PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF

KILITCH DRUGS (INDIA) LIMITED (KDIL)

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

This Public Announcement is being issued by Transwarranty Capital Pvt. Limited, on behalf of M/s. NBZ Pharma Ltd., (hereinafter referred to as "the Acquirer") pursuant to and in compliance with Regulations 11(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 [hereinafter referred to as "Regulations"] and subsequent amendments thereto.

The Offer

a. This Offer is in compliance with Regulation 11(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof (hereinafter referred to as the "Regulations"). M/s. NBZ Pharma Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at Ujagar Industrial Estate, Unit 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 (hereinafter referred to as "NBZ" / "the Acquirer"), a promoter group Company of KDIL, 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) Limited ("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 proposed preferential allotment of 61,45,000 Equity Shares. 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 said preferential allotment is proposed to be made at a price of Rs.47.50 which has been approved in Extra – Ordinary General Meeting of the Shareholders held on May 28, 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.

b. The Board of Directors of KDIL, in their meeting held on May 04, 2007, decided to consider allotment of 61, 45,000 Equity shares on preferential basis at the price of Rs.47.50 per share (Face value of Rs.10/- each per share plus a premium of Rs.37.50 per share) and the same was approved in Extra Ordinary General Meeting (EGM) of the members of KDIL held on May 28, 2007. Out of this, 60,00,000 Equity Shares are proposed to be allotted to the Acquirer. The preferential allotment is in accordance with Sec 81(1A) of the Companies Act, 1956 and applicable provisions of the guidelines for preferential issue under SEBI (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto. The preferential allotment is being made for cash consideration. This preferential allotment has necessitated this open offer in terms of Reg. 11(1). The paid up and voting capital of KDIL was 70, 57,122 Equity Shares of Rs.10/- each before the said preferential allotment. The paid up and voting capital of KDIL post preferential allotment would be 1, 32, 02,122 Equity Shares of Rs.10/- each.

c. There are no Persons acting in Concert (PAC) with the Acquirer.

d. The consideration shall be paid in cash.

e. The Offer is not conditional on any minimum level of acceptance.

f. This is not a competitive bid.

g. Transwarranty Capital Pvt. Limited, 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.

h. There is no agreement by the Acquirer with any other Person in connection with the 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.

i. The Equity Shares of the Target Company are listed at Bombay Stock Exchange Ltd, Mumbai (BSE). The Shares are not admitted as permitted Security in any other Stock Exchange. The Equity Shares were listed at Ahmedabad Stock Exchange Ltd (ASE). The members of KDIL vide Special Resolution adopted in the Annual General Meeting held on September 30, 2003 had resolved to delist the Equity Shares from the ASE and ASE, vide their letter No. ASE/2005/4602.dated January 13, 2005 has confirmed delisting with effect from January 17, 2005.

j. The Acquirer presently does not hold any equity shares in KDIL. The promoter group of KDIL (including the Acquirer) together holds 31,28,893 Equity Shares of KDIL constituting 44.34% of the voting capital. The Shareholding of the Acquirer after the preferential allotment shall be 60,00,000 Equity Shares constituting 45.44% of the post preferential allotment voting capital. The pre and post preferential allotment voting capital of the promoter group shall be 44.34% and 69.14% respectively.

k. The Shares to be acquired under this Offer will be acquired free from all liens, charges and encumbrances and together with all rights attached thereto, including rights to all dividends to be declared after all the formalities relating to this Offer are completed.

Justification of Offer Price

a. The shares of KDIL are listed on BSE.

b. The Acquirer is being allotted Equity Share of KDIL by way of preferential allotment which has been approved by the members in the EGM held on May 28, 2007. The Equity Shares of KDIL are not infrequently traded in terms of Explanation (i) to Regulation 20 (5) of SEBI (SAST) Regulations 1997, at BSE during the 6 months preceding the date in which this Public Announcement is made (i.e. during the months November 2006 to April 2007) as the trading volume is 8, 66,876 Equity Shares, constituting 24.57 % (annualized) of the listed Capital. The offer price is higher than the average of the weekly high and low of the closing prices of KDIL in the preceding 26 weeks from May 04, 2007, the date of the Board meeting which authorized the preferential allotment and the average of the daily high and low of the traded price at BSE during the 2 weeks preceding the date of the Board meeting which authorized the preferential allotment. The Offer price is also higher than the highest price paid by the promoter group for any acquisition of Equity Shares in the preceding 26 weeks and is also higher than the price that is proposed to be paid by the Acquirer for acquisition of Shares under the proposed allotment of shares on a preferential basis.

c. The "Reference Date" for the purpose of calculation of offer price is May 04, 2007, being the date on which Board of Directors of KDIL had decided to convene an Extra Ordinary General Meeting of the Members of KDIL on May 28, 2007 to consider Preferential Allotment of 61, 45,000 shares to acquirers and the date the acquirers had given their consent to subscribe to the Equity Shares of KDIL on preferential basis.

d. During the 12 months preceding this Public Announcement, the Acquirer has not acquired any equity share through market purchases. KDIL had made a preferential allotment of 3,35,412 Equity Shares to other Promoter Group Shareholders on March 02, 2007 at a price of Rs.27 per Equity Share. There is no other acquisition/ Inter se transfer among Promoter Group Shareholders.

e. In the opinion of the Acquirer and Manager to the Offer, the Offer price of Rs.47.50 per fully paid Equity Share is justified in terms of Regulations 20 (4) and 20 (5) of the SEBI (SAST) Regulations in view of the following:-

a.	The Negotiated Price	Not Applicable
b.	Highest Price paid by Acquirer for acquisition, if any, including by way of allotment in a public or rights issue or Preferential issue during the 26 weeks prior to the Public Announcement i.e. May 29, 2007 .	Rs.27.00 per share
c.	The Price at which Preferential allotment is being made to the Acquirer (due to which open offer has been triggered)	Rs.47.50 per share
d.	The average of the weekly High and Low of the closing prices of the shares of KDIL on during 26 weeks period preceding the reference date i.e. May 04, 2007.	Rs.47.36 per share
e.	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.45.90 per share

f. There is no non-compete agreement for payment to any person.

g. The Offer price is justified in terms of Regulation 20 (11) of the Regulations.

h. In the event of any further acquisition of Equity Shares by the Acquirer upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the Offer price will be revised upwards to be equal to or more than the highest price paid for such acquisition. However, the Acquirer shall not be acquiring any Equity Shares of KDIL during the period of 7 working days, prior to the date of closure of the Offer.

Information about the Acquirer

a. NBZ Pharma Ltd. (NBZ) was incorporated on December 15, 1998 in the State of Gujarat as a public limited company. The registered office of the company 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. 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.

b. The promoters of the Company and their shareholding pattern are as under:-

Name	As on 31.03.2007	% 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	100.000

The above promoters are also the promoters 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.

c. The Equity Shares of NBZ are not listed on any stock exchange.

d. The Directors of NBZ are **:**
1. Shri Bhavin M Mehta (Managing Director)
2. Shri Pratap K Mehta (Whole Time Director)
3. Shri Mukund P Mehta (Director)
4. Shri Paresh P Mehta (Director))
5. Shri Dilip Chaudhary (Whole Time Director)
6. Shri Balkrishan Dhavale (Additional Director)

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.

e. Shri Bhavin M Mehta aged 30 years, is a B. Pharm with 10 years experience in the Pharamaceuticals industry. Shri Pratap K Mehta, aged 74 is a registered pharmacist and has over 3 decades of experience in the pharmaceutical industry. Shri Mukund P Mehta, aged 54 years is a Law and Commerce Graduate and has experience in banking and financial matters. He has been associated with the pharmaceutical industry for more than 25 years. Shri Paresh P Mehta, aged 47 years is a B Pharm and has experience of more than 25 years in Pharmaceutical formulations.

f. NBZ belongs to the Kilitch Group of Mumbai. The other Companies promoted by the promoters of NBZ/belonging to the Group are (i) Kilitch Drugs (India) Ltd, the Target Company engaged in the manufacture of paranterals formulations both in the liquid and powder form, and (ii.) Kilitch Co (Pharma) Pvt. Ltd., engaged in the manufacture of pharmaceuticals in the dosage forms like solids, liquids and ointments. Other than KDIL, none of the Companies are listed. The promoters are not on the Board of any listed Company, other than KDIL.

g. **Brief Financial Details**

As per the certified audited results of the company as on 31.12.2006, NBZ had a paid up Equity Share Capital of Rs.78.25 lacs. The Reserves and Surplus as on 31.12.2006 was Rs.262.83 lacs. As per the certified result, NBZ had a Total Income of Rs. 2630.50 lacs and a total expenditure of Rs 2551.63 lacs. The Net Profit for the same period was Rs.78.87 lacs and Profit after Tax was Rs.66.87 lacs. The EPS for the Period ended December 31, 2006 was 5.29, the Return of Net Worth was 19.62% and the Book Value per Share for the same period was Rs.26.98. In the year 2005-2006, NBZ had Gross Income of Rs.3902.69 lacs and the total expenditure was Rs.3876.35 lacs. ***The post Tax Profit after adjustments was Rs.86.62 lacs. The EPS (Share of FV of Rs.10/-) in the year 2005-2006 was Rs.6.86 and Return on Net Worth 32.30%. The Equity Share of Rs.10/- each had a Book Value of Rs.21.23 as on 31.03.2006.*** *(Source : Annual Report of the Company).*

h. There is no person acting in concert with the Acquirer.

i. There are no pending litigations against the Acquirer.

Information about the Target Company

a. 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. KDIL is currently manufacturing parenteral formulations, both in the powder and the liquid form. The company caters to both the Indian as well as the multinational companies. The company 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 the company for the just commissioned plant at Himachal Pradesh, the company proposes to allot 61,45,000 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.

b. The Authorized Capital of KDIL is Rs.1500 lacs, divided into 1,50,00,000 Equity Shares of Rs.10/- each .The paid up Equity Share Capital is 70,57,122 Equity Shares of Rs.10/- each aggregating Rs.705.71 lacs. All the outstanding Equity Shares are fully paid up. After inclusion of the proposed preferential allotment of shares, the paid up capital of KDIL would be 132,02,122 Equity Shares of Rs.10/- each aggregating Rs.1320.21 lacs. All the Equity Shares except the 61,45,000 Equity shares proposed to be allotted on a preferential basis 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 proposed to be allotted have been admitted for trading. KDIL has submitted application for trading permission in respect of the 3,35,412 Equity Shares allotted on a preferential basis on March 02, 2007 on May 16, 2007. KDIL has made an application to the Bombay Stock Exchange Ltd for the listing of the 61,45,000 shares proposed to be allotted on a preferential basis and KDIL has received the "in-principle" approval from the Exchange vide BSE letter dated June 06, 2007.

c. KDIL is promoted by Shri. Prataprai K Mehta, Shri. Mukund P Mehta and Shri. Paresh P Mehta. As on date of this Public Announcement, the promoter group/persons in control, hold 31,28,893 Equity Shares, constituting 44.34% of the listed Capital and after the proposed preferential allotment the promoter group / persons in control will hold 91,28,893 Equity Shares, constituting 69.14% of the issued and paid up capital.

d. 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.

e. 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 Director)

f. Shri Pratap K Mehta aged 74 is a registered pharmacist with an experience of more than 3 decades in the pharmaceutical industry. He set up the Kilitch company in 1978 as a formulation unit and later went on to set up the Kilitch Co. (Pharma) Pvt. Ltd., in the year 1983. Shri Mukund P Mehta, aged 54 years is a Graduate in Commerce and Law . He is looking after the day to day affairs and financial matters of KDIL. Shri Paresh P Mehta, aged 47 is a B. Pharm from the Bombay University and has over 25 years of experience in Pharmaceutical Formulation technology. He has been associated with KDIL and Kilitch Co (Pharma) Pvt. Ltd., since 1980. Shri Mukesh Shah, aged 52 is a B.Com and has experience as a Pharmaceutical Distributor since 1985. Shri Dinesh Shah, aged 49 is a B.Com graduate and is a broker of the Bombay Stock Exchange for the past 25 years. Smt Nilima Waigankar, aged 39 is a Science graduate and has over 16 years of experience in Quality Control.

g. KDIL has, as its main objects, "to carry on the business as manufacturers, products, makers, processors, buyers, merchants, suppliers, contractors, 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."

h. KDIL is presently engaged in the manufacture of pharma products including parenteral formulations, both in the liquid and powder form. It is also setting up a dedicated unit to manufacture Cephalosporins and general products.

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

j. KDIL has no Subsidiaries

k. 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 except the 61,45,000 Equity Shares proposed to be allotted on a preferential basis 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 which are proposed to be allotted on a preferential basis 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 that are proposed to be allotted on a preferential basis 60,00,000 Equity Shares proposed to be allotted to the promoter group will be locked in for a period of 36 months from the date of allotment and 1,45,000 Equity Shares proposed to be allotted to the non promoters would be subject to a lock-in period of 12 months from the date of allotment.

l. 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.

m. 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. The filings under Chapter II of the Regulations have been done within the stipulated time from 1999 till date.

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

o. As per the Audited results of KDIL as on 31.03.2006, KDIL had a Gross Sales of Rs.2,907.27 lacs, comprising of an Export Income of 164.13 lacs. The net sales were Rs.2,442.96 lacs and other income comprised of Rs.58.95 lacs. The total expenditure was Rs.2435.14 lacs, comprising administrative expenses Rs.120.61 lacs, Employee cost of Rs.55.71 lacs, Manufacturing Expenses of Rs.182.84 lacs Cost of Goods Sold of Rs.2,014.28 lacs and depreciation of Rs.54.81 lacs. The Net Profit after tax was Rs.42.67 lacs, giving an EPS of Rs.0.63. The Reserves and surplus as on 31.3.2006 was Rs.496.54 lacs. The Net Worth was Rs.1101.42 lacs, giving the Equity Shares a Book Value of 16.39. The return on Net Worth for the year ended 31.03.2006 was 3.87% As per the results certified by the auditors for the 9 months ended 31.12.2006, the Gross Sales was Rs.2017.61 lacs and Net Profit Rs.57.57 lacs. The annualized EPS based on 9 months results as on 31.12.2006 was Rs.0.67 and Return on Net Worth (annualized) 3.61%. Book Value as on 31.12.2006 was Rs.18.53.

p. There are no major audit qualifications.

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

r. KDIL has no overdue liabilities to Banks/FIs. There are no pending litigations against KDIL.

s. The Compliance Officer of KDIL is Shri. Mukund P Mehta who will be available at the registered office address of KDIL and shall attend to all investor grievances.

Reasons for the Acquisition and Offer and future plans of the Target Company

a. As explained in the first paragraph, NBZ being amongst the promoters of KDIL accepted the offer from KDIL to subscribe to the preferential allotment of 60,00,000 equity shares of Rs.10/- each at a premium of Rs.37.50 per share. The price was determined as per the Pricing Norms specified under para 13.1.1 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The approval of the shareholders was obtained at the Extra Ordinary General Meeting held on May 28, 2007.

b. KDIL has recently commissioned its Cephalosporin Plant at Himachal Pradesh. In order to meet its working capital and normal capital expenditure and also to repay the high cost debt being availed by the company for the just commissioned plant at Himachal Pradesh, the company has decided to make a preferential allotment of 61,45,000 Equity Shares at a price of Rs.47.50 per share aggregating to Rs.2918.87 lacs. NBZ one of the companies belonging to the promoter group proposes to subscribe to 60,00,000 Equity shares in this preferential issue. Pursuant to the aforesaid preferential allotment, the holding of NBZ would exceed 15% of the Company's paid up equity share capital and the promoter group would acquire more than 5% in the financial year ending March 31, 2008. Further, the aggregate holding of the promoter group would also exceed 55% of the total issued, paid up and voting capital of KDIL. NBZ is therefore making an open offer in accordance with the Takeover Regulations.

c. The Equity Shares of Rs.10/- per share are being issued at a price of Rs.47.50 per share to NBZ, including a premium of Rs.37.50/- per share, and the pricing is higher than the price specified in the SEBI Guidelines for Preferential Issues.

d. Barring unforeseen circumstances, the Acquirer is confident of ensuring sustained growth. The proposed preferential allotment will strengthen the capital base and Net Worth of KDIL and enable it to seek higher working capital facilities from Banks. The existing activities will continue.

e. Pursuant to the Public Announcement, the Acquirers would continue to have control over the Target Company. The Acquirers do not currently intend to dispose off or otherwise encumber any assets of the Target Company in the succeeding two years, except to the extent that may be required (i) in the ordinary course of business of the Target Company and/or (ii) for the purpose of restructuring, rationalising and/or streamlining various operations, assets, liabilities, investment, businesses or otherwise of the Target Company. Further, the Acquirers undertake for the next two years following the completion of this Offer not to sell, dispose off or otherwise encumber any substantial assets of KDIL, except with the prior approval of shareholders of KDIL.

f. 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, consequent to this acquisition.

Statutory Approvals/ other approvals required for the Offer

a. As on the date of this Public Announcement, 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.

b. Barring unforeseen circumstances, the Acquirer would endeavour to obtain all the 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 the date of closure of Offer. In case the Acquirer fails to obtain requisite statutory approvals in time, on account of any wilful default or neglect or inaction or no-action, then action in terms of Regulation 22(13) will be initiated by SEBI.

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

Option to the Acquirer in terms of Regulation 21(3)/compliance with Clause 40A of the Listing Agreement

a. Assuming full acceptance, the acquisition of 20.00% of the voting capital of KDIL under this Offer together with the present holding of the promoter group will result in public shareholding falling below the level required for Continuous Listing. In the event the public shareholding falls below the level required for continuous Listing, the Acquirers shall take all steps to ensure that the public shareholding is maintained at the level required for continued listing within the time period provided under Clause 40A of the listing agreement.

Financial Arrangements

a. The Acquirer has adequate resources to meet the financial requirements of the Offer. The funds requirements will be met from own sources/Net Worth and no borrowings from Banks / FIs or Foreign sources such as NRIs or otherwise is envisaged for the purpose of this offer.

b. 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). 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 Fedral Bank, Vile Parle Branch, Mumbai on June 11, 2007 and lien has been marked on the said account in favour of Transwarranty Capital Pvt. Limited, Manager to the Offer.

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

d. As per Certificate dated May 31, 2007 from R S Negi & Co., Chartered Accountant, B-7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West), Mumbai - 400080. (Tel. No. (022) 30976131, E-mail ID: rbkanvin@gmail.com) the Net Worth of NBZ as on December 31, 2006 is Rs.340.75 lacs.

e. R S Negi & Co., Chartered Accountant, B-7, Ground Floor, Jadhav Nivas, S N Road, Mulund (West), Mumbai - 400080. (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 of there. The Liquid funds available as on June 8, 2007 are Rs.1270.00 lacs.

f. Transwarranty Capital Pvt. Limited, 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.

Other terms of the Offer

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

b. The Letter of Offer shall be mailed to all shareholders/ beneficial owners holding shares in dematerialized form (except the promoter group Shareholders & the Acquirer) whose names appear in the register of Target Company as on Friday, 6th July 2007, the Specified Date.

c. All shareholders/ beneficial owners holding Shares in dematerialized form (except the Acquirer & other promoter group Shareholders of KDIL) who own Shares of Target Company anytime before the closure of the Offer are eligible to participate in the Offer.

d. Shareholders holding 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: 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) 25960328/29, email id : kilitch-offer@intimespectrum.com either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Monday August 20, 2007 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance. 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 transfer agents 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 the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent.

e. Beneficial owners (holders of shares in Dematerialized Form) who wish to tender their shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off –market" mode or counterfoil of the delivery instruction in "Off –market" mode, duly acknowledged by the Depository Participant (DP) in favour of a Special Depository account opened by the Registrar to the Offer, in accordance with instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-acknowledgement. The details of the Special Depository Account is as follows:

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

f. Accidental omission to despatch the Letter of Offer to any person will not invalidate the Offer in any way. 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 before the closure of the Offer.

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

h. Persons who hold Equity Shares of KDIL on the Specified Date but who are not registered as Shareholders/beneficial owners, on the Specified Date are also eligible to participate in the Offer. All such persons should send their applications in writing to the Registrar to the Offer along with necessary proof of ownership and other documents as specified in (f) or (g) above. All eligible Shareholders, including unregistered Shareholders have the option of applying in plain paper and they shall furnish the details listed above.

i. 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) 25960328/29 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.

j. The Public Announcement, Letter of Offer, the Form of Acceptance and Form of Withdrawal will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the 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.

k. Unregistered Shareholders, those who hold in street name and those who apply in plain paper will not be required to provide any indemnity. They may follow the same procedure mentioned above for registered Shareholders.

l. The Shares to be acquired should be free from all liens, charges and encumbrances, and will be acquired together with all rights attached thereto.

m. The acceptance of this Offer by the 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.

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

o. In case of acceptance on proportionate basis, 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.

p. 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.

q. 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 pay the Offer Price.

r. 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). 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 Tuesday, August 14, 2007.

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

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

Name, Address, DP Name, DP ID, Client ID No. of the Account from where Shares were tendered and number of Shares tendered /withdrawn, if held in electronic form (dematerialized form).

t. 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.

u. The schedule of the activities pertaining to the Offer are given below: -

Activity	Date
Public Announcement (PA)	Thursday, June 14, 2007
Specified date	Friday, July 06, 2007
Last date for a competitive bid	Thursday, July 05, 2007
Letter of Offer to be posted to shareholders	Friday, July 27, 2007
Date of opening of the Offer	Thursday, August 02, 2007
Last date for withdrawing acceptance from the Offer	Tuesday, August 14, 2007
Date of closing of the Offer	Tuesday, August 21, 2007
Last date for revising the Offer price/ number of shares.	Wednesday, August 08, 2007
Last date of communicating rejection/ acceptance and payment of consideration for applications accepted	Wednesday, September 05, 2007

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

General

a. 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 i.e. on or before Tuesday August 14, 2007.

b. The Acquirer can revise the number of Shares and price offered under this Offer upto 7 working days prior to closure of the Offer and revision, if any, in the number of Shares or Offer price would appear in the same newspapers where this Public Announcement appeared and the same price would be paid to all shareholders who tender their shares in the Offer, during the Offer period. The last date for such revision is Wednesday August 08, 2007.

c. If there is competitive bid, the public Offers under all the subsisting bids shall close on the same date.

d. As the Offer price cannot be revised during 7 working days prior to the closing date of the Offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly.

e. Pursuant to Regulation 13 of the Takeover Regulations, the Acquirer has appointed Transwarranty Capital Pvt. Limited, 403, Regent Chambers, Nariman Point, Mumbai – 400 021 as Manager to the Offer. The contact person at the office of the Manager to the Offer is Shri. G K Prem Kumar, (Telephone Nos. (022) 66306090, 66306091, 22047965, 22047966 Fax No. (022) 66306655 E-mail Id : premkumar@transwarranty.com

f. The Acquirer has appointed Intime Spectrum Registry Ltd., 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), as Registrar to the Offer.

g. The Acquirer/its promoters/Directors, the Target Company, its promoters and/or 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.

h. NBZ Pharma Ltd., having its registered office at Ujagar Industries Estate, Unit 37 to 41, Sub Plot, DWT Patil Marg, Deonar, Mumbai – 400 088**,** the Acquirer, and each of its Directors, jointly and severally accepts full responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer, laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.

ISSUED BY THE MANAGER TO THE OFFER

TRANSWARRANTY CAPITAL PVT. LIMITED
SEBI Regn. No. INM000010965
403, Regent Chambers, Nariman Point, Mumbai – 400 021.
Tel. Nos. (022) 66306090, 663060901, 22047965, 22047966
Fax No. (022) 66306655
E Mail ID: premkumar@transwarranty.com
Contact Person : Shri. G K Prem Kumar

On behalf of
The Acquirer
NBZ PHARMA LTD

Place : Mumbai
Date : May 29, 2007