Shares in physical form)

Sr. No.	Ledger Folio No.	No. of Shares	Share Certificate No.	No. of Shares	Distinctive No(s)	
					From	To

Tear Here

ACKNOWLEDGEMENT RECEIPT

Received from Mr./Ms./M/s.. Form of withdrawal.

Ledger Folio No. ________________ No. of Share Certificates /photocopy of delivery instructions to DP for _______________ Shares of Kilitch Drugs (India) Limited

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form.

The particulars of Shares held in Dematerialized Form, which were transferred to Special Depository account noted below

DP Name	Stock Holding Corporation of India Ltd
DP ID	IN301330
Client Name	ISRL-Escrow Account – KILITCH DRUGS(INDIA) LTD –offer
Client ID	20068953

The Shares proposed to be withdrawn are as follows. I wish to withdraw the under noted Shares so transferred.

Sl. No	DP Name.	DP ID	Client ID	Name of beneficiary	No. of Shares

(In case of insufficient space, please attach a separate sheet.)

I/We confirm that the Equity Shares of Kilitch Drugs (India) Limited., which were tendered by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

Please find a photocopy of the Delivery instructions duly acknowledged by the DP.

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

Yours faithfully,

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place: ___________________

Date : ___________________

Tear Here

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

INTIME SPECTRUM REGISTRY LIMITED
SEBI Regn No: **INR 000003761**
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai – 400 078,
Telephone No. (022) 25963838, Fax No. (022) 25960329/28
Email id : kilitch-offer@intimespectrum.com
Contact Person: Shri. Rajesh Bramhadande

Crystal (022) - 2382 3151
cfl_mum@crystalforms.com