LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as shareholder(s) of **Mafatlal Finance Company Limited.** If you require any clarifications about the action to be taken, you may please consult your stockbroker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your equity shares in Mafatlal Finance Company Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal cum Acknowledgement and Transfer Deed(s) to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER BY

Mr. Nandakishore Divate (Acquirer)

'AVANTI', 56/1 Link Road, J. B. Nagar, Andheri (E), Mumbai – 400 059, Tel : 022-2832 2231, Fax: 022 – 27659028

and

Mr. K. Chandramouli (Acquirer)

B-202 New Ushanagar, Bhandup (W), Mumbai – 400 078, Tel :022-6755 2213, Fax: 022 - 67552213

To

Acquire 88,74,480 equity shares of Rs. 10/- each representing 20% of the total voting capital of Target Company at a price of Re.1/- (Rupee One only) per fully paid equity shares of Rs.10/- each, payable in Cash

Of

MAFATLAL FINANCE COMPANY LIMITED

Registered Office: Flat No. K – 3/4 Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai – 400 703
Phone No.: +91-22-27894826/27, Fax No. +91-22-27659028

Pursuant to the Regulation 10 and 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof

Attention:

1. **The offer is not a conditional offer.**
2. There are no statutory approvals required for the purpose of the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.
3. 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 three working days prior to the date of closure of the offer i.e. upto **August 21, 2008 (Thursday)**.
4. If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure i.e. upto **August 13, 2008 (Wednesday)** the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revision in the Offer Price would be payable for all the equity shares tendered anytime during the Offer Period.
5. **This is not a competitive Bid.**
6. **If there is a Competitive Bid:**

6.1 **The Public Offers under all the subsisting bids shall close on the same date.**

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

7. A copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal are also available on SEBI's web-site: **www.sebi.gov.in**

All future correspondence, if any, should be addressed to the Manager/Registrar to the offer at the following address:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
CHARTERED CAPITAL AND INVESTMENT LTD. 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad – 380006 Tel: +91-79-2657 7571/2657 5337 Fax: +91-79-2657 5731 Email: info@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Sagar Bhatt	**BIGSHARE SERVICES PVT. LTD** E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. Ph No: +91-22-40430200 Fax: +91-22-28475207, Email: openoffer@bigshareonline.com Website: www.bigshareonline.com Contact person: Mr. Ashok Shetty
OFFER OPENS ON: AUGUST 7, 2008, THURSDAY	**OFFER CLOSES ON: AUGUST 26, 2008, TUESDAY**

FOR PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 10-"PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NOS. 22 TO 25)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL ARE ENCLOSED WITH THIS LETTER OF OFFER.

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Sr. No.	Activity	Original Schedule Date and Day	Revised Schedule Date and Day
1.	**Date of Public Announcement (PA)**	May 28, 2008, Wednesday	May 28, 2008, Wednesday
2.	Specified Date	June 20, 2008, Friday	June 20, 2008, Friday
3.	Last Date for a Competitive Bid	June 18, 2008, Wednesday	June 18, 2008, Wednesday
4.	Date by which Letter of Offer will be dispatched to the Shareholders	July 10, 2008, Thursday	August 2, 2008, Saturday
5.	**Offer Opening Date**	**July 18, 2008, Friday**	**August 7, 2008, Thursday**
6.	Last date for revising the offer price/number of shares	July 28, 2008, Monday	August 13, 2008, Wednesday
7.	Last date for withdrawal by Shareholders	August 1, 2008, Friday	August 21, 2008, Thursday
8.	**Offer Closing Date**	**August 6, 2008, Wednesday**	**August 26, 2008, Tuesday**
9.	Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be dispatched	August 21, 2008, Thursday	September 10, 2008, Wednesday

RISK FACTORS

i. **In the event that either (a) the regulatory approvals are not received in a timely manner, (b) there is any litigation to stay the offer, or (c) SEBI instructs the Acquirers not to proceed with the offer, then the offer proceeds may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of MFCL, whose shares have been accepted in the offer as well as the return of shares not accepted by the acquirers, may be delayed.**

ii. **The acquirers intend to make an offer for 20% of the voting capital amounting to 88,74,480 equity shares of MFCL under the SEBI (SAST) regulations, 1997. Further, the shares tendered in the offer will lie to the credit of a designated escrow account, till the completion of the offer formalities. Accordingly, the acquirers make no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.**

iii. **The share purchase agreement provides that, in case of non-compliance of any provisions of the SEBI (SAST) Regulations, 1997 (the "Regulations"), the agreement shall not be acted upon either by the sellers or the acquirers.**

iv. **In the event of over-subscription to the offer, the acceptance will be on a proportionate basis.**

v. **Association of the Company with the Acquirer does not warrant any assurance with respect to the future financial performance of the Company.**

vi. **The Acquirer makes no assurance of market price of shares of the Target Company during or after the offer.**

The risk factors set forth above, pertain to the offer and not in relation to the present or future business or operations of MFCL or any other related matters, and are neither exhaustive not intended to constitute a complete analysis of the risk involved in participation or otherwise by a shareholder in the offer. Shareholders of MFCL are advised to consult their stockbrokers or investment consultants, if any for further risk with respect to their participation in the offer.

TABLE OF CONTENTS

1. DEFINITIONS

1.	Acquirers or The Acquirers	Mr. Nandakishore Divate and Mr. K. Chandramouli
2.	ASE	Ahmedabad Stock Exchange Limited
3.	BSE	Bombay Stock Exchange Limited
4.	Form of Acceptance	Form of Acceptance cum Acknowledgement
5.	Form of Withdrawal	Form of Withdrawal cum Acknowledgement
6.	DLOO or Draft Letter of Offer	Draft Offer Document
7.	DSE	The Delhi Stock Exchange Association Ltd
8.	Manager to the Offer or, Merchant Banker	Chartered Capital And Investment Limited
9.	MFCL/Target Company/TC	Mafatlal Finance Company Limited
10.	Negotiated Price	Re. 1/- (Rupee One Only) per fully paid-up equity share of face value of Rs.10/- each.
11.	NSE	The National Stock Exchange of India Ltd
12.	Offer or The Offer	To Acquire 88,74,480 equity shares of Rs. 10/- each representing 20% of the total voting capital of Target Company at a price of Re. 1/- (Rupee One Only) per fully paid equity share, payable in Cash.
13.	Offer Price	Re. 1/- (Rupee One Only) per fully paid equity share, payable in Cash.
14.	Persons eligible to participate in the Offer	Registered shareholders of Mafatlal Finance Company Limited and unregistered shareholders who own the equity shares of Mafatlal Finance Company Limited any time prior to the Offer closure other than the Parties to SPA i.e. Acquirers and Sellers
15.	Public Announcement or "PA"	Announcement of the Open Offer by The Acquirers, which appeared in the newspapers on May 28, 2008.
16.	RBI	Reserve Bank of India
17.	Registrar or Registrar to the Offer	Bigshare Services Pvt. Ltd
18.	SEBI	Securities and Exchange Board of India
19.	SEBI (SAST) Regulations, 1997/ Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
20.	SEBI Act	Securities and Exchange Board of India Act, 1992
21.	Sellers	Ensen Holdings Limited, Vibhadeep Investments And Trading Limited, Navlekh Investment Limited and Mafatlal Industries Limited
22.	SPA	Share Purchase Agreement
23.	Specified Date	June 20, 2008, Friday

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE 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 MAFATLAL FINANCE COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES/CONTROL 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 ACQUIRERS 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 ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 6, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDEMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1. Background of the Offer

3.1.1. The offer is being made under Regulation 10 read with Regulation 12 and as a result of this offer, the Acquirers will have substantial acquisition of shares or voting rights accompanied with complete change in control and management of Mafatlal Finance Company Limited.

3.1.2 The Acquirers have entered into a Share Purchase Agreement **["SPA"]** on May 22, 2008 to acquire an aggregate of 1,67,60,200 (One Crore Sixty Seven Lacs Sixty Thousand Two Hundred Only) Equity Shares of face value Rs.10/- each fully paid-up representing 42.02% of the total equity shares of **MAFATLAL FINANCE COMPANY LIMITED ,** having its Registered office at Flat No. K – 3/4 Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai – 400 703 (hereinafter referred to as "**Target Company" or "TC" or "MFCL"**), from four existing shareholders of the TC (namely Ensen Holdings Limited, Vibhadeep Investments And Trading Limited, Navlekh Investment Limited and Mafatlal Industries Limited. (hereinafter collectively referred to as **"Sellers"**), of whom 1st & 4th sellers are part of the promoter group, at a price of Re.1 (Rupee One Only) per fully paid up equity share ("**Negotiated Price**") for the total consideration of Rs. 1,67,60,200/- (Rupees One Crore Sixty Seven Lacs Sixty Thousand Two Hundred only) payable in cash and that resulted in triggering of SEBI (SAST) Regulations, 1997. The details of proposed acquisition of shares from various sellers are as follows:

Sr. No.	Sellers	Registered office Address, Phone No. & Fax No.	No of Shares	% of Holding
1	Ensen Holdings Limited*	Mafatlal House, Backbay Reclamation, Mumbai 400 020, Tel: 022 – 6636 4062, Fax: 022 – 6636 4056	6850000	17.18
2	Vibhadeep Investments And Trading Limited	Mafatlal Centre Nariman Point, Mumbai 400 021, Tel: 022 – 4008 3636, Fax: 022 – 2635 7622	562700	1.41
3	Navlekh Investment Limited	Rustom Building, Fort, Mumbai 400 001, Tel: 022 – 2288 2152 – 56, Fax: 022 – 2282 8605	277500	0.70
4	Mafatlal Industries Limited*	Asarwa Road, Ahmedabad 380 016, Tel: 079 – 2212 3944/ 2212 3945, Fax: 079 – 2212 3045	9070000	22.74
	TOTAL		16760200	42.02

***Out of the above Sellers, these two are part of the present promoter group.**

3.1.3 As on the date of the public announcement the Acquirers Mr. Nandakishore Divate and Mr. K. Chandramouli are holding 12,285 and 4200 equity shares of TC respectively.

3.1.4 The inter-se division of the shares of the Target Company proposed to be acquired through Share Purchase Agreement is as follows:

Name of the Acquirers	No. of Shares acquired under SPA	% of holding
Mr. Nandakishore Divate	83,80,100	21.01
Mr. K. Chandramouli	83,80,100	21.01
Total	1,67,60,200	42.02

3.1.5 The important features of the SPA are laid down as under:

a. In consideration of the purchase of the shares, the Acquirers shall pay total cash consideration of Rs. 1,67,60,200/- (Rupees One Crore Sixty Seven Lacs Sixty Thousand Two Hundred only) to the Sellers.

b. The sellers agree that pending the compliance of the regulations, by the buyer the sellers shall not create any charge or lien on the said shares nor seek duplicate share certificates their against.

c. The Buyer agree that immediately on the signing of this Agreement it shall take steps to comply with the SEBI (SAST) Regulations and to comply with all laws that may be required to give effect to the sale. The Buyers confirm that failure on their part to comply with the SEBI (SAST) Regulations shall not entail any liability on the Sellers and agree to indemnify the Sellers to this effect. If the Buyers do not comply with their obligations to buy shares in MFCL from other shareholders by making a public announcement /offer under the SEBI (SAST) Regulations, the Sellers shall be entitled to terminate this Agreement without being required to pay any cost or compensation to the Buyers.

d. The parties to the Agreement agree that in the event of non-compliance of any of the provisions of SEBI (SAST) Regulations, by the Buyers this agreement shall not be acted upon by any of the parties.

3.1.6 Neither the Acquirers, Sellers nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.

3.1.7 Acquirers have not acquired any equity shares of the Target Company after the date of Public Announcement till the date of Letter of Offer.

3.1.8 On completion of the sale of Sale Shares or on completion of Sale Shares held by Ensen, Vibhadeep and Navlekh whichever is earlier, three nominees of the Buyers will be appointed as Directors of MFCL immediately and three existing directors (Other than Nominee Director (Bank of India)) will resign as Directors of MFCL.

3.1.9 The Offer is not as a result of global acquisition resulting in indirect acquisition of the target company.

3.1.10 The payment of consideration will be made by the Acquirers to the sellers after the completion of the Public Offer. The shares under acquisition in the SPA are free from pledge and encumbrances except that sale of shares of Mafatlal Industries Limited would require approval from BIFR.

3.2. **Details of the proposed offer**

3.2.1. The Acquirers have made a Public Announcement, which was published on May 28, 2008 in the following newspapers in accordance with the Regulation 15 and pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations, 1997.

Publication	**Editions**
Financial Express (English)	All Editions
Jansatta (Hindi)	All Editions
Nav Shakti (Marathi)	Mumbai

The Public Announcement is also available on the SEBI website at www.sebi.gov.in

3.2.2. The Acquirers are making an offer under the SEBI (SAST) Regulations, 1997 to acquire 88,74,480 equity shares of Rs. 10/- each fully paid up representing 20% of the voting capital of “MFCL” at a price of Re. 1/- (Rupee One Only) per fully paid up equity share of Rs.10/- each (“Offer Price”) payable in cash subject to the terms and conditions mentioned hereinafter. The Offer is not subject to any minimum level of acceptances from shareholders.

3.2.3. There are no partly paid up shares in TC.

3.2.4. The Offer is not subject to any minimum level of acceptances from the shareholders. The Acquirers will accept the equity shares of MFCL those are tendered in valid form in terms of this offer upto maximum of 88,74,480 equity shares.

3.2.5. The Acquirers have not acquired any equity share in the Target Company since the date of Public Announcement upto the date of Letter of Offer.

3.2.6. This is not a Competitive Bid

3.3. Object of the acquisition/offer

3.3.1. The Acquirers are interested in taking over the management and control of MFCL. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition

3.3.2. The Offer to the Public shareholders of MFCL is for the purpose of acquiring 20% of the total voting capital/rights of MFCL. After the proposed Offer, the Acquirers will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.3.3. The offer to the shareholders of “MFCL” is being made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997.

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

3.3.5. The Acquirers want to enter into new areas of operation in the services sector consisting of insurance broking, receivable collection, assisting in recovery of bad debts and do all such acts which can be conveniently combined with the present activities.

3.3.6. The Acquirers intend to improve the operational performance of the company and depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 1956, Articles of Association of TC and all applicable laws, rules and regulations, the Board of Directors of TC will take appropriate business decisions from time to time in order to improve the performance of the Target Company. The Acquirers may also change the name of the Target Company after completion of the Offer.

4. BACKGROUND OF THE ACQUIRERS

4.1. Mr. Nandakishore Divate

4.1.1. **Mr. Nandakishore Divate,** son of Mr. Raghunath Divate, aged about 51 years is MMS by qualification. He is residing at 'AVANTI', 56/1 Link Road, J. B. Nagar, Andheri (E), Mumbai – 400 059. Tel: 022-2832 2231

4.1.2. He is having a networth of Rs.544.80 Lacs as on March 31, 2008 and is having sufficient liquid funds for discharging his part of the obligation under the offer as certified by Mr. S. Prakash (Membership No. 039153), Proprietor, M/s. S. Prakash, Chartered Accountant, 404 Trishul-Ganga Co-op. Hsg. Soc. Ltd. (TRISHUL 'E') 4th Floor, 8th Road, Sindhi Society, Chembur, Mumbai – 400 071 , Tel.: 022-2522 8506.

4.1.3. He has more than 20 years of experience in the financial services sector. Mr. Nandakishore Divate has been Senior Executive in the Target Company for more than a decade. During the course of his tenure in the Target Company as well as prior to that he has acquired vast experience in the financial services sector. He has been involved in Business Development, particularly in areas of Capital Market, Loans syndications and Risk Management. He holds Directorship in Mafatlal Securities Ltd. He is President and CEO of MFCL.

4.1.4. The provisions of Chapter II of the SEBI (SAST) Regulation, 1997 are not applicable to him.

4.1.5. Mr. Nanadkishore Divate is neither on the Board of any Listed Company nor is he holding a controlling stake in any listed company. He is not a full time director in any company. He has not promoted any Company.

4.2. Mr. K. Chandramouli

4.2.1. **Mr. K. Chandramouli,** son of Mr. Krishnamurthy M. V., aged about 53 years is ACA, ACS by qualification. He is residing at B-202 New Ushanagar, Bhandup (W), Mumbai – 400 078. Tel :022 – 6755 2213

4.2.2. He is having a networth of Rs.541.25 Lacs as on March 31, 2008 and is having sufficient liquid funds for discharging his part of the obligation under the offer as certified by Mr. S. Prakash (Membership No. 039153), Proprietor, M/s. S. Prakash, Chartered Accountant, 404 Trishul-Ganga Co-op. Hsg. Soc. Ltd. (TRISHUL 'E') 4th Floor, 8th Road, Sindhi Society, Chembur, Mumbai – 400 071 , Tel.: 022-2522 8506

4.2.3. He has more than 30 years of experience in the financial services sector. Mr. K Chandramouli has been Senior Executive in the Target Company for more than a decade. During the course of his tenure in the Target Company as well as prior to that he has acquired vast experience in the financial services sector. He has substantial experience in the fields of Capital/Loan Restructuring, Loan Recoveries, as well as legal framework. He holds Directorship in Garron Trading Co. Pvt. Ltd, Mafatlal Systems Ltd, Sunanada Services & Trading Ltd, Garron Shares & Stock Brokers Pvt. Ltd and Sushmita Engineering & Trading Ltd. He is Vice-President and Company Secretary of MFCL.

4.2.4. The provisions of Chapter II of the SEBI (SAST) Regulation, 1997 are not applicable to him.

4.2.5. Mr. K. Chandramouli is neither on the Board of any Listed Company nor is he holding a controlling stake in any listed company. He is not a full time director in any company. He is having controlling stake in Garron Shares And Stock Brokers Pvt. Ltd. He has not promoted any company

4.3. The acquirers are not related to each other. There is no formal agreement entered into by these acquirers among themselves but as per the understanding between Mr. Nanakishore Divate and Mr K. Chandramouli, all the shares both in SPA as well as open offer will be taken up by them equally.

4.4. DISCLOSURE IN TERMS OF REGULATION 16 (IX)

The Acquirers are interested in taking over the management and control of MFCL. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition

The Acquirers at present has not set out any future plans and has no intention to sell, dispose of or otherwise encumber any significant assets of MFCL in the succeeding two years, except in the ordinary course of business of MFCL. MFCL's future policy for disposal of its assets, if any, will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders at a General Body Meeting of MFCL.

4.5. Mr. Nandakishore Divate and Mr. K. Chandramouli have acquired 12285 and 4200 Equity Shares respectively in the Target Company in the year 1994 which amounted to 0.04% and 0.01% of the then paid up capital of the Target Company. The provisions of the SEBI (SAST) were not applicable. They had complied with other applicable regulations under the SEBI Act, 1992 and other statutory requirements as applicable.

5. DISCLOSURE IN TERMS OF REGULATION 21(3)

Assuming full acceptances, the offer would not reduce the public shareholding below the minimum limit prescribed by SEBI. After this offer, public shareholding will be 35.68 % of paid up capital of the Target Company. Hence, pursuant to this offer, the acquirers will not exercise the delisting option.

6. BACKGROUND OF THE TARGET COMPANY (MAFATLAL FINANCE COMPANY LIMITED)

6.1. The Target Company i.e. **MAFATLAL FINANCE COMPANY LIMITED,** was incorporated on 20th October, 1986 with the Registrar of Companies, Maharashtra under the Companies Act, 1956 under the name **MAFATLAL FINANCE COMPANY PRIVATE LIMITED** (Company Registration No. 41277). The company was converted into a Public Limited Company on 3rd July, 1992 and the name of the Company was changed to **MAFATLAL FINANCE COMPANY LIMITED**. The Company has its Registered Office at Flat No. K – 3/4 Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai – 400 703, Phone No.: +91-22-27894826/27, Fax No. +91-22-27659028, Email: investormfcl@yahoo.com. Mafatlal Securities Limited is a wholly owned subsidiary of MFCL and is an unlisted company.

6.2. The company was registered with Reserve Bank of India (RBI) as a Non-Banking Finance Company (NBFC). Thereafter the Company was engaged in equipment leasing & hire purchase. The company once again made an application to RBI for continuance of the registration as an NBFC in the year 1998 which however rejected by the RBI on October 22, 2002 mainly on account of inadequate networth. Thereafter the company's operations have been restricted to recovery of all the amounts due and repayment of its various liabilities including public deposit, bank/institutional loans etc.

Public Deposit Outstanding as on 31st March, 2008 in Escrow Account with ING Vysya Bank Ltd – Rs. 10.23 Lacs

Loans with Banks and Financial Institutions Outstanding as on 31st March, 2008 – Rs. 3196.22 Lacs.

MFCL defaulted in its loan covenants although met all its obligations to the fixed Depositors. The company thereafter entered into one time settlements with Banks, Institutions and others. In the year 2006 MFCL filed a scheme of compromise with all its residual creditors under section 391 and 394 of the Companies Act, 1956. The said scheme was approved by the Majority of creditors and later on sanctioned by Hon'ble Bombay High Court in July 2007. The company has been making payments as per the scheme and there are no defaults presently. In fact the company has made prepayments.

6.3. As on the date of this PA, TC has an authorized equity share capital of Rs. 1,00,00,00,000/- (Rupees Hundred Crores only), comprising of 7,00,00,000 equity shares of Rs 10/- (Rupees Ten Only) each and 3,00,00,000 Redeemable preference shares of Rs. 10/- (Rupees Ten Only) each and paid up capital of Rs. 4437.24 lacs, comprising of 3,98,81,700 Equity Shares of Rs. 10/- each fully paid, 36,70,000 10% Redeemable Preference Shares of Rs. 10/- each fully paid and 8,20,700 14.5% Redeemable Preference Shares of Rs. 10 each fully paid. The present Offer is for 88,74,480 equity shares representing 20% of the Voting Capital of "MFCL". 36,70,000 10% Redeemable Preference Shares and 8,20,700 14.5 % Redeemable Preference Shares also carry voting rights due to the non payment of dividend as per Section 87 (2) (b) of the Companies Act, 1956.

6.4. The present capital structure of MFCL is as under: -

Paid-up equity shares of MFCL	No. of Equity Shares/ Voting Rights	% of shares/ Voting Rights
Fully paid-up equity shares	3,98,81,700	89.88
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	3,98,81,700	89.88
Total Voting Rights in MFCL	4,43,72,400*	100.00*

*36,70,000 10% Redeemable Preference Shares and 8,20,700 14.5 % Redeemable Preference Shares also carry voting rights due to the non payment of dividend as per Section 87 (2) (b) of the Companies Act, 1956.

The details of accrual of voting rights on Preference Shares by virtue of non-payment of dividend are as below:

Sr. No.	Particulars	Number of Preference Shares	Date of issue	Date of Accrual of Voting Rights
1.	14.5 % Redeemable Preference Shares of Rs. 10 each	7,63,200	15/07/1997	10/08/1999
2.	14.5 % Redeemable Preference Shares of Rs. 10 each	57,500	26/11/1997	10/08/1999
3.	10 % Redeemable Preference Shares of Rs. 10 each	36,70,000	31/03/2000	26/09/2002

6.5. The current capital structure of MFCL has been built up since inception is as under:-

Date of Allotment	No. of Shares issued	% of Shares issued	Cumulative paid up capital in Rs.	Mode of allotment	Identity of allotees (promoters/ expromoters/ others)	Status of compliance
Since Incorporation	100	0.00	1000	Contributory to Memorandum	Promoter	Complied
11-Sep-87	999900	2.51	10000000	Further Issue	Promoter	Complied
25-Jul-92	3950000	9.90	49500000	Right Issue	Promoter	Complied
25-Jul-92	5050000	12.66	100000000	Right Issue	Non-Promoter	Complied
1-Jul-94	2970000	7.45	129700000	Right Issue	Promoter	Complied
1-Jul-94	3030000	7.60	160000000	Right Issue	Non-Promoter	Complied
27-Aug-94	6850000	17.18	228500000	Preferential Issue	Promoter	Complied
24-Dec-94	1150000	2.88	240000000	Public Issue	Promoter	Complied
24-Dec-94	8047300	20.18	320473000	Public Issue	Public	Complied
31-Mar-00	2952700	7.40	350000000	Conversion of Debt in to Equity	Banks/ Financial Institutions	Complied
25-Oct-00	4881700	12.24	398817000	Conversion of Debt in to Equity	Banks/Financial Institutions	Complied
	39881700	**100.00**				

6.6. The shares of “TC” are at present listed on Bombay Stock Exchange Limited (BSE), The National Stock Exchange of India Ltd (NSE), Ahmedabad Stock Exchange Ltd (ASE) and The Delhi Stock Exchange Association Ltd (DSE). However, the company has passed a resolution in its Annual General Meeting held on September 30, 2004 for the voluntary delisting of equity shares of the company from NSE, ASE and DSE. The shares of the target company are infrequently traded on BSE, NSE, ASE and DSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997. The trading of the company’s shares has been suspended in NSE and BSE with effect from September 2001 and December 2002 respectively.

6.7. The trading of the company’s shares has been suspended in NSE and BSE with effect from September 2001 and December 2002 respectively. The primary reason for suspension was non-redressal of investor grievances relating to payments of interest and redemption amount of certain listed debentures. The company based on the directions given by the H’ble Bombay High Court, has since resolved these grievances. The company has furnished the information desired by BSE along with payment of listing fee arrears. The company has passed a resolution in its Annual General Meeting held on September 30, 2004 for the voluntary delisting of equity shares of the company from NSE, ASE and DSE. The company’s application for delisting of shares from The Delhi Stock Exchange, The Stock Exchange, Ahmedabad and the National Stock Exchange of India Ltd. could not be pursued as it was necessary that the company’s shares must be listed under any Exchange with all India presence. As The Stock Exchange, Bombay (BSE) has suspended the trading in shares of the company, the company had to wait till the shares become eligible for trading in BSE before they are delisting from other exchanges.

6.8. 78,34,400 shares were issued and allotted to Institutions and Banks during the years 1999-2000 and 2000-2001 towards conversion of their Debts into Equity. In principal approval from the Bombay Stock Exchange Ltd., was obtained for listing of these shares but the same could not be completed on account of suspension of the Company's shares from trading.

6.9. The promoters of the Target Company and Target Company have not timely complied with the provisions of chapter II of the regulations. The provisions of chapter II are not applicable to sellers who are not promoters. Major shareholders of the Target Company have timely complied the provisions of chapter II of the regulations. For delay/failure to comply with Chapter II by the promoters and the Target Company, SEBI may initiate suitable action at a later stage.

6.10. The Target Company has not duly complied with all the listing requirements of the concerned stock exchange and no punitive action has been taken against the company by any stock Exchange.

6.11. Apart from the 1,67,60,200 equity shares constituting 42.02% of the total equity shares from sellers under SPA, the Acquirers have not acquired any share of the Target Company during the 12 months period prior to the date of Public Announcement.

6.12. MFCL has not received any directions from SEBI under section 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act. There has been no action taken by SEBI on the target company or on its present promoters, directors and key personnel.

6.13. In the year 2003, SEBI had initiated adjudication proceedings against the company for failure to redress the grievances of the investors and after completion of the adjudication proceedings, a penalty of Rs. 15000/- was levied on the company by adjudicating officer vide its order dated November 1, 2004 which are since been paid by the company. The investor grievances were mainly on account of non-payment of the redemption value of the public issue of debentures which is also a subject matter of a suit filed by the trustees namely Bank of India in the Bombay High Court. The company however has subsequently, based on the directions given by the Bombay High Court, resolved these investor grievances.

6.14. There are no outstanding convertible instruments like warrants, FCDs or PCDs etc. in MFCL.

6.15. The composition of the Board of Directors of MFCL as on the date of PA is as under:-

Sr. No.	Name	Date of Appointment	Designation	Qualification, experience (in which filed and for how many period), business	Residential Address
1.	Mr. J. A. Patel	08/06/2001	Chairman	Chartered Accountant. Corporate Finance, Accounts and Internal Audit. Experience of more than 25 years	21/B-2, Mahesh Nagar, S.V. Road, Goregaon (West), Mumbai – 400 062
2	Mr. R. R. Patel	08/06/2001	Director	Company Secretary. Experience of over 30 years	A-2, Ayojan Nagar, Opp. Shreyas Railway Crossing , Behind New Sharda Mandir, Paldi, Ahmedabad – 380 007
3	Mr. Vinod Ojha	08/06/2001	Director	Chartered Accountant. Corporate Finance, Accounts and Internal Audit. Experience of more than 20 years	401, Gulshan 1, Juhu Cross Lane, Andheri (West), Mumbai – 400 058
4.	Mr. Ambika Prasad Mohanty	31/01/2008	Nominee Director (Bank of India)	M. Sc. (Agriculture) Banker with 25 years of experience	D-1/910, Bank of India, Officers Residential Complex, Sector – 13, Nerul, Navi Mumbai – 400 706

6.16. As on date, none of the directors on the board of directors of the Target Company represent the Acquirers.

6.17. There has no merger/de-merger, spin off during the past three years in MFCL.

6.18. The brief financial information of MFCL is as under: (Rs. in Lacs)

Profit & Loss Statement*	**Year Ended 31.03.2005 (Audited)**	**Year Ended 31.03.2006 (Audited)**	**Year Ended 31.03.2007 (Audited)**	**Nine Months Ended 31.12.2007 (Certified)**
Income from Operations	178.80	60.37	313.56	269.10
Other Income	3451.86	1599.69	435.86	137.90
Total Income	3630.66	1660.06	749.42	407.00
Total Expenditure	1864.52	526.19	407.24	81.52
Profit before Depreciation, Interest and Tax	1766.14	1133.87	342.18	325.48
Depreciation	4.88	2.97	1.98	1.39
Interest	1283.58	1164.28	272.29	47.99
Profit before Tax and Exceptional Items	477.68	(33.38)	67.91	276.10
Exceptional Items	1206.63	-	-	-
Provision for Tax	0.21	1.38	1.03	0.57
Profit after Tax	1684.10	(34.76)	66.88	275.53

Balance Sheet Statement*	**Year Ended 31.03.2005 (Audited)**	**Year Ended 31.03.2006 (Audited)**	**Year Ended 31.03.2007 (Audited)**	**Nine Months Ended 31.12.2007 (Certified)**
Sources of Funds				
Paid up Share Capital	4437.24	4437.24	4437.24	4437.24
Reserves & Surplus (Excluding Revaluation Reserve)	6751.72	6751.01	6751.01	6751.01
Secured Loan	15477.71	15125.74	14375.67	13941.17
Unsecured Loan	2923.70	2923.70	2923.70	2800.55
Current Liabilities	1336.85	1300.20	1296.32	1296.90
Provisions	1293.38	1297.26	1296.94	1296.94
Deferred Tax Liability	-	-	-	-
Total	**32220.60**	**31835.15**	**31080.88**	**30523.81**
Uses of Funds				
Net Fixed Assets	37.95	17.75	16.01	15.04
Investments	3375.48	3602.48	1301.33	1180.18
Current Assets	1771.32	1807.03	1821.45	1789.93
Loans and Advance	2760.82	2098.81	3699.89	3571.99
Miscellaneous Expenses not written off	-	-	-	-
Profit and Loss Account	24275.03	24309.08	24242.20	23966.67
Total	**32220.60**	**31835.15**	**31080.88**	**30523.81**

Other Financial Data*	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	Year Ended 31.03.2007 (Audited)	Nine Months Ended 31.12.2007 (Certified)
Net Worth	(13086.07)	(13120.83)	(13053.95)	(12778.42)
Dividend (%)	-	-	-	-
Earning Per Share (in Rs.)	4.12	(0.19)	0.06	0.06
Return on Networth (%)	-	-	-	-
Book Value Per Share (in Rs.)	(0.03)	(0.03)	(0.03)	(0.03)

Note: The figures for the nine months ended 31st December, 2007 is without giving effect to the compromise and arrangement with creditors as sanctioned by the Mumbai High court.

*Source: As certified by Mr. Ramakrishna Prabhu Partner of R. Prabhu & Associates, Chartered Accountants, A-12, Gundecha Onclave, Kherani Road, Sakinaka, Andheri (E), Mumbai – 400 072, Membership No.: 38959 vide his certificate dated 31.03.2008.

6.19. Reason for Changes in Income and Profit & Loss

Variation in Income and Net Profit or Loss for the Financial Year Ended: 31.03.05, 31.03.06 & 31.03.07 is on account of profit on sale of investments, write back of interest and principal borrowings from banks on account of settlements, also write back of provisions created earlier on bad debts due to recovery from the same and income from service charges and Sales Tax Refunds. The operational expenses did not show any significant variations except for additional provisions for doubtful debts.

6.20. Pre- and Post-Offer shareholding pattern of the Target Company is as per the following table:

Sr. No	Shareholder category	Shareholding & voting rights prior to the Agreement/ acquisition and offer		Shares/voting rights agreed to be acuired which triggered off the Regulations		Shares/Voting rights to be acquired in the open Offer (assuming full acceptance)		Shareholding/voting rights after the acquisition and Open Offer	
		(A)		(B)		(C)		(A+B+C)	
		No.	%	No.	%	No.	%	No.	%
(1)	**Promoter Group**								
	(a) Parties to the agreement								
	M/s. Ensen Holdings Limited	6850000	17.18	-6850000	-17.18			0	0.00
	M/s. Mafatlal Industries Limited	9070000	22.74	-9070000	-22.74			0	0.00
	Sub total (a)	**15920000**	**39.92**					**0**	**0.00**
	(b) Promoters other than (a) above	0	0.00					0	0.00
	Total [(1)=(a)+(b)]	**15920000**	**39.92**					**0**	**0.00**
(2)	**Acuirers**								
	Mr. Nandakishore Divate	12285	0.03	8380100	21.01	4437240	11.13	12829625	32.17
	Mr. K. Chandramouli	4200	0.01	8380100	21.01	4437240	11.13	12821540	32.15
	Total (2)	**16485**	**0.04**					**25651165**	**64.32**
(3)	**Parties to agreement other than (1) (a) & (2)**								
	M/s. Vibhadeep Investments And Trading Limited	562700	1.41	-562700	-1.41			0	0.00
	M/s. Navlekh Investment Limited	277500	0.70	-277500	-0.70			0	0.00
	Total (3)	**840200**	**2.11**					**0**	**0.00**

(4)	Public (other than parties to agreement &acquirers)								
	a. FIs/MFs/FIIs/Banks, SFIs	9136753	22.91			-8874480	-22.25	14230535	35.68
	b. Private Corporate Bodies other than sellers	577879	1.45						
	c. Indian Public	13360483	33.50						
	d. NRI/OCB	29800	0.07						
	e. Any other (clearing member)	100	0.00						
	Total [4]	**23105015**	**57.93**						
	Grand Total [(1)+(2)+(3)+(4)]	**39881700**	**100.00**					**39881700**	**100.00**

Note: The data within bracket indicates sale of equity shares.

Percentage is calculated taking into consideration total no. of equity shares.

6.21. The approximate number of shareholders in MFCL in public category is 52246 as on PA date, which includes 16 NRI shareholders.

6.22. There has been no change in the shareholding of the promoters of the company since March 31, 1997.

6.23. The company has not fully complied with the conditions of corporate governance.

6.24. The name and contact details of the compliance officer are as under:-
Name of the Compliance Officer: Mr. P. V. Thombre
Flat No. K – 3/4 Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai – 400 703,
Phone No.: +91-22-27894826/27,
Fax No. +91-22-27659028

6.25. Details of the litigation pending by/against Mafatlal Finance Company Limited is as under:

Sr. No.	Case No. (s) Institutions Date	Plaintiff/ Defendants	Name of Court	Amount involved (in Rs.)	Subect Matter and Relief sought	Status ason date
	Filed by MFCL					
1	88/01	Corporate Couriers	Bombay High Court	10,531,138	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted, awaiting next date of hearing
2	3399/01	Abedin Kagalwala	Bombay High Court	13,290,000	Summary suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Decree Obtained, awaiting decision on Auction suit
3	50/00	Aminex Chemicals	Bombay High Court	35,817,099	434 of Companies Act for winding up of the company	Liquidator Appointed
4	5579/99	Bagade (I) Engg. Ltd	Bombay High Court	259,758	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted
5	2964/02	Bharat Starch	Bombay High Court	3,037,141	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted, next date of hearing in Sept'08
6	1179/98	Charuhasa Finance & Investments	Bombay High Court	19,159,650	Summary suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Awaiting final orders
7	404/00	Deepak Shah	Bombay High Court	35,855,226	Summary suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted
8	934/01	Elbee Services Limited	Bombay High Court	7,917,134	434 of Companies Act for winding up of the company	Company Petition Admitted, awaiting date of hearing
9	1190/98	G. Harikishan	Bombay High Court	176,925	Summary suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted awaiting final hearing
10	2657/02	HDFC	Bombay High Court	50,000,000	Summary suit for damages due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted awaiting final hearing

11	5575/99	Jayram Shetty	Bombay High Court	219,935	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted awaiting final hearing
12	152/97	Link Polyster	Bombay High Court	2,195,599	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Winding-uporder passed
13	435.98	Link Polyster	Bombay High Court	2,195,599	434 of Companies Act for winding up of the company	Petition Admitted
14	5577/99	Mukund Phathak	Bombay High Court	158,006	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted
15	224/00	Pal Piguet	Bombay High Court	4,010,353	Arbitration Petition	Petition Admitted
16	1191/98	Pranathi Leasing & Investment	Bombay High Court	17,506,957	Summary suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Summons for Judgement for orders
17	CP 6/01	Presision Fastners	Bombay High Court	11,031,831	434 of Companies Act for winding up of the company	Awaiting final orders for taking possession of company property
18	5578/99	Romy Packaging	Bombay High Court	203,526	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Suit Admitted
19	88/03	Saurashtra Paper Mills	Bombay High Court	6,707,935	Arbitration Application for recovery of amounts due under lease/hp contracts	ordersinfavour of company for taking possession of company property
20	5576/99	Vardhan Constructions	Bombay High Court	701,177	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Awaiting for next date of hearing
21	33/00	Vatan Dyechem	Bombay High Court	4,010,568	Arbitration Application	Petition admitted
22	592/01	Viral Filaments	Bombay High Court	27,054,866	434 of Companies Act for winding up of the company	Company Petition Admitted
23	5574/99	Vishwas Tours & Travels	Bombay High Court	11,293,450	Recovery suit for amount due under Lease,HP,Loan contract for passing necessary decree.	Awaiting for next date of hearing
24	437/00	Vysya Bank Limited	Bombay High Court	2,668,062	Claim suit for recovery of interest on margin kept	Awaiting for next date of hearing
25	184/2006	Sterling Holidays Resorts ltd	Chennai High Court	22,185,246	434 of Companies Act for winding up of the company	Suit admitted, hearing postponed to Oct,2008
26	2073/S/02	Alpa Transport	8th Metorplitan Majestricte Court, Fort	4,525,209	Cheque Bouncing u/s 138 of Negotiable Instrument Act	NBW Pending
27	1061/S/98	Arun Shroff	8th Metorplitan Majestricte Court, Fort	655,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross Examination
28	1102/S/97	Bhupendra Industries Ltd	8th Metorplitan Majestricte Court, Fort	2,581,761	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
29	848/S/97	Century Gases & Petro	5th Metorplitan Majestricte Court, Dadar	600,225	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
30	943/S/98	Century Gases & Petro	5th Metorplitan Majestricte Court, Dadar	400,150	Cheque Bouncing u/s 138 of Negotiable Instrument Act	proccceding stayed
31	948/S/98	Century Gases & Petro	5th Metorplitan Majestricte Court, Dadar	84,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	proccceding stayed
32	10/S/98	Century Gases & Petro	5th Metorplitan Majestricte Court, Dadar	84,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	proccceding stayed
33	367/S/03	Charuhase Finance & Invest.	16th Metorplitan Majestricte Court, Fort	10,000,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Appeal field by the party in High court
34	2172/S/02	Dada Chemicals	8th Metorplitan Majestricte Court, Fort	167,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Bailable Warrant Pending
35	2343/S/02	Dashrath Shinde	8th Metorplitan Majestricte Court, Fort	46,624	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
36	1579/S/02	Dashrath Shinde	8th Metorplitan Majestricte Court, Fort	58,280	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons

37	-	Elbee Services	8th Metorplitan Majestricte Court, Fort	400,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
38	2766/S/02	Elbee Services	8th Metorplitan Majestricte Court, Fort	375,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
39	1000/S/02	Elbee Services	8th Metorplitan Majestricte Court, Fort	350,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
40	1926/S/02	Elbee Services	8th Metorplitan Majestricte Court, Fort	375,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
41	3966/s/02	Elbee Services Ltd	8th Metorplitan Majestricte Court, Fort	1,228,090	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
42	3414/S/02	Elbee Services Ltd	8th Metorplitan Majestricte Court, Fort	3,693,296	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross Examination
43	830/S/02	Elbee Services Ltd	8th Metorplitan Majestricte Court, Fort	600,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
44	3638/S/02	Elbee Services Ltd	8th Metorplitan Majestricte Court, Fort	400,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
45	1010/S/02	Elbee Services Ltd	8th Metorplitan Majestricte Court, Fort	400,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Affidavit
46	2693/S/02	G. Harikishan	8th Metorplitan Majestricte Court, Fort	106,800	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Fresh NBW
47	2549/S/02	Govindbhai Patel	8th Metorplitan Majestricte Court, Fort	9,042	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
48	173/S/02	Govindbhai Patel	8th Metorplitan Majestricte Court, Fort	45,210	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
49	406/S/02	Jamail Shaikh	8th Metorplitan Majestricte Court, Fort	71,750	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Bailable Warrant-report awaited
50	324/S/02	Kamal Jobanputra	23rd Metorplitan Majestricte Court, Fort	70,200	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
51	3270/S/02	Kamal Jobanputra	23rd Metorplitan Majestricte Court, Fort	56,160	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For fresh summons
52	761/S/02	Kanahilal Vaishnav	7th Metorplitan Majestricte Court, Fort	67,680	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
53	2943/S/02	Link Polyster Limited	8th Metorplitan Majestricte Court, Fort	60,940	Cheque Bouncing u/s 138 of Negotiable Instrument Act	BW Pending
54	433/s/02	Link Polyster Limited	5th Metorplitan Majestricte Court, Dadar	60,940	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Bailable Warrant
55	723/S/02	Link Polyster Limited	8th Metorplitan Majestricte Court, Fort	60,940	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Bailable Warrant
56	977/S/02	Link Polyster Limited	8th Metorplitan Majestricte Court, Fort	365,640	Cheque Bouncing u/s 138 of Negotiable Instrument Act	BW Pending
57	731/S/02	M/s. Expo Tex Ltd	5th Metorplitan Majestricte Court, Dadar	118,268	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For fresh summons
58	2308/S/02	Madhav Structural Eng. Ltd	8th Metorplitan Majestricte Court, Fort	230,973	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
59	697/S/02	Madhav Structural Eng.Ltd	8th Metorplitan Majestricte Court, Fort	76,991	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
60	697/S/02	Madhav Structural Eng.Ltd	8th Metorplitan Majestricte Court, Fort	76,991	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
61	589/S/02	Madhav Structural Eng.Ltd	8th Metorplitan Majestricte Court, Fort	76,991	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
62	2554/S/02	Madhav Structural Eng.Ltd	8th Metorplitan Majestricte Court, Fort	457,010	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
63	1707/S/02	Madhav Structural Eng.Ltd	8th Metorplitan Majestricte Court, Fort	50,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Accussed acquited/appeal filed in High Court
64	2341/S/02	Milind Rege	8th Metorplitan Majestricte Court, Fort	45,164	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Awaiting Police Report
65	1580/S/	Miracle Arts	8th Metorplitan Majestricte Court, Fort	42,600	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
66	498/s/02	Misri Travels	5th Metorplitan Majestricte Court, Dadar	56,833	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross Examination

67	970/S/02	New India Transport Ltd	23rd Metorplitan Majestricte Court, Fort	33,600	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
68	282/S/00	New India Transport Ltd	8th Metorplitan Majestricte Court, Fort	34,800	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
69	1119/S/02	New India Transport Ltd	5th Metorplitan Majestricte Court, Dadar	100,800	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
70	3533/S/02	Norah R. Putman	8th Metorplitan Majestricte Court, Fort	55,143	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
71	726/S/99	Phoenix Print	8th Metorplitan Majestricte Court, Fort	45,164	Cheque Bouncing u/s 138 of Negotiable Instrument Act	summons to be served
72	2919/S/02	Plus Channel	8th Metorplitan Majestricte Court, Fort	94,300	Cheque Bouncing u/s 138 of Negotiable Instrument Act	BW Pending
73	1056/S/02	Pradeep Sodha	8th Metorplitan Majestricte Court, Fort	27,888	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
74	243/S/03	Pranathy Leasing & Finance.	16rd Metorplitan Majestricte Court, Fort	5,000,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Pending for recording plea.
75	959/S/00	Premnath Salian	8th Metorplitan Majestricte Court, Fort	61,961	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
76	2154/S/02	Rajesh Kumar singh	8th Metorplitan Majestricte Court, Fort	24,132	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Report from Police Stn
77	2944/S/02	Rajesh Nanavati	8th Metorplitan Majestricte Court, Fort	13,197	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Pending for summons
78	1266/S/02	Rajesh Nanavati	8th Metorplitan Majestricte Court, Fort	26,394	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Applied for fresh summons
79	2318/S/02	Sai Trading & Marketing Corpn	8th Metorplitan Majestricte Court, Fort	52,972	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
80	1703/S/98	Sai Trading & Marketing Corpn	8th Metorplitan Majestricte Court, Fort	79,458	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Bailable Warrant Pending
81	518/S/99	Samrat Asia Maritime	8th Metorplitan Majestricte Court, Fort	89,441	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
82	2319/S/02	Sewa Medicals	8th Metorplitan Majestricte Court, Fort	1,626,564	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Proclamation issued
83	1103/S/97	Shaan Intrewell	8th Metorplitan Majestricte Court, Fort	2,733,100	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons to be served
84	10/I&R.99	Sunil Bhargava	7th Metorplitan Majestricte Court, Fort	160,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Fresh Summons
85	223/S/02	Sunil Bhargava	8th Metorplitan Majestricte Court, Fort	16,102	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Pending for summons
86	847/S/1997	Sunil Bhargava	5th Metorplitan Majestricte Court, Dadar	40,306	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Bailable Warrant Served
87	431/S/92	Syspo International Serv. Ltd	8th Metorplitan Majestricte Court, Fort	144,000	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Proclamation Pending
88	2166/S/02	Trans Power Engg.	8th Metorplitan Majestricte Court, Fort	508,177	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Report from Police Stn
89	2102/S/02	Trans Power Engg.	8th Metorplitan Majestricte Court, Fort	422,200	Cheque Bouncing u/s 138 of Negotiable Instrument Act	For Report from Police Stn
90	29S/2001	Tristar Containers	8th Metorplitan Majestricte Court, Fort	2,796,605	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
91	224/S/02	Vijay Transport	8th Metorplitan Majestricte Court, Fort	811,200	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross completed/ recording statement of bank withness
92	502/S/92	Vijay Transport	5th Metorplitan Majestricte Court, Dadar	118,488	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
93	497/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	27,283	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
94	4055/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	101,400	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
95	4053/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	101,400	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination

96	970/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	67,600	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
97	4056/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	101,400	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
98	4054/S/02	Vijay Transport	7th Metorplitan Majestricte Court, Fort	101,400	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Cross examination
99	1004/S/98	Viral Filaments	8th Metorplitan Majestricte Court, Fort	2,334,545	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
100	2207/S/02	Vishvambhar D. Joshi	8th Metorplitan Majestricte Court, Fort	75,930	Cheque Bouncing u/s 138 of Negotiable Instrument Act	Summons Served
Filed against MFCL						
101	52/03	Bank of India	Debt Recovery Tribunal, Mumbai	17,947,602.02	Recovery of debt due to the bank	} The suit filed by these banks
102	907/99	Bank of Punjab	Debt Recovery Tribunal, Mumbai	83,389,661.84	Recovery of debt due to the bank	} were decreed in their favour
103	20/02	State bank of India	Debt Recovery Tribunal, Mumbai	46,269,390.20	Recovery of debt due to the bank	} and recovery certificate isssued.
104	306/02	Dhanlaxmi Bank	Debt Recovery Tribunal, Mumbai	57,540,724.06	Recovery of debt due to the bank	} Subsequently, the company
105	248/02	State bank of Indore	Debt Recovery Tribunal, Mumbai	22,713,794.00	Recovery of debt due to the bank	} entered in to one time settlement
106	357/02	United bank of India	Debt Recovery Tribunal, Mumbai	114,849,967.58	Recovery of debt due to the bank	} with the banks and has paid the
107	323/02	State bank of Hyderabad	Debt Recovery Tribunal, Mumbai	38,148,321.52	Recovery of debt due to the bank	} amount as per settlement.
108	2057/00	Union Bank of India	Debt Recovery Tribunal, Mumbai	58,750,251.57	Recovery of debt due to the bank	} These bank have issued No Dues Certificate
109	229/03	South Indian Bank	Debt Recovery Tribunal, Mumbai	112,936,407.00	Recovery of debt due to the bank	
110	217/02	Central bank of India	Debt Recovery Tribunal, Mumbai	43,038,987.00	Recovery of debt due to the bank	} These banks are part of the Scheme
111	353/02	Oriental bank of Commerce	Debt Recovery Tribunal, Mumbai	21,583,109.12	Recovery of debt due to the bank	} of compromise u/s 391 of the
112	2976/00	Bank of Baroda	Debt Recovery Tribunal, Mumbai	97,208,024.21	Recovery of debt due to the bank	} Companies Act,1956 sanctioned
113	133/02	Dena Bank	Debt Recovery Tribunal, Mumbai	360,856,318.00	Recovery of debt due to the bank	} by the Hon'ble Bombay High Court.
114	147/2000	Fedral Bank Ltd	Debt Recovery Tribunal,Chennai	166,765,246.00	Recovery of debt due to the bank	} This will be settled as per the Scheme
						} All instalments till date has been paid
115	572/02	Bank of India	The Honourable Bombay High Court	1,663,472,817.00	Civil recovery suit for payment of interest and repayment of debentures by the trustees for debenture holders	} The suit was filed by Bank of India as Trustees for debenture holder
						}Based on the plea by the company, Court convened meetings
						}meetings were held for all the debentureholders and modifications
						}in the Redemption values of debentures were approved .
						}The company is paying the debentureholders on the basis

						}of claims recived.
						}The suit has been adjourned for final decisions and would be taken
						}up by the Court after the vacation for recording the status
116	Company petiton 939 of 2004	Gujarat State FinancialCorporation	Bombay High Court	161,800,750.00	Winding up	The suit was admitted by the court and hearing is yet to commence. However the court has subsequently sanctioned the scheme of compromise u/s 391 of Companies Act,1956
117	136-139/ 402/552/553	Enforcement Directorate (Five Cases)	Appellate Tribunal for Foreign Exchange	60,740,000.00	During the year 1994 to 1996, the company had imported certain equipments and machineries for onward leasing the same to its corporate clients. In terms of FERA regulations, the company was required to file with its bankers, the custom cleared copies of bills of entry for home consumption for onward submission to the Reserve Bank of India. In respect of some of the imports, the same were reportedly not submitted and on account of the same, the Enforcement Directorate had in the year 2002 initiated proceedings against a number of companies. In respect of MFCL, although the company had given adequate proof in the form of photo copies of the custom cleared documents, the Enforcement Directorate levied a penalty for non- submission of the original bill of entry which is being contested by the company in the Appellate Tribunal for Foreign Exchange at New Delhi.	We are infomed by our laywersthat in the open court the Appellate Tribunal in March,2008 has dismissed our appeal. We havehowever not yet received thecertified copy of the order to appealto the High Court.
118	1603/2006	Income Tax Dept Mumbai	Bomaby High Court	2,107,307.00	Claim of Interest tax onInterest received on Bonds,Govt. Securities	The Bombay High Court has condone the delay in filing by the dept and date of hearing if awaited.
119	Arbitration	M.S.Shoes Ltd.	Ms.Justic Manju Goel	195,964,102.00	The company had entered into underwriting obligation for subscription to the proposed issue of shares of M. S. Shoes Ltd. in the year 1995-96 for a sum of Rs. 499.99 lacs. Due to certain reasons, the aforesaid issue was stopped and the lead banker namely State Bank of India did not proceed with the issue. M. S. Shoes Ltd. had then filed a case in the H'ble Delhi High Court on various underwriters to the issue for enforcement of the underwriting obligation. The H'ble Delhi High Court had appointed an Arbitrator on the said matter and the matter has been referred to the arbitration. MFCL is contesting the said case as the issue had not devolved and there has been no claim from the lead merchant banker.	Adjourned to Sept'08

120	CC/2001	Imtiyas Pathan	Consumer Redressal Forum Ahmedabad	12,000	Payment of redemption amount due on Debenture	AwaitingFinal orders
121	CC/2003	Rajendra Bhatia	Supreme court	24,000	Payment of redemption amount due on Debenture	The company's appeal for condonation of delay were rejected by state forum, revision appeal filed.
122	CC/2001	Kishore Gokhani (Adhilabad)	Consumer Redressal Forum Adilabad	96,000	Payment of redemption amount due on Debenture	AwaitingFinal orders
123	CC/2003	Ushaben Patel	Consumer Redressal Forum Baroda	265,000	Payment of redemption amount due on Debenture	Based on the orders of state forum has paid the principal amount Hearing awaited for disposal of claim of interest
124	CC/2001	Anuradha Shukla	Consumer Redressal Forum Baroda	21,000	Payment of redemption amount due on Debenture	Appeal in theexecution petitionpending for hearing
125	-	Bhayya	Consumer Redressal Forum Baroda	50,000	Payment of redemption amount due on Debenture	Appeal in theexecution petitionpending for hearing
126	CC/2000	Mandeliya Ratilal	Consumer Redressal Forum Baroda	36,000	Payment of redemption amount due on Debenture	Awaitingfinal orders
127	CC/2000	Jagrut Nagrik Trust & Jayaram Vaswani	Consumer Redressal Forum Baroda	134,000	Payment of redemption amount due on Debenture	Appeal filed inState Forum awaitingfor date of hearing.
128	CC/2003	Harinagar Grahak Mandal (Usha Shah)	Consumer Redressal Forum Baroda	20,000	Payment of redemption amount due on Debenture	Appeal filed inState Forum awaitingfor date of hearing.
129	CC/2001	Avinash Yadav	Consumer Redressal Forum Bhopal	72,000	Payment of redemption amount due on Debenture	Hearing adjounred to 10/9/2008
130	CC/2001	A.K.Jain	State Consumer Redressal Forum Bhopal	20,000	Payment of redemption amount due on Debenture	The company hasgone in appeal andawaiting for date ofhearing
131	CC/1999	Siba Prasad Gangopadhyay	Consumer Redressal Forum Bhopal	100,000	Payment of redemption amount due on Debenture	Execution proceedingsinitiated against MCS andwe have been wronglyimpleded. Awaitingdate of hearing.
132	CC/2003	Hanuman Ram	Supreme court	192,000	Payment of redemption amount due on Debenture	Revision Appeal filed against the order ofNational Commission, 2004. Awaiting for the date of hearing
133	CC/2001	Kameshwar Prasad Singh	Consumer Redressal Forum Bokaro	70,000	Payment of redemption amount due on Debenture	Next date ofhearing is awaited
134	CC/2000	Birendra Kumar Mishra	Consumer Redressal Forum Bokaro	40,000	Payment of redemption amount due on Debenture	Next date ofhearing is awaited
135	CC/2002	Manju Srivastav	Consumer Redressal Forum Bokaro	36,000	Payment of redemption amount due on Debenture	Next date ofhearing is awaited
136	CC/2001	Ravikumar Agarwal & Fly.	Consumer Redressal Forum Chandigarh	100,000	Payment of redemption amount due on Debenture	Awaiting fornext date of hearing
137	CC/2001	Satyanarayanan (Kaital)	Consumer Redressal Forum Chandigarh	36,000	Payment of redemption amount due on Debenture	Awaiting fornext date of hearing
138	CC/2000	Anil Kumar Jain	Delhi	10,000	Payment of redemption amount due on Debenture	The companyhas paid as per theorders of the Court
139	-	Chamanlal Mohanlal Ghelat	Palanpur (Gujarat)	36,000	Payment of redemption amount due on Debenture	Awaiting fornext date of hearing.

140	CC/2002	Ram Swaroop Rathod	Consumer Redressal Forum Surendranagar (Gujarat)	30,000	Payment of redemption amount due on Debenture	Appeal filed in state forum aginst the order of District Forum and awaiting for date of hearing
141	-	Savitridevi Nathani	Consumer Redressal ForumIndore	40,000	Payment of redemption amount due on Debenture	Awaiting fordate of hearing.
142	CC/2003	S C Tripathi & Fly.	Consumer Redressal Forum Kanpur	30,000	Payment of redemption amount due on Debenture	The order of the disctrict forum has been stayed by the State Forum . The matter adjourned till Sept'08 for taking decision based on the order of Bombay High Court
143	-	Navin Agarwal	-do-	27,000	Payment of redemption amount due on Debenture	-do-
144	-	Rajendra Kumar Jain	-do-	134,000	Payment of redemption amount due on Debenture	-do-
145	CC/2003	J K Jain/Rahul Jain/ Madhu Jain	Consumer Redressal Forum Meerut	30,000	Payment of redemption amount due on Debenture	-do-
146	CC/2004	Sushma Chandrashekhar Dhule	Consumer Redressal Forum Nagpur	96,000	Payment of redemption amount due on Debenture	Appeal filed in State Forum Bombay against the order of theDistrict Forum Nagpur.Awaiting date of hearing
147	CC/2004	Dhakare	-do-	96,000	Payment of redemption amount due on Debenture	-do-
148	CC/2000	Shivnath Jha & Others	Consumer Redressal Forum Patna	170,000	Payment of redemption amount due on Debenture	Order of the district forum appealed in the Stateforum and hearing in the month of Sept'08
149	CC/2001	S K Singh	-do-	100,000	Payment of redemption amount due on Debenture	Hearing in Sept'08
150	CC/2002	Chitradhar Prasad/ Sujata Srivastava	-do-	24,000	Payment of redemption amount due on Debenture	Hearing in Jul'08
151	-	Kishanlal Bhate (Firozpur)	Consumer Redressal Forum Punjab	36,000	Payment of redemption amount due on Debenture	Awaiting hearing
152	CC/2001	Mamoorthy - Villiputur	Consumer District forum Sriviliiputur Trirunavelli	14,000	Payment of redemption amount due on Debenture	Awaiting date hearing
153	CC/2002	Madhubala Agarwal	State Dispute Redressal Forum Kanpur	20,000	Payment of redemption amount due on Debenture	Appeal filed in State forum and awaiting for final orders
154	1924/2000	Shri A Poddar	Metropolitan Majistrate Patna	116000	Payment of redemption amount due on Debenture	The company has paid the amount due under debentures and is awaiting withdrwal of case.
155	2072/2000	Shri Deepak Sinha & Others	Metropolitan MajistratePatna	32000	Non payment of FD	The company has paid the amount due under deposit and is awaiting withdrwal of case
156	LW/1996	Shri Lalit Jain	Labour Court, Delhi	315000	Order againstretrenchment	Award against the company for Rs.3,15,000/- satisfied by possession of comapany's furniture & fixture.

There are no litigations against the company other than what is mentioned above.

There has been no action taken by SEBI on the target company or on its present promoters, directors and key personnel.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price

The shares of "TC" are at present listed on Bombay Stock Exchange Limited (BSE), The National Stock Exchange of India Ltd (NSE), Ahmedabad Stock Exchange Ltd (ASE) and The Delhi Stock Exchange Association Ltd (DSE). However, the company has passed a resolution in its Annual General Meeting held on September 30, 2004 for the voluntary delisting of equity shares of the company from NSE, ASE and DSE. The shares of the target company are infrequently traded on BSE, NSE, ASE and DSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997. The trading of the company's shares has been suspended in NSE and BSE with effect from September 2001 and December 2002 respectively.

The annualised trading turnover during the preceding six Calendar months prior to the month in which the PA is made in each of the Stock Exchanges is detailed below:

Name of theExchange	Total no. of shares tradedduring the 6 months prior to the month in which the PA was made.	Total numberof listed shares	Annualized trading turnover (in termsof % of total listed shares)
BSE	Nil	3,20,47,300	Nil
NSE	Nil	3,20,47,300	Nil
ASE	Nil	3,20,47,300	Nil
DSE	Nil	3,20,47,300	Nil

(Source: www.bseindia.com, www.nseindia.com)

7.1.1. In accordance with Regulation 20(5) of the SEBI (SAST) Regulations, 1997 the offer price of Re.1 (Rupee One Only) per fully paid up equity share is justified in view of the following parameters:

Negotiated Price	Re. 1
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 period prior to the date of PA	Not Applicable
Other Financial Parameters for calculating price as per Regulation 20(5) [Based on the audited financial data for the year ended March 31, 2007*]	
a. Return on Net Worth (%)	—
b. Book Value per share (Rs.)	(0.03)
c. Earning per share (Rs.)	0.06
d. Price Earning Multiple with reference to offer price	16.67

*As per Annual Accounts of the company for the year ended March 31, 2007.

Mr.Mayank Shah, Chartered Accountants (Membership No. 44093) partner of Mayank Shah & Associates having office at 706/708-A, Mahakant, Opp. V. S. Hospital, Ellisbridge, Ahmedabad – 380 006, Tel No.: 079 – 2657 5642, has certified vide their certificate dated May 24, 2008 the value of the equity shares of the MFCL. As per their certificate the shares have been valued at after considering the pricing methodology given under erstwhile CCI guidelines and also by placing reliance on Supreme Court's Decision in the case of Hindustan Lever Employees Union Vs. Hindustan Lever Limited (1995) reported at (83 Company Cases 30).

According to the above certificate the fair price comes at Rs. 0.70 per share.

The offer price of **Re. 1** is justified in terms of Regulation 20(5) and 20 (11) of the SEBI (SAST) Regulations, 1997.

7.1.2. Other than 1,67,60,200 fully paid equity shares of Rs. 10/- each acquired/ agreed to be acquired in terms of the SPA, Mr. Nandakishore Divate and Mr. K. Chandramouli hold 12285 and 4200 equity shares respectively in the paid up equity shares capital of the Target Company as on the date of PA.

7.1.3. If the acquirers acquire equity shares after the date of Public Announcement upto 7 working days prior to the closure of the offer at a price higher than the offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the offer.

7.1.4. There is no non-compete agreement.

7.2. **Financial Arrangements**

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

7.2.2. Assuming full acceptance, the total requirement of funds for the Offer would be Rs. 88,74,480/- (Rupees Eighty Eight Lacs Seventy Four Thousand Four Hundred and Eighty Only). The Acquirers have already made firm arrangements for the financial resources required to implement the Offer. As per Regulation 28, Acquirers have opened an Escrow Account with Corporation Bank, Ellisbridge, Ashram Road, Ahmedabad and have deposited Rs.90 Lacs (Rs. Ninety Lacs Only), being more than 100 % of the amount required for the Open Offer.

7.2.3. The Acquirers have made adequate and firm financial arrangements to meet the obligation under the offer in full. The Acquirers have confirmed that the adequate and firm financial arrangements required to meet the obligation under the offer are in place and are available with them. The Acquirers will meet out its financial obligations from its internal resources. As per the Net Worth Certificates dated 31-03-2008 issued by Mr. S. Prakash (Membership No. 039153), Proprietor, M/s. S. Prakash, Chartered Accountant, 404 Trishul-Ganga Co-op. Hsg. Soc., Ltd. (TRISHUL 'E') 4th Floor, 8th Road, Sindhi Society, Chembur, Mumbai- 400 071 , Tel.: 022-25228506 the acquirers have sufficient liquid funds to meet their obligations in the offer.

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

7.2.5. The Manager to the Offer, M/s Chartered Capital And Investment Limited, has satisfied himself about the ability of the acquirers to implement the offer in accordance with the Regulations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1. **Persons eligible to participate in the Offer**

Registered shareholders of MFCL and unregistered shareholders who own the equity shares of MFCL any time prior to the date of Closure of the Offer, other than the parties to the SPA.

8.2. **Locked-in-shares**

None of the existing shares of MFCL are under any Lock-in requirements.

8.3. **Statutory Approvals**

8.3.1. As on the date of Public Announcement no approval from Bank / Financial Institutions is required for the purpose of this Offer. The Company had filed a 'Scheme of Compromise' under Section 391 of the Companies Act, 1956 with all its residual creditors (including debenture holders) in the H'ble Bombay High Court in the year 2006. In the meeting of the creditors, the company's scheme was approved by the requisite majority and accordingly the Scheme was sanctioned by the H'ble Bombay High Court in July 2007. The company is making payments to the creditors as per the scheme and infact has made advance payments in certain cases. The company's arrangement with the bankers does not require any No Objection Certificate from its bankers for change in control nor is the same required as per the provisions of the Debenture Trust Deed.

8.3.2. There are no statutory approvals required for the purpose of the Offer.

8.3.3. The open offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the open offer.

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

8.4. **Others**

8.4.1. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.4.2. This Letter of Offer has been mailed to all the shareholders of MFCL (other than parties to SPA), whose names appeared on the Register of Members of MFCL as on **June 20, 2008 (Friday)**, being the Specified Date. Persons who own equity shares of MFCL any time prior to the date of Offer Closure, but are not registered holders, are also eligible for accepting the offer.

8.4.3. Unaccepted Share/ Shares Certificates, Share Transfer Forms and other documents, if any, will be credited back to respective depository account or returned by **registered post** at the shareholder(s) / unregistered owner(s) sole risk.

8.4.4. Consideration for equity shares accepted would be paid by crossed account payee cheques / demand drafts / pay orders and sent by registered post to the address of the first shareholder(s) / unregistered owner(s) at their sole risk.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

9.1. Shareholders who wish to tender their equity shares will be required to send their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and duly signed Share Transfer Form(s) to the Registrar to the Offer by hand delivery /registered post or through courier, as the case may be, at the address mentioned in Para 9.18 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

9.2. The Registrar to the Offer, **M/s. Bigshare Services Pvt. Ltd.** has opened a special depository account styled & named as **Bigshare Services Private Ltd Escrow A/c Mafatlal Finance Co. Ltd - Open Offer** with National Securities Depository Limited ("NSDL") for receiving shares during the offer from eligible shareholders who hold shares in demat form.

9.3. Shareholders of MFCL to whom this Offer is being made, are free to offer his / her / their equity shares of MFCL for sale to the Acquirers, in whole or part, while tendering his / her / their equity shares in this Offer.

9.4. Beneficial owners and shareholders holding shares in physical form, who wish to avail of this Offer will have to forward the following documents to the office of the Registrar to the Offer by hand delivery or by registered post, as the case may be, on Mondays to Fridays between 10.30 AM and 5.30 PM and on Saturdays between 10.30 AM and 1.30 PM, on or before the date of Closure of the Offer, i.e. **August 26, 2008, Tuesday.**

- Form of Acceptance, duly completed in all respects and signed by all the joint shareholders in the same order and as per the specimen signature(s) registered with MFCL.
- Relevant Original Share Certificate(s).
- Valid Share Transfer Deed(s), duly signed (in case the equity shares are held in joint names, by all the shareholders and in the same order as appearing in the Register of Members of MFCL or on the Share Certificate issued by MFCL) as per the specimen signature(s) lodged with MFCL and witnessed by an independent witness (if possible, by a Notary Public, Bank Manager or a Member of a recognised stock exchange with membership number). Please do not fill in any other details in the Share Transfer Deed. In the event that a shareholder needs additional Share Transfer Deed(s), the same can be obtained from the Registrar to the Offer as mentioned hereafter.
- Where the Transfer Deed(s) are executed by Constituted Attorney, attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer.

9.5. Beneficial owners and **shareholders holding shares in the dematerialised form**, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the Offer either by Registered Post / Courier or by hand delivery on Mondays to Fridays between 10.30 AM and 5.30 PM and on Saturdays between 10.30 AM and 1.30 PM, on or before the date of Closure of the Offer, i.e. **August 26, 2008, Tuesday**, along with a photocopy of the delivery instructions in **"Offmarket"** mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant (**"DP"**), in favour of **"Bigshare Services Private Ltd Escrow A/c Mafatlal Finance Co. Ltd - Open Offer" ("Depository Escrow Account")** filled in as per the instructions given below:

DP Name	:	**Citi Bank N.A.**
DP ID	:	**IN300054**
Client ID	:	**10025665**
Depository	:	**National Securities Depository Limited- ("NSDL")**

Shareholders having their beneficiary account with Central Depository Services (India) Limited have to use **inter-depository** delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL

9.6. In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed.

9.7. The marketable lot of MFCL is 1 {one} equity share.

9.8. In case the equity shares stand in the name of a sole shareholder, who is deceased, the Notarised copy of the legal representation obtained from a Competent Court should also be enclosed.

9.9. **<u>Special Note for shareholders who have sent their Shares for Dematerialisation:</u>** Shareholders who have sent their physical Shares for dematerialisation need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Escrow Depository Account can be received on or before 5.30 PM upto the Offer Closing Date i.e. **August 26, 2008, Tuesday**, else the application would be rejected.

9.10. The offer documents are being dispatched to only those shareholders, who are eligible to participate in the offer. As the Acquirers and the parties to the SPA dated May 22, 2008 are not eligible, the offer documents are not sent to them.

9.11. No document should be sent to the Acquirers or to MFCL or to the Manager to the Offer.

9.12. In case of non-receipt of Letter of Offer, the eligible shareholders may send his / her / their applications to the Registrar to the Offer on the address mentioned hereinbelow, **on a plain paper** stating the **name, address, number of equity shares held, folio number(s), certificate number(s), distinctive number(s), and number of shares** tendered along with the relevant documents as mentioned hereinabove, so as to reach them on or before **5.30 PM** upto the date of closure of the offer i.e. **August 26, 2008, Tuesday.**

9.13. Persons who own equity shares of MFCL any time prior to the date of Offer Closure, but are not registered holders, can tender their equity shares for purchase by the Acquirers, by communicating his / her / their desire to tender, in writing to the Registrar to the Offer and obtain from them a copy of the Letter of Offer, the Application Form and Transfer Deed(s) and lodge the same along with the relevant Share Certificate(s) and other documents, as mentioned hereinabove together with the Original Contract Note issued by a registered Stock Broker of a recognized Stock Exchange, only at the address of Registrar to the Offer.

9.14. An unregistered shareholder can send his / her / their application to the Registrar to the Offer on the address, on a <u>plain paper</u> stating the name, address, number of shares held, folio number(s), certificate number(s), distinctive number(s) and number of equity shares tendered along with the relevant documents as mentioned hereinabove, so as to reach them **on or before 5.30 PM on August 26, 2008, Tuesday**. The forms are also available on SEBI website <u>www.sebi.gov.in</u>.

9.15. No indemnity is required from the unregistered shareholders.

9.16. In case the Share Certificate(s) and the instrument(s) of transfer are lodged for transfer with MFCL, then **the Form of Acceptance** should be accompanied by (i) the Share Transfer Deed(s) and (ii) the acknowledgement of lodgment or receipt issued by MFCL. Where the Transfer Deed(s) are executed by Constituted Attorney, also attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer along with the acknowledgement of lodgment or receipt issued by MFCL. In case the equity shares are lodged by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed along with **the Form of Acceptance** and the acknowledgement of lodgment or receipt issued by MFCL.

9.17. In case of shareholders who have not received the LOO and holding shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of shares offered along with a photocopy of the original delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant as specified in para 9.5 above, so as to reach the Registrar to the Offer on or before 5.30 PM upto the date of Closure of the Offer **i.e. August 26, 2008, Tuesday**. Such shareholders can also obtain the LOO from the Registrar to the Offer by giving an application in writing.

9.18. The following collection centre would be accepting the documents as specified above, both in case of shares in physical and dematerialized form:-

Address of the Collection Centre	Contact Person	Phone/Fax / Email
M/s **Bigshare Services Pvt. Ltd** E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072	Mr. Ashok Shetty	Ph No: +91-22-40430200 Fax: +91-22-28475207, Email: openoffer@bigshareonline.com

Holidays: Sundays and Bank Holidays

9.19. The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of MFCL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are dispatched / returned.

9.20. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the date of Closure of the Offer i.e. **August 21, 2008, Thursday**. The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed in the Letter of Offer. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the collection centre mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 5.30 PM upto the last date of withdrawal i.e**. August 21, 2008, Thursday.**

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

In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares.

In case of dematerialized shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP, in favour of the **"Bigshare Services Private Ltd Escrow A/c Mafatlal Finance Co. Ltd - Open Offer"**

9.22. The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account. Physical shares withdrawn by shareholders would be returned to the shareholders by Registered post.

9.23. The acquirers shall acquire the shares received from the shareholders under the offer on a proportional basis in terms of Regulation 21(6) & the intimation of returned shares to the Shareholders will be sent at the address as per the records of MFCL.

9.24. Acquirers will acquire all the **88,74,480** fully paid-up equity shares tendered in the Offer with valid applications.

9.25. **Method of Settlement**

9.25.1. The Form of Acceptance, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents or/ and shares lying in the special depository account, tendered by the shareholders of MFCL under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become a fully valid and binding contract between such shareholder(s) and the Acquirers only upon the fulfillment of all the conditions mentioned herein the Letter of Offer and Form of Acceptance.

9.25.2. On fulfillment of all the conditions mentioned in the Letter of Offer and Form of Acceptance, the Acquirers will pay the Offer Price by a crossed and "Account Payee Only" cheque(s) or demand draft(s) or pay order(s) drawn in favour of the sole shareholder or first named shareholder in case of joint holding. The payment consideration will be sent by Registered Post to the sole / first named shareholder of MFCL whose equity shares are accepted by the Acquirers at his address registered with MFCL. **It is desirable that shareholders holding Shares in physical mode provide bank details of the first/ sole shareholder in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft. In case of shareholders holding Shares in electronic mode, bank particulars recorded with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.**

9.25.3. Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders' / unregistered owners' sole risk to the sole / first shareholder.

9.25.4. The Acquirers shall endeavor to complete all procedures relating to the Offer within fifteen days from the date of Closure of the Offer **September 10, 2008**, **Wednesday** including payment of consideration to the shareholders of MFCL whose equity shares are accepted for purchase by the Acquirers.

In case of non-receipt of any of statutory approvals, if any required, as per regulation 22(12), SEBI may grant extension of time for the purpose of making payments to the shareholders who have successfully tendered their equity shares pursuant to this Offer and in such an event, the Acquirers will pay interest for the delayed payment beyond fifteen days of the closure of the Offer, at such rate as may be prescribed by SEBI.

9.26. **General**

9.26.1. The Form of Acceptance and instructions contained therein are integral part of this Letter of Offer.

9.26.2. Neither the Acquirers nor the Manager nor the Registrar nor the Target Company will be responsible for any loss in transit or delay in receipt of the completed Form of Acceptance, Share certificate(s), Share transfer deed(s), copy of delivery instructions or other documents.

9.26.3. The Offer Price is denominated and payable in Indian Rupees only.

9.26.4. All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgement of the Form of Acceptance and other relevant particulars.

9.26.5. If there is any upward revision in the Offer Price (Regulation 26) by the Acquirers till the last day of revision, viz., at any time upto seven working days prior to the date of closure of the Open Offer i.e. **August 13, 2008**, **Wednesday**, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer would be payable for all the shares tendered anytime during the Offer.

9.26.6. "**If there is competitive bid:**

1) The Public Offers under all the subsisting bids shall close on the same date.

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

9.26.7. Mr. Nandakishore Divate and Mr. K. Chandramouli hold 12285 and 4200 equity shares in the paid up equity shares capital of the Target Company as on the date of PA.

9.26.8. In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO, so as to reach Registrars to the Offer on or before 5.30 PM upto three working days prior to the date of Closure of the Offer, i.e. **August 21, 2008, Thursday**, at the address as mentioned in para 9.18.

9.26.9. Alternatively, a copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal cum Acknowledgement can be obtained from SEBI's official web-site: www.sebi.gov.in.

9.26.10. The manager to the Offer i.e. Chartered Capital And Investment Limited does not hold any shares in MFCL as on the date of PA.

9.26.11. Applications which are complete in all respect and which reach the Registrar to the Offer on or before the date of closure of offer i.e. **August 26, 2008, Tuesday** would be approved and the shares so offered would be accepted by the Acquirers free from all lien, charges, encumbrances along with all the rights attached to the shares like the right to all dividends, bonus and right shares and all other rights as are attached to such acquired shares.

9.26.12. Locked in shares- There are no shares of "MFCL" with lock in period.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Office of the Manager to the Offer i.e. Chartered Capital and Investment Limited, 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad – 380006, from 10:00 a.m. to 5:30 p.m. on all working days except Sundays, until the closure of the Offer:

10.1. Certificate of Incorporation, Memorandum and Articles of Association in case of the Target Company.

10.2. Net worth certificates issued by Chartered Accountant certifying the net worth of Acquirers and adequacy of financial resources with the Acquirers to fulfill the open offer obligations.

10.3. Annual Reports of "MFCL" for the financial year 2007, 2006 and 2005 as well as the certified financial figures for the period ending December 30, 2007.

10.4. A letter from Corporation Bank confirming the amount kept in Escrow Account.

10.5. Copy of the Share Purchase Agreement (SPA) dated May 22, 2008.

10.6. Published copies of the Public Announcement dated May 28, 2008.

10.7. Copy of Client Master of DP certifying the opening of special depository account for the purpose of the offer.

10.8. Copy of approval letter No.CFD/DCR/MM/TO/132835/08 dated July 23, 2008 from SEBI in terms of proviso to Regulation 18(2) of the Regulations.

11. DECLARATION BY THE ACQUIRERS

11.1. The Acquirers accept full responsibility for the information contained in this Letter of Offer.

11.2. Each of the Acquirer would be severally and jointly responsible for ensuring compliance with the Regulations.

Mr. Nandakishore Divate

Mr. K. Chandramouli

Place: Mumbai

Date: July 26, 2008

Enclosures

(i) Form of Acceptance cum Acknowledgement

(ii) Form of Withdrawal cum Acknowledgement

(iii) Blank Share Transfer Deed(s).

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as described thereto in the Letter of Offer)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form of Acceptance with enclosures to the Registrar to the Offer)

OFFER OPENS ON	**AUGUST 7, 2008, THURSDAY**
OFFER CLOSES ON	**AUGUST 26, 2008, TUESDAY**
PLEASE READ THE INSTRUCTIONS OVERLEAF BEFORE FILLING-IN THIS FORM OF ACCEPTANCE	

From:

FOR OFFICE USE ONLY
Acceptance Number
Number of equity shares offered
Number of equity shares accepted
Purchase consideration (Rs.)
Cheque/Demand Draft/Pay Order No.

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

To,

Acquirers of Mafatlal Finance Company Ltd.
C/o Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072

Dear Sirs,

Sub: *Open Offer to Acquire 88,74,480 equity shares of Rs. 10/- each representing 20% of the total voting capital of Target Company at a price of Re. 1/- (Rupee One Only) per fully paid equity share of Rs.10/- each by Mr. Nandakishore Divate and Mr. K. Chandramouli (hereinafter called Acquirers)*

I / we, refer to the Letter of Offer dated July 26, 2008 for acquiring the equity shares held by me / us in **MAFATLAL FINANCE COMPANY LIMITED** (hereinafter referred to as "MFCL").

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

I / We, unconditionally offer to sell to **ACQUIRERS,** the following equity shares in **MAFATLAL FINANCE COMPANY LIMITED,** held by me / us, at a price of Re. 1/- (Rupee One Only) per fully paid-up equity share.

SHARES HELD IN PHYSICAL FORM

I/We enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my / our equity shares as detailed below (please enclose additional sheet(s), if required).

Ledger Folio No……………….........................………… Number of share certificates attached…..........................……………..
Representing …………………..........................……… equity shares

Number of equity shares held in MFCL		**Number of equity shares offered**	
In figures	**In words**	**In figures**	**In words**

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
Total no. of Equity Shares				

TEAR HERE

ACKNOWLEDGEMENT SLIP

Open Offer to Acquire 88,74,480 equity shares of Rs. 10/- each representing 20% of the total voting capital of Target Company at a price of Re. 1/- (Rupee One Only) per fully paid equity share of Rs.10/- each by Mr. Nandakishore Divate and Mr. K. Chandramouli

Received from Mr. / Ms. / Mrs...

Ledger Folio No/ Client ID. ……………………...………DP ID………..

Number of certificates enclosed....................................... under the Letter of Offer dated July 26, 2008, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
Total no. of Equity Shares				

Authorised Signatory Stamp

Date

Note: All future correspondence, if any, should be addressed to **Registrar to the Offer:**
Name & Address: Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. **Ph No**: +91-22-40430200, **Fax**:+91-22-28475207
Email: openoffer@bigshareonline.com, **Contact person**: Mr. Ashok Shetty

SHARES HELD IN DEMATERLISED FORM

DP NAME	DP I.D.	CLIENT I D	NO OF SHARES OFFERED	NAME OF BENEFICIARY

I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled "**Bigshare Services Private Ltd Escrow A/c Mafatlal Finance Co. Ltd - Open Offer" (**"Depository Escrow Account") details are as under

DP Name	DP ID	Client ID	Depository
Citi Bank N.A.	**IN300054**	**10025665**	**National Securities Depository Limited- ("NSDL")**

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

I / We authorize the Acquirers to accept the equity shares so offered or such lesser number of equity shares that the Acquirers may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirers to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirers to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, specifying the reason thereof.

My / Our execution of this Form of Acceptance shall constitute my / our warranty that the equity shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I / we will hold the Acquirers, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirers acquiring these equity shares. I / We agree that the Acquirers may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.

I / We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirers makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are dispatched to the shareholders, as the case may be.

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

I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.

I / We irrevocably authorise the Acquirers to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with MFCL/DP:

Name and complete address of the Sole/ First holder (in case of member(s), address as registered with MAFATLAL FINANCE COMPANY LIMITED):

..

Place:.. Date:...................................... Tel. No(s). : ....Fax No.: ....

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical mode may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. In case of shareholders holding Shares in electronic mode, bank particulars noted with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.

Bank Account No.: ....Type of Account: ....

(Savings / Current / Other (please specify))

Name of the Bank: ....

Name of the Branch and Address: ....

The Permanent Account No. (PAN / GIR No.) allotted under the Income Tax Act, 1961 is as under:

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

Yours faithfully,

Signed and Delivered:

	FULL NAME (S) OF THE HOLDERS	SIGNATURE (S)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Note: *In case of joint holdings all the holders must sign. In case of body corporate, stamp of the Company should be affixed and necessary Board Resolution should be attached.*

— — — — — — — — — — — — — — — — — **TEAR HERE** — — — — — — — — — — — — — — — —

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
2. The Form of Acceptance should be filled-up in English only.
3. Signature(s) other than in English, Hindi, and thumb impressions must be attested by a Notary Public under his Official Seal.
4. **Mode of tendering the Equity Shares Pursuant to the Offer:**
   - The acceptance of the Offer made by the Acquirers is entirely at the discretion of the equity shareholder of MFCL.
   - Shareholders of MFCL to whom this Offer is being made, are free to offer his / her / their shareholding in MFCL for sale to the Acquirers, in whole or part, while tendering his / her / their equity shares in the Offer.
5. Business Hours : Mondays to Friday: 10.30 AM to 5.30 PM

   Saturday : 10.30 AM to 1.30 PM

   Holidays : Sundays and Bank Holidays

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

OFFER OPENS ON	**AUGUST 7, 2008, THURSDAY**
LAST DATE OF WITHDRAWAL	**AUGUST 21, 2008, THURSDAY**
OFFER CLOSES ON	**AUGUST 26, 2008, TUESDAY**
Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal	

From:

.

FOR OFFICE USE ONLY
Withdrawal Number
Number of equity shares offered
Number of equity shares withdrawn

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

To,

Acquirers of Mafatlal Finance Company Ltd.
C/o Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072

Dear Sirs,

Sub: *Open Offer to Acquire 88,74,480 equity shares of Rs. 10/- each representing 20% of the total voting capital of Target Company at a price of Re. 1/- (Rupee One Only) per fully paid equity share of Rs.10/- each by Mr. Nandakishore Divate and Mr. K. Chandramouli (hereinafter called Acquirers)*

Dear Sir,

I/We refer to the Letter of Offer dated July 26, 2008 for acquiring the equity shares held by me/us in **MAFATLAL FINANCE COMPANY 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 wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on __________ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

SHARES HELD IN PHYSICAL FORM

Sr. No.	Share Certificate No.	Distinctive No(s.)		No. of Shares
		From	To	
	Total number of equity shares			

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed will be held in trust for me/us by you and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

SHARES HELD IN DEMATERLISED FORM

DP NAME	DP I.D.	CLIENT I D	NO OF SHARES OFFERED	NAME OF BENEFICIARY

TEAR HERE

(Acknowledgement Slip)

Folio No.\DP ID Client ID: Serial No.:

Received from Mr./Ms. ____

Address ____

____

Form of withdrawal in respect of ______________________ Number of Share Certificates representing ______________________ number of shares.

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer

I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled "**Bigshare Services Private Ltd Escrow A/c Mafatlal Finance Co. Ltd - Open Offer" (**"Depository Escrow Account") details are as under

DP Name	DP ID	Client ID	Depository
Citi Bank N.A.	**IN300054**	**10025665**	**National Securities Depository Limited- ("NSDL")**

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

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

In case of dematerialised Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and Delivered:

	FULL NAME (S) OF THE HOLDERS	SIGNATURE (S)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Place:

Date:

Note: *In case of joint holdings all the holders must sign. In case of body corporate, stamp of the Company should be affixed and necessary Board Resolution should be attached.*

INSTRUCTIONS

1) The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 5.30 p.m. hours upto the last date of withdrawal i.e. **August 21, 2008, Thursday**.
2) Shareholders should enclose the following: -

i) For Equity Shares held in demat form:

Beneficial owners should enclose

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

ii) For Equity Shares held in physical form:

Registered Shareholders should enclose:

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

Unregistered owners should enclose:

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

3) The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account
4) The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5) The Form of Withdrawal alongwith enclosure should be sent only to the Registrar to the Offer.
6) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from MFCL. The facility of partial withdrawal is available only on to Registered shareholders.
7) Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

— — — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

<u>Note</u>: All future correspondence, if any, should be addressed to **Registrar to the Offer:**

Name & Address:
Bigshare Services Pvt. Ltd

E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai - 400 072.
Ph No: +91-22-40430200, **Fax**:+91-22-28475207
Email: openoffer@bigshareonline.com
Contact person: Mr. Ashok Shetty

WESTERN PRESS Pvt. Ltd. MUMBAI 400 013. 40317777

THIS PAGE IS INTENTIONALLY KEPT BLANK

BOOK-POST / U.C.P.

(PRINTED MATERIAL)

TO,

If undelivered, please return to:
Bigshare Services Pvt. Ltd
E/2, Ansa Industrial Estate,
Sakivihar Road, Sakinaka,
Andheri (E), Mumbai - 400 072

WESTERN PRESS Pvt. Ltd.
MUMBAI 400 013. 40317777