**LETTER OF OFFER**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Letter of Offer is sent to you as shareholder(s) of Mahadeo Fertilizers Limited. If you require any clarification 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 Mahadeo Fertilizers 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.

**CASH OFFER BY**

**KHAITAN CHEMICALS & FERTILIZERS LIMITED ("KCFL" or "Acquirer")**

A.B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451569. Tel No (07285) 223144, Fax : (07285) 265449

**AND**

**SHRADHA PROJECTS LIMITED ("SPL" or "PAC")**

46C, Rafi Ahmed Kidwai Road, 3rd Floor, Kolkata - 700 016 Tel. No. (033) 22174781, Fax : (033) 22174778

To

Acquire 7,03,017 equity shares of Rs. 10/- each representing 20% of the total share/voting capital and resultant voting rights of Target Company at a price of Rs. 1.50 (Rupees One & Paise Fifty Only) per fully paid equity share of Rs.10/- each and Rs.1/- (Rupee One Only) per partly paid up equity share of Rs. 10/- each.

of

**MAHADEO FERTILIZERS LIMITED**

Registered Office: 201 A & B, Govinda Apartments, Shahnajaf Road, Lucknow.
Tel No: (0522)-2226593 Fax No.(0522)-2622955

Pursuant to the 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. Approval for transfer of shares of a Company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course.
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 **Thursday, September 29, 2005.**
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 **Friday, September 23, 2005**, 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. **If there is a Competitive Bid:**
   **The Public Offers under all the subsisting bids shall close on the same date.**
   **As the Offer Price can not be revised during 7 working days prior to the closing date of the 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.**
6. **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 addresses:

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|---|---|
| **RR Financial Consultants Ltd.**<br>412-422, Indraprakash Building,<br>21, Barakhamba Road, New Delhi – 110001.<br>Tel nos.: 011-23352496/ 97/98/99;<br>Fax no.: 011 - 23353703;<br>Email: ravinder@rrfcl.com<br>Contact Person: **Mr. Ravinder Sharma** | **Beetal Financial & Computer Services (P) Ltd.**<br>Beetal House'99, Madangir, B/H Local Shopping Centre<br>Near Dada Harshukh Das Mandir, New Delhi-110062<br>Tel. : (011) 29961281, 29961282,<br>Fax: (011) 29961284<br>Email : beetal@rediffmail.com<br>Contact Person: **Mr. Puneet Mittal** |
| **OFFER OPENS ON: September 15, 2005 (Thursday)** | **OFFER CLOSES ON: October 4, 2005 (Tuesday)** |

FOR PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION "9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NOS. 16 TO 18)

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 Day and Date | REVISED SCHEDULE Day and Date |
|---|---|---|---|
| 1. | **Date of Public Announcement (PA)** | **Wednesday, May 25, 2005** | **Wednesday, May 25, 2005** |
| 2. | Specified Date | Monday, June 20, 2005 | Monday, June 20, 2005 |
| 3. | **Last Date for a Competitive Bid(s)** | **Wednesday, June 15, 2005** | **Wednesday, June 15, 2005** |
| 4. | Date by which Letter of Offer will be dispatched to the Shareholders | Saturday, July 9, 2005 | Monday, September 12, 2005 |
| 5. | **Offer Opening Date** | **Wednesday, July 13, 2005** | **Thursday, September 15, 2005** |
| 6. | **Last Date for the Revision of the Offer Price / Number of Equity Shares.** | **Thursday, July 21, 2005** | **Friday, September 23, 2005** |
| 7. | Last date to withdraw acceptance tendered by shareholders | Wednesday, July 27, 2005 | Thursday, September 29, 2005 |
| 8. | **Offer Closing Date** | Monday, August 1, 2005 | Tuesday, October 4, 2005 |
| 9. | Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired equity shares and / or the unaccepted equity shares / share certificates will be dispatched. | Tuesday, August 16, 2005 | Wednesday, October 19, 2005 |

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DEFINITIONS

| | | |
|---|---|---|
| 1 | Acquirer or The Acquirer or KCFL | Khaitan Chemicals & Fertilizers Limited |
| 2. | Book Value per Equity Share | Net Worth divided by number of equity shares issued. |
| 3. | BSE | The Stock Exchange, Mumbai |
| 4. | CSE | The Calcutta Stock Exchange Association Limited, Kolkata |
| 5. | Dividend (%) | (Dividend paid / face value of equity shares issued.) X 100 |
| 6. | DSE | The Delhi Stock Exchange Association Limited, Delhi |
| 7. | EPS | Earning Per Share is computed by dividing Profit After Tax with number of equity shares issued. |
| 8. | FEMA | Foreign Exchange Management Act, 1999 |
| 9. | Form of Acceptance | Form of Acceptance cum Acknowledgement |
| 10. | Form of Withdrawal | Form of Withdrawal cum Acknowledgement |
| 11. | ICICI | Industrial Credit & Investment Corporation of India |
| 12. | IDBI | Industrial Development Bank of India |
| 13. | IFCI | Industrial Finance Corporation of India |
| 14. | JSE | The Jaipur Stock Exchange Limited, Jaipur |
| 15. | LOO or Letter of Offer | Offer Document |
| 16. | MFL | Mahadeo Fertilizers Limited, i.e. Target Company |
| 17. | Manager to the Offer or, Merchant Banker | RR Financial Consultants Limited |
| 18. | N.A. | Not Available |
| 19. | Negotiated Price | Re.1/- per fully paid-up equity share of face value of Rs.10/- each for shares acquired from Promoters and Rs.1.50 per fully paid-up equity share of face value of Rs.10/- each for shares acquired from FI's. |
| 20. | Offer or The Offer | 7,03,017 equity shares of Rs. 10/- each representing 20% of the share/voting capital and resultant voting rights of Target Company (including 6020 partly paid shares if all offer shares tendered) at a price of Rs. 1.50 (Rupees One & Paise Fifty Only) per fully paid equity share and Rs.1/- (Rupee One Only) per partly paid-up equity share, payable in Cash. |
| 21. | Offer Price | Rs. 1.50 (Rupees One & Paise Fifty Only) per share for fully paid equity shares of Rs. 10/- each and Rs. 1/- (Rupee One Only) per share for partly paid equity shares of Rs. 10/- each, payable in Cash. |
| 22. | PAC | Person Acting in Concert |
| 23. | Persons eligible to participate in the Offer | Registered shareholders of Mahadeo Fertilizers Limited, and unregistered shareholders who own the equity shares of Mahadeo Fertilizers Limited any time prior to the Offer closure other than the Parties to SPA i.e. Acquirer, PAC & the Sellers under SPA and Financial Institutions whose shares have been acquired. |
| 24. | Public Announcement or "PA" | Announcement of the Open Offer by The Acquirer, which appeared in the newspapers on May 25, 2005. |
| 25. | RBI | Reserve Bank of India |
| 26. | Registrar or Registrar to the Offer | Beetal Financial & Computer Services (P) Ltd |
| 27. | Return on Net Worth (%) | (Profit after tax / Net worth) X 100 |
| 28. | SEBI | Securities and Exchange Board of India |
| 29. | SEBI (SAST) Regulations, 1997 or the Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto |

| | | |
|---|---|---|
| 30. | SEBI Act | Securities and Exchange Board of India Act, 1992 |
| 31. | Sellers | 1. M/s. Rajdhani Exports (P) Limited,<br>2. M/s. Tedco Exports (P) Limited,<br>3. Mrs. P.L. Bajpai<br>4. Mr. Rahul Mishra<br>[Mr. Rahul Mishra also hold shares on behalf of A.K. Mishra HUF] |
| 32. | SPL | Shradha Projects Limited |
| 33. | SPA | Share Purchase Agreement |
| 34. | Specified Date | Monday, June 20, 2005 |
| 35. | Target Company | Mahadeo Fertilizers Limited |

**1. RISK FACTOR:**

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

(ii) The Acquirer & PAC makes no assurance with respect to the market price of the shares during/after the offer.

(iii) 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 Acquirer makes no assurance with respect to any decision by the shareholders on whether or not to participate in 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 MFL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of MFL are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

**2. DISCLAIMER CLAUSE**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MAHADEO FERTILIZERS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC, OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER AND PAC 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 ACQUIRER AND PAC DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, RR FINANCIAL CONSULTANTS LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 6/06/2005 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 ACQUIRER AND PAC 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 to the shareholder of MFL is being made in accordance with and as required under Regulations 10 and 12 of the SEBI (SAST) Regulations, 1997 i.e. for substantial acquisition of shares and change in management and control of MFL.

3.1.2 Khaitan Chemicals & Fertilizers Limited is the Acquirer in the present offer (hereinafter referred to as "The Acquirer") along with Shradha Projects Limited Person Acting in Concert (herein referred to as "PAC") with the Acquirer Company for the purpose of this offer.

3.1.3 The Acquirer & PAC have entered into a Share Purchase Agreement [SPA] on 19.05.2005 to acquire an aggregate of 1200002 (twelve lacs and two only) fully paid up equity shares of Rs.10/- each representing 34.14% of equity share capital and 34.43% of the total voting rights of M/s MAHADEO FERTILIZERS LIMITED, having its registered office at 201 A & B, Govinda Apartments, Shahnajaf Road, Lucknow (hereinafter referred to as "MFL/the Target Company")" from the promoter group of MFL, namely M/S. Rajdhani Exports (P) Ltd. and Tedco Exports (P) Ltd. having registered offices at M-72 & M-113, Connaught Circus, New Delhi respectively and incorporated under The Companies Act, 1956 and Individual sellers in SPA include Mrs. P.L. Bajpai and Mr. Rahul Mishra [Mr. Rahul Mishra also hold shares on behalf of A.K. Mishra HUF] (hereinafter collectively referred to as "Sellers") at a price of Re. 1.00/- (One rupee only) per fully paid up equity share payable in cash ("Negotiated Price"). The total consideration payable in cash for the shares acquired as mentioned above is Rs. 12,00,002/- (Rupees Twelve Lacs and Two Only). The Acquirer & PAC have also agreed to acquire separately under the terms of SPA (by way of One Time Settlement) 13,45,000 shares from Financial Institutions namely IFCI, IDBI and ICICI at a consideration of Rs.1.50/- per fully paid up equity share payable in cash amounting to Rs.20,17,500/- (Rupees Twenty Lacs Seventeen Thousand Five Hundred Only). By both the above acquisitions, the acquirer will hold in aggregate 25,45,002 fully paid equity shares in MFL, constituting 72.40 % of share capital and 73.03% of voting rights, that resulted in triggering of SEBI (SAST) Regulations, 1997.

The SPA dated 19.5.2005 with Promoters-Seller is subject to change depending upon response to the offer.

**3.1.4** The shares held (or to be acquired under SPA dated 19.5.2005 or from FI's) by Acquirer and the PAC are 13,45,000 and 12,00,002 respectively. The SPA with Promoters-Seller is subject to change depending upon response to the offer.

If, pursuant to the offer and any acquisition of shares by the Acquirer or the PAC from the open market or through negotiations or otherwise made in compliance with the SEBI (SAST) Regulations 1997, the public shareholding is reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis then in accordance with Regulation 21(2) of the SEBI (SAST) Regulations 1997, the Acquirer/PAC will acquire such number of shares under the SPA from promoter-(sellers) so as to maintain minimum specified public shareholding in MFL and accordingly the SPA shall stand modified.

3.1.5 The salient features of the SPA dated May 19, 2005 are as under:-

3.1.5.1 The Transaction shares have been or agreed to be sold to KCFL & SPL on the condition that in case of non-compliance of any provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreement, Companies Act, 1956 and other applicable law, this agreement shall not be acted upon either by the sellers or KCFL & SPL.

3.1.5.2 Sellers are holding 12,00,002 Equity Shares of Rs.10/- each fully paid in MFL and have complete control in the management of MFL. The sellers agreed to sell these 12,00,002 equity shares ("Transaction Shares") for the consideration of Re.1/- each.

3.1.5.3 For undertaking the revival of MFL, sellers had submitted proposal for One Time Settlement(OTS) of dues to FI's/Bank (secured creditors) which was accepted by the secured creditors. The secured creditors have also agreed to sell their respective shareholding in MFL@ Rs.1.50 per share along with OTS.

3.1.5.4 Acquirer & PAC have agreed to make payment of OTS amount to the secured creditors and obtain the release of personal guarantees provided by the promoters to the secured creditors for securing the repayment of the loan. Sellers has also agreed that purchaser shall be entitled to acquire the shares held by secured creditors as its nominee for a consideration @ Rs.1.50 per share.

3.1.5.5 The sellers and KCFL & SPL have agreed to the terms and conditions set forth in this agreement.

3.1.5.6 Sellers obligation to sell the Transaction Shares is subject to Acquirer & PAC making payment of entire OTS amount to the secured creditors and obtain a 'no due certificate' from secured creditors.

3.1.5.7 KCFL and SPL hereby represents and warrants to the sellers as follows:

It shall duly comply with the SEBI (SAST) Regulations, 1997 and other legal formalities as may be required to be completed to close the transaction for sale and transfer of Transaction and secured creditors shares held by the sellers in MFL to purchasers;

KCFL & SPL shall take all necessary steps for making payment of OTS amount within the stipulated period as mentioned in the sanctioned letters of the secured creditors.

3.1.5.8 The parties agree to complete all legal formalities and obtain all necessary approvals for the sale and purchase of the said shares on or before 31st July, 2005.

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

3.1.7 Mr. Shailesh Khaitan director of Acquirer and PAC and Mr. R.S.Vijayvargiya director of PAC are on the Board of the MFL. There may be a change in the composition of the Board of Directors of the Target Company as per SEBI (SAST) Regulations, 1997 and such change will be done after a period of 21 days from the date of PA.

**3.2 Details of the Proposed Offer**

3.2.1 The Acquirer & PAC have made a Public Announcement which was published on 25th May, 2005 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 |
| Rastriya Sahara | Lucknow |

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

3.2.2 The Acquirer & PAC make this Open Offer under the SEBI (SAST) Regulations, 1997, to acquire 7,03,017 equity shares of Rs.10/- each representing 20% of the share/voting capital and resultant voting rights of MFL from the shareholders of MFL, other than the parties to the SPA, on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs.1.50 (Rupee One and Paise Fifty Only) per fully paid-up equity share of Rs.10/- each, and Rs.1/- (Rupee One Only) per partly paid equity share of Rs.10/- each. These equity shares are to be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

3.2.3 All shares tendered in the Open Offer will be to the account of Acquirer only and the PAC does not intend to acquire any shares tendered in the offer.

3.2.4 Out of total number of equity shares, 30100 shares are partly paid-up shares in the Target Company and these partly paid-up shares have no voting right as per the Articles of Association of the Target Company. Out of 30100 partly paid shares the Acquirer intents to acquire 20% of partly paid shares i.e. 6020 shares if offer is subscribed in full. The Acquirer shall acquire 20% of the total voting capital, hence an offer for 703017 shares.

3.2.5 The Offer is not subject to any minimum level of acceptances from the shareholders i.e. it is not a conditional offer.

3.2.6 This is not a competitive bid.

3.2.7 Apart from the 12,00,002 equity shares constituting 34.14% of total share capital and 34.43% of voting share capital acquired from sellers under SPA and 13,45,000 equity shares constituting 38.26% of total share capital and 38.60% of voting share capital acquired from FI's, together aggregating 72.40% of share capital and 73.03% of voting rights, the PAC & Acquirer have not acquired any equity shares in the Target Company since the date of Public Announcement i.e. May 25, 2005, upto the date of Letter of Offer.

**3.3 Objects of the Offer**

3.3.1 The Offer to the Public shareholders of MFL is for the purpose of acquiring 20% of share/voting capital and resultant percent of the voting rights of MFL. After the proposed Offer and transfer of the shares so acquired under para 3.2.2 above, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.3.2 The Acquirer has been modernizing and expanding capacities and keen on the look out for acquisitions for adding to capacities, considering the domestic demand for fertilizers and export potential. The Target Company is in the similar line of business having same product mix. The present acquisition of shares of the Target Company would create synergies and help the acquirer to consolidate its operations. The acquirer has plans to carry out modernization of the plant of MFL as may be required, and ultimately to integrate the operations of the Target Company and the Acquirer. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition.

3.3.3. Mr. Shailesh Khaitan, Director of Acquirer and PAC and Mr. R.S. Vijayvargiya, Director of PAC are also Directors on the Board of the Target Company. Acquirer Company may also nominate Directors on the Board of Directors of the Target Company after a period of 21 days from the date of PA in terms of regulation 22(7) of SEBI (SAST) Regulations, 1997 after assuming full acceptances.

## 4. BACKGROUND OF THE ACQUIRER & PAC

4.1 Background of the Acquirer

4.1.1 Khaitan Chemicals & Fertilizers Limited ("KCFL"), was originally incorporated as Ratlam Fertilizers Limited under The Companies Act, 1956 on 2.06.1982 as a Public Limited Company, vide registration No. 55-13789 with the Registrar of Companies, Delhi & Haryana. Name of the Company was changed to Khaitan Chemicals & Fertilizers Limited vide fresh certificate of incorporation on 17.07.1986. Subsequently the registered office of the Acquirer was shifted to state of Madhya Pradesh, new registration no. obtained is 10-04937 dt. 09-12-1988. Presently the Registered Office is situated at A. B. Road, Village Nimrani, Tehsil Kasrawad, Dist. Khargone (M.P.)-451569. Tel No (07285) 223144, Fax : (07285) 265449

4.1.2 The Company is under the promotership of Mr. Shailesh Khaitan his friends, family and associate companies, who all may be deemed to be acting in concert with him. The Acquirer belongs to "Khaitan Chemicals and Fertilizers Group". The Board of Directors of Acquirer Consists of promoters and professional Directors.

4.1.3 KCFL is mainly engaged in the business of manufacturing of Single Super Phosphate (Fertilizer) and Edible Oil. The existing manufacturing facilities for Single Super Phosphate are at three plants situated at Nimrani (Madhya Pradesh), Jhansi (Uttar Pradesh) and Nimbahera, (Rajasthan). The Company also has plant/refinery of soya solvent extraction at Ratlam, (Madhya Pradesh). The Company has almost 2 decades of experience in manufacturing and marketing of Fertilizers and more than 10 years in business of Soya. The company has a well-established distribution network in the domestic market with sale of the fertilizers under the brand name 'Khaitan' and 'Utsav'.

4.1.4 The compliances under Chapter II of SEBI (SAST) Regulations, 1997 are applicable to the Acquirer and it has made timely disclosures to the Target Company and also informed the Stock Exchanges.

4.1.5 **Shareholding pattern of KCFL as on 31.03.2005 is as under:-**

| Sl.No. | Shareholder's Category | No. and Percentage of Shares Held |
|---|---|---|
| 1 | Promoters | 7495756 (78.15%) |
| 2 | Mutual Fund/FIs/Banks | 285155 (2.98%) |
| 3 | Private Corporate Bodies | 280108 (2.92%) |
| 4 | Non Residents/OCBs | 149523 (1.56%) |
| 5 | Indian Public | 1380626 (14.39%) |
| 6 | Total Paid-up Capital | 9591168 (100%) |

4.1.6 The Acquirer (and PAC) at present have no intention to sell, dispose of or otherwise encumber any significant assets of MFL in the succeeding two years, except in the ordinary course of business of MFL. MFL's future policy for disposal of its assets, if any, will be decided by it's 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 MFL.

**The Board of Directors of KCFL as on P.A. date has the following members:-**

| Sl.No. | Name | Designation | Address | Date of Appointment |
|---|---|---|---|---|
| 1. | Sh. Shailesh Khaitan | Chairman & Managing Director | 70A, Friends Colony (W), New Delhi - 110065 | 29.06.1983 |
| 2. | Sh. Anil Agarwal | Director | A-8, Maharani Bagh, New Delhi -110065 | 27.03.1990 |
| 3. | Sh. O.P. Bagla | Director | 8/12, Kalkaji Extention, New Delhi- 110019 | 7.03.1989 |
| 4. | Sh. J.L. Jajoo | Director | 8/596, Old M.H.B. Colony, Goarai Road, Borivali (West), Mumbai-400 103 | 1.01.1991 |
| 5. | Sh. P. Goyal | Director | B-4/228, I Floor,Safdurjung Enclave, New Delhi - 110029 | 16.07.1999 |

Mr. Shailesh Khaitan is also a Director on the Board of the Target Company. He is authorised person on behalf of Acquirer for the completion of the obligation of the Acquirer under this offer. To that extent the nominees of the Acquirer are interested parties in the Offer. He confirm not to participate in any agenda item in the Board of Directors meetings, in which matter regarding this offer are to be discussed, during the offer period. None of the Directors of the Acquirer holds any equity shares of the MFL.

4.1.7 The Shares of KCFL are listed/permitted to be trade in BSE and CSE. As on date of PA, KCFL has paid-up capital of Rs. 9,59,11,680/- divided into 9591168 fully paid equity shares of Rs. 10/- each. The market price of shares as on PA date at BSE (frequently traded) was Rs.36.90.

(Rs. In Lacs)

| Profit and loss statement | Year ended 31.03.2003 (Audited) | Year ended 31.03.2004 (Audited) | Year ended 31.03.2005 (Audited) |
|---|---|---|---|
| Income from operations | 12578.95 | 19,284.13 | 18,417.71 |
| Other Income | 61.56 | 56.80 | 68.40 |
| Increase/(Decrease) in stock of finished goods and stock in process | 80.94 | 897.94 | 1.83 |
| Total Income | 12721.45 | 20,238.87 | 18,487.94 |
| Total Expenditure | 12266.38 | 18,636.40 | 17,277.96 |

| | | | |
|---|---|---|---|
| Profit/(Loss) before Depreciation, and extraordinary items and tax | 455.07 | 1602.47 | 1209.98 |
| Depreciation | 393.75 | 406.81 | 436.37 |
| Extraordinary items | 10.67 | 3.05 | 11.27 |
| Profit/(Loss) before tax | 50.65 | 1192.61 | 762.34 |
| Provision for tax | (143.76) | (540.01) | (342.58) |
| Profit/(Loss) after tax | (93.11) | 652.60 | 419.76 |
| Income Tax of earlier year and transfer from capital subsidy | (.56) | (7.71) | 36.12 |
| Net Profit/(Loss) | (93.67) | 644.89 | 455.88 |

Rs. In Lacs)

| **Balance Sheet statement** | **Year ended 31.03.2003 (Audited)** | **Year ended 31.03.2004 (Audited)** | **Year ended 31.03.2005 (Audited)** |
|---|---|---|---|
| Sources of funds | | | |
| Paid-Up Equity Share Capital | 959.12 | 959.12 | 959.12 |
| Reserves & Surplus (Excluding Revaluation Reserve) | 3292.13 | 3773.93 | 4072.61 |
| Secured Loans | 3369.12 | 3567.26 | 4342.17 |
| Unsecured Loans | ---- | ---- | ---- |
| Deferred Tax Liability | 528.88 | 970.14 | 1274.80 |
| Total | 8149.25 | 9270.45 | 10648.70 |
| Uses of funds | | | |
| Net Fixed Assets | 5391.16 | 5464.05 | 6422.03 |
| Investments | 420.50 | 420.50 | 438 |
| Net current assets | 2322.33 | 3377.92 | 3781.75 |
| Total Miscellaneous expenditure not written off | 15.26 | 7.98 | 6.92 |
| Total | 8149.25 | 9270.45 | 10648.70 |
| Net Worth | 4235.99 | 4725.07 | 5024.81 |

| **Other Financial Data** | **Year ended 31.02.2003 (Audited)** | **Year ended 31.03.2004 (Audited)** | **Year ended 31.03.2005 (Audited)** |
|---|---|---|---|
| Dividend (%) | __ | 15 | 15 |
| Earning Per Share | (0.98) | 6.72 | 4.75 |
| Return on Net worth (%) | (2.21) | 13.64 | 9.07 |
| Book Value Per Equity Share | 44.16 | 49.27 | 52.4 |
| The Company is not a Sick industrial undertaking | | | |

**4.2 Background of the PAC**

4.2.1 Shradha Projects Limited ("SPL"), was originally incorporated as Bazaz Commercial & Fiscals Private Limited under The Companies Act, 1956 on 13.01.1992 as a Private Limited Company, vide registration No. 21-54108 with the Registrar of Companies, West Bengal and converted into Public Limited on 29th march, 1996. The Name of the Company was changed to Shradha Projects Limited vide fresh certificate of incorporation dated 06.07.2001. Presently the registered office of the SPL is situated at 46C, Rafi Ahmed Kidwai Road, 3rd Floor, Kolkata - 700 016 Tel. No. (033) 22174781, Fax: (033) 22174778

4.2.2 The Company is under the promotership of Mr. Shailesh Khaitan his friends, family and associate companies, who all may be deemed to be acting in concert with him. M/s. SPL "PAC" belongs to "Khaitan Chemicals and Fertilizers Group". The Board of Directors of SPL consists of promoters and professional Directors. As on the date of this PA, the Board of Directors of SPL consists of Mr. Shailesh Khaitan, Mr. Sankarlal Gupta, Mr. R.S. Vijay Vargiya, Mr. B.K. Khandelwal.

4.2.3 The Shares of the Company are listed at The Calcutta Stock Exchange Association Limited and The Jaipur Stock Exchange Limited.

4.2.4 SPL is a RBI registered NBFC, it is mainly engaged in fund based activity viz. loan financing and capital market operations. It has experience of 12 years. The company is exposed to specific risk that are particular to its business and the environment within which it operates includes interest rate volatility, market risk and credit risk.

4.2.5 Mr. Saurabh Bansal, Partner of M/s. Savmit Grover & Associates, Chartered Accountants, having Office at C2/32, Safdarjung Development Area, New Delhi - 110016. (Membership No. 501150) has certified vide certificate dated 19.05.2005 that the Net Worth of M/s. Shradha Projects Limited as on 31st March, 2005 is Rs.2234.85 lacs and that it has sufficient investible liquid financial resources to fulfill its obligations under this Offer.

The provisions of Chapter II of SEBI (SAST) Regulations, 1997 are applicable SPL and it has made timely disclosure under the said regulations.

4.2.6 Shareholding pattern of SPL as on 31.03.2005 is as under:-

| Sl.No. | Shareholder's Category | No. and Percentage of Shares Held |
|---|---|---|
| 1. | Promoters | 42,70,799 (65.70%) |
| 2. | Mutual Fund/FIs/Banks | NIL |
| 4. | Non Residents/OCBs | NIL |
| 5. | Indian Public | 22,29,615 (34.30%) |
| 6. | Total Paid-up Capital | 65,00,414 (100%) |

4.2.7 The PAC at present have no intention to sell, dispose of or otherwise encumber any significant assets of MFL in the succeeding two years, except in the ordinary course of business of MFL. MFL's future policy for disposal of its assets, if any, will be decided by it's 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 MFL.

The Board of Directors of SPL as on P.A. date has the following members:-

| Sl.No. | Name | Designation | Address | Date of Appointment |
|---|---|---|---|---|
| 1. | Sh. Shailesh Khaitan | Director | 70A, Friends Colony (W), New Delhi - 110065 | 03.08.2001 |
| 2. | Sh. S.L. Gupta | Director | P-590, Purna Das Road, 3rd Floor, Kolkata- 700 029 | 03.08.2001 |
| 3. | Sh. R.S. Vijayvargiya | Director | P-1, Ashraya Apartment, 2/1, Monorama Gunj, Indora- 452 001 | 10.04.2000 |
| 4. | Sh. B.K. Khandelwal | Director | 20/1B, Motilal Basak Street, Kolkata - 700 054 | 18.12.2000 |

Mr. Shailesh Khaitan and Mr. R.S. Vijayvargiya are also Directors on the Board of the Target Company. Mr. Shailesh Khaitan is the authorised person on behalf of PAC for the completion of the obligation of the PAC under this offer. To that extent the nominees of the PAC are interested parties in the Offer. They confirm not to participate in any agenda item in the Board of Directors meetings, in which matter regarding this offer are to be discussed, during the offer period. None of the Directors of the SPL holds any equity shares of the MFL.

4.2.8 The brief audited financials of SPL (PAC) is as under:-

(Rs. In Lacs)

| Profit and loss statement | Year ended 31.03.2003 (Audited) | Year ended 31.03.2004 (Audited) | Year ended 31.03.2005 (Audited) |
|---|---|---|---|
| Income from operations | 73.75 | 159.22 | 51.18 |
| Interest | 4.76 | 1.42 | 2.43 |
| Dividend | .61 | 1.63 | 75.48 |
| Other Income | 12.71 | 14.53 | 8.36 |
| Profit on sale of investment | ----- | ----- | 146.57 |
| Profit on share dealing | .68 | ----- | ----- |
| Increase/Decrease in stock | 26.71 | (146.01) | (21.76) |
| Total Income | 119.25 | 30.81 | 262.28 |
| Total Expenditure | 134.04 | 28.50 | 55.17 |
| Profit before tax | (14.78) | 2.31 | 207.11 |
| Provision for tax | ----- | ----- | .50 |
| Security Transaction Tax | ----- | ----- | .64 |
| Add/(Less) Deferred Tax Liability | 3.34 | 1.10 | .15 |
| Profit after tax | (11.43) | 3.41 | 206.07 |
| Prior period items and income tax for earlier years | 2.71 | .71 | ---- |
| Net Profit | (14.14) | 2.69 | 206.07 |

(Rs. In Lacs)

| Balance Sheet statement | Year ended 31.03.2003 (Audited) | Year ended 31.03.2004 (Audited) | Year ended 31.03.2005 (Audited) |
|---|---|---|---|
| Sources of funds | | | |
| Paid-Up Share Capital | 653.40 | 650.04 | 650.04 |
| Reserves & Surplus (Excluding Revaluation Reserve) | 1380.10 | 1382.80 | 1588.87 |
| Secured Loans | ------ | ------ | ------ |
| Unsecured Loans | 4.68 | .44 | ------ |
| Deferred Tax Liability | 1.85 | 0.74 | 0.59 |
| Total | 2040.04 | 2034.03 | 2239.51 |

| | | | |
|---|---|---|---|
| Uses of funds | | | |
| Net Fixed Assets | 96.66 | 83.42 | 120.94 |
| Capital work in progress | .84 | .84 | .84 |
| Investments | 1313.68 | 1408.68 | 1570.03 |
| Net current assets | 614.39 | 531.20 | 542.40 |
| Total Miscellaneous expenditure not written off | 14.46 | 9.87 | 5.28 |
| Total | 2040.04 | 2034.03 | 2239.51 |
| Net Worth | 2019.04 | 2022.97 | 2233.63 |

| **Other Financial Data** | **Year ended 31.03.2003 (Audited)** | **Year ended 31.03.2004 (Audited)** | **Year ended 31.03.2005 (Audited)** |
|---|---|---|---|
| Dividend (%) | ---- | ---- | ---- |
| Earning Per Share | (0.23) | 0.04 | 3.17 |
| Return on Net worth (%) | (0.7) | .13 | 9.22 |
| Book Value Per Equity Share | 30.9 | 31.12 | 34.36 |
| * Source : Audited profit and loss account published with annual report | | | |

The Company is not a Sick industrial undertaking.

4.2.9 The Acquirer has not promoted any Companies and/or any Venture:

4.2.10 The PAC has not promoted any Companies and/ or any Venture other than the followings:

4.9.10.1 Khaitan Chemicals & Fertilizers Limited.
4.2.10.2 Khaitan Paper & Packaging (P) Limited
4.2.10.3 Majestic Packaging Co. (P) Limited.
4.2.10.4 Hind Polyfabs (P) Limited.
4.2.10.5 Tribhuvan Properties Limited.
4.2.10.6 Khaitan Commercial & Services (P) Limited.

**The information in respect of companies promoted by PAC for the last three years on the basis of audited statements is as under:-**

1. Information for Khaitan Chemicals & Fertilizers Limited is not provided here for the reason that the same is already provided under information about Acquirer

2. (Rs. In Lacs unless specified)

| | | | | |
|---|---|---|---|---|
| a. | Name of Company | **Khaitan Paper & Packaging (P) Limited** | | |
| b. | Date of Incorporation | 11th June, 1991 | | |
| c. | Nature of Business | Manufacture of whole range of packaging materials in different sizes. | | |
| | **Year Ended (Audited)** | **2003** | **2004** | **2005** |
| d. | Equity Capital | 52.00 | 52.00 | 52.00 |
| e. | Reserves (excluding revaluation reserve) | 23.00 | 23.00 | 23.00 |
| f. | Total Income | 366.65 | 483.66 | 493.18 |
| g. | Profit After Tax (PAT) | 4.23 | 7.93 | 9.07 |
| h. | Earning per share (EPS) Rs. | 0.88 | 1.52 | 1.74 |
| i. | Net Asset Value (NAV) | 89.26 | 93.05 | 10.95 |

The company is not a sick industrial company

3. (Rs. In Lacs unless specified)

| | | | | |
|---|---|---|---|---|
| a. | Name of Company | **Majestic Packaging Co. (P) Limited** | | |
| b. | Date of Incorporation | 11th June, 1991 | | |
| c. | Nature of Business | Manufacture of whole range of packaging materials in different sizes. | | |
| | **Year Ended (Audited)** | **2003** | **2004** | **2005** |
| d. | Equity Capital | 20.00 | 58.00 | 58.00 |
| e. | Reserves (excluding revaluation reserve) | 3.54 | 155.54 | 155.54 |
| f. | Total Income | 56.83 | 98.72 | 36.87 |
| g. | Profit After Tax (PAT) | (0.40) | .09 | 29.95 |
| h. | Earning per share (EPS) Rs. | (0.20) | .016 | 5.16 |
| i. | Net Asset Value (NAV) | 142.95 | 233.23 | 45.37 |

The company is not a sick industrial company

4. (Rs. In Lacs unless specified)

| | | | | |
|---|---|---|---|---|
| a. | Name of Company | **Tribhuvan Properties Limited** | | |
| b. | Date of Incorporation | 8th February 1995 | | |
| c. | Nature of Business | To buy, sell and deal in properties, real estate etc. | | |
| | **Year Ended (Audited)** | **2003** | **2004** | **2005** |
| d. | Equity Capital | 71.33 | 71.33 | 71.33 |
| e. | Reserves (excluding revaluation reserve) | 657.05 | 657.05 | 657.05 |
| f. | Total Income | 15.58 | 15.03 | 15.21 |
| g. | Profit After Tax (PAT) | (2.99) | (.04) | (7.46) |
| h. | Earning per share (EPS)Rs. | (0.42) | (0.005) | (1.05) |
| i. | Net Asset Value (NAV) | 720.04 | 720.20 | 712.73 |

The company is not a sick industrial company

5. (Rs. In Lacs unless specified)

| | | | | |
|---|---|---|---|---|
| a. | Name of Company | **Hind Polyfabs Private Limited** | | |
| b. | Date of Incorporation | 23rd December 2004 | | |
| c. | Nature of Business | Manufacture of whole range of packaging materials of woven type in different sizes. | | |
| | **Year Ended (Audited)** | **2003** | **2004** | **2005** |
| d. | Equity Capital | 84.00 | 84.00 | 84.00 |
| e. | Reserves (excluding revaluation reserve) | 24.77 | 26.06 | 31.57 |
| f. | Total Income | 349.48 | 379.33 | 468.12 |
| g. | Profit After Tax (PAT) | 2.38 | 1.29 | 5.50 |
| h. | Earning per share (EPS)Rs. | 0.28 | 0.15 | 0.65 |
| i. | Net Asset Value (NAV) | 108.77 | 110.06 | 115.57 |

The company is not a sick industrial company

6. (Rs. In Lacs unless specified)

| | | | |
|---|---|---|---|
| a. | Name of Company | **Khaitan Commercial Services Private Limited** | |
| b. | Date of Incorporation | 23rd October, 2003 | |
| c. | Nature of Business | Freight carriers, running motor lorries and conveyance of all kinds | |
| | **Year Ended (Audited)** | **2004** | **2005** |
| d. | Equity Capital | 1.03 | 88.53 |
| e. | Reserves (excluding revaluation reserve) | .91 | NIL |
| f. | Total Income | 94.06 | 1643.74 |
| g. | Profit After Tax (PAT) | .91 | 10.13 |
| h. | Earning per share (EPS) Rs. | 8.88 | 1.14 |
| i. | Net Asset Value (NAV) | 1.79 | 99.46 |

The company is not a sick industrial company

4.3 The Acquirer has been modernizing and expanding capacities and keen on the look out for acquisitions for adding to capacities, considering the domestic demand for fertilizers and export potential. The Target Company is in the similar line of business having same product mix. The present acquisition of shares of the Target Company would create synergies and help the acquirer to consolidate its operations. The acquirer has plans to carry out modernization of the plant of MFL as may be required, and ultimately to integrate the operations of the Target Company and the Acquirer. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition.

4.4 The Acquirer at present have no intention to sell, dispose of or otherwise encumber any significant assets of MFL in the succeeding two years, except in the ordinary course of business of MFL. MFL future policy for disposal of its assets, if any, will be decided by it's 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 MFL.

## 5. DISCLOSURES IN TERMS OF DELISTING, IF APPLICABLE

5.1 If, pursuant to the offer and any acquisition of shares by the Acquirer or the PAC from the open market or through negotiations or otherwise made in compliance with the SEBI (SAST) Regulations 1997, the public shareholding is reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis then in accordance with Regulation 21(2) of the SEBI (SAST) Regulations 1997, the Acquirer/PAC will acquire such number of shares under the SPA from promoter-(sellers) so as to maintain minimum specified public shareholding in MFL and accordingly the SPA shall stand modified.

5.2 Accordingly the Acquirer & PAC have entered into a supplementary SPA dated 17.06.2005 with Promoter- (Sellers) to maintain minimum specified public shareholding in MFL, if the public shareholding is reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis in response to the offer.

5.3 As pursuant to acquisition and offer the public shareholding will not be reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis the provisions of Delisting are not applicable.

## 6. BACKGROUND OF THE TARGET COMPANY - MAHADEO FERTILIZERS LIMITED (MFL)

6.1 The Target Company i.e. M/s. MAHADEO FERTILIZERS LIMITED, "MFL" was incorporated on 12th November, 1986 with the Registrar of Companies, U.P., as a Public Limited Company and got Commencement of Business Certificate on 2nd February, 1987 from the Registrar of Companies, U.P. The Company has its Registered Office at 201 A & B, Govinda Apartments, Shahnajaf Road, Lucknow. Tel No: : (0522-2626593) Fax No.(0522- 2622955).

6.2 The Target Company's net worth was fully eroded in the year 1994 and was declared a Sick Industrial Undertaking by the Board of Industrial & Financial Reconstruction (BIFR) on 28.03.1994 pursuant to reference made to BIFR, however no rehabilitation Scheme is finalised as per information available from target company. The Target Company has served letter dated 13th July, 2005 to BIFR. informing the acquisition and payment of dues to Financial Institutuins as well as Acquirers plan of revival through integration of MFL with KCFL in due course. There are no statutory approvals which have to be received for effecting the proposed acquisition. (other than those specified in LOO).

6.3 MFL has been engaged in the business of manufacturing and marketing of Single Super Phosphate (fertilizers) , sulphuric acid and Oleum . MFL is having manufacturing facilities at Plot No. A-1, U.P.S.I.D.C. Industrial Area Malwan, Distt. Fatehpur (U.P.). The present installed capacity of MFL plant is 1,15,000 MT of SSP, 49,500 MT of Sulphuric Acid & 10,000 MT of Oleum..

6.4 The shares of "MFL" are at presently listed on U.P. Stock Exchange Association Limited, Kanpur and The Delhi Stock Exchange Association Limited (as per the Annual Report of MFL for the financial year 2003-2004).

6.5 As on the date of this PA, MFL has an authorized share capital of Rs. 1000 lacs, comprising of 1,00,00,000 equity shares of Rs. 10/- (Rupees Ten Only) each. It has an issued subscribed and paid up equity share of Rs.350.00 lacs, consisting of 35,15,083 equity shares of Rs.10/- each. Out of its total issued 35,15,083 shares of Rs.10/- each, 34,84,983 Equity shares are fully paid up, where as 30100 Equity shares are partly paid up. The call money of Rs. 5/- per share (other than from Directors) remains unpaid on these 30100 partly paid shares. These partly paid up shares do not have any voting rights as per Articles of Association of the Target Company.

| Paid up Equity Shares of MFL | No. of Equity Shares/ voting rights | % of Shares / voting rights |
|---|---|---|
| Fully paid-up equity shares | 3484983 | 100% |
| Partly paid-up equity shares | 30100 | - |
| Total paid-up equity shares | 35,15,083 | 100% |
| Total voting rights in the Target Company | 3484983 | 100% |

6.6 The current capital structure of the Company has been build up since inception as under:-

| Date of allotment | No. of shares issued | % of shares issued | Cumulative paid up capital in Rs. | Mode of allotment | Identity of allottees (Promoters/ ex-promoters/ others) | Status of compliance |
|---|---|---|---|---|---|---|
| 09.12.86 | 707 | 0.02 | 7070 | Cash | Subscribers | Compliance made |
| 22.12.88 | 3,33,100 | 9.48 | 3338070 | Cash | Promoters | -do- |
| 05.01.89 | 3,99,717 | 11.37 | 7335240 | Cash | Promoters | -do- |
| 05.01.89 | 3,00,000 | 8.53 | 10335240 | Cash | UPSIDC | -do- |
| 05.01.89 | 2,76,476 | 7.87 | 13100000 | Cash | Promoters | -do- |
| 19.06.89 | 15,60,000 | 44.38 | 28700000 | Cash | Public Issue | -do- |
| 16.03.91 | 55,000 | 1.56 | 29250000 | Conversion of loan to Equity | Promoters | -do- |
| 30.12.91 | 1,00,283 | 2.85 | 30252830 | -do- | -do- | -do- |
| 04.11.96 | 4,89,800 | 13.93 | 35150830 | -do- | -do- | Compliance pending |
| **Total** | **35,15,083** | **100** | | | | |

- **There are 30100 partly paid up shares in, the total call money remaining unpaid _31-03-05_on these shares is Rs. 1,50,500- partly paid up shares have no voting right as per Articles of Association of the Company.**
- **There are no preference shares or outstanding convertible instruments / warrants.**
- **4,89,800, equity shares allotted on 4.11.96 are yet to be listed on the Stock Exchanges-DSE and UPSE.**

6.7 The shares of Company has not been suspended by any stock exchange; and out of 3515083 shares issued only 3025283 shares are listed/ permitted to trade (Source: DSE official letter dt.25.05.2005) 4,89,800, equity shares allotted on 4.11.96 to 'Promoter-Sellers' are yet to be listed on the Stock Exchanges-DSE and UPSE. The Target Company has moved an application to DSE and UPSE for listing of these shares and has been following it up. The Acquirer and PAC have given an undertaking dated 23.6.2005 to ensure listing of these shares within six months from closure of this offer. Further the SPA dated 19.5.2005 between the Acquirer and the Promoter-Sellers will not be acted upon till such time these shares are listed.

6.8 Based on the information available from the, Target Company, Sellers, Promoters and other major shareholders have complied with the provisions of Chapter II of the regulations. The Target Company being a Sick Industrial Company has defaulted in timely compliance of Chapter II of the regulations. As per the information available from Target Company, SEBI has initiated 'consent order proceedings' against the Target Company imposing a penalty of 1.75 lacs, to which reply has been filed by the Target Company, the outcome of proceedings is awaited.

Details of Compliance made By the Target Company are as per table below:-

| Sl. No. | Regulation/Sub-Regulation | Due Date for Compliance as mentioned in the Regulation | Actual Date of Compliance (in No. of Days) | Delay if any (in No. of Days) | Remarks |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1. | 6(2) | 20.05.1997 | 4.05.2005 | 2906 | Sick Co. |
| 2. | 6(4) | 20.05.1997 | 4.05.2005 | 2906 | Sick Co. |
| 3. | 8(3) | 30.04.1998 | 4.05.2005 | 2561 | Sick Co. |
| 4. | 8(3) | 30.04.1999 | 4.05.2005 | 2196 | Sick Co. |
| 5. | 8(3) | 30.04.2000 | 4.05.2005 | 1830 | Sick Co. |
| 6. | 8(3) | 30.04.2001 | 4.05.2005 | 1465 | Sick Co. |
| 7. | 8(3) | 30.04.2002 | 4.05.2005 | 1100 | Sick Co. |
| 8. | 8(3) | 30.04.2003 | 4.05.2005 | 735 | Sick Co. |
| 9. | 8(3) | 30.04.2004 | 4.05.2005 | 406 | Sick Co. |
| 10. | 8(3) | 30.04.2005 | 4.05.2005 | 4 | Sick Co. |
| 11. | 7(3) | 28.5.2005 | 25-5-2005 | Nil | — |
| 12. | 7(3) | 18.11.2002 | 09.09.2005 | 1020 | Sick Co. |

6.9 MFL is a sick industrial company registered with BIFR for more than ten years and has tried to comply with the listing requirements. Certain discrepancies have been pointed out by DSE regarding listing requirements and the company has replied to it on 4.6.2005.

The discrepancies basically relates to non compliance of provisions of listing agreement, non compliance of the provision of chapter II of the Regulations, payment of annual listing fees for the financial year 2005-06, details of pending allotment money and details of partly paid-up shares, non receipt of listing application w.r.t. 4,89,800 shares issued on 4.11.96.

6.10 The composition of the Board of Directors of MFL as on 25th May, 2005, is as follows:-

| Sr. No. | Name of the | Designation | Date of | Educational Qualification Experience in No. of Year. | Address |
|---|---|---|---|---|---|
| 1. | Shri Niraj Shukula | Director | 01.12.00 | M. A. (Pol. Sc) 30 | 56, Sarvodaya Enclave Delhi |
| 2. | Shri O. B. Mathur | Director | 27.09.04 | B. Sc./40 | C-570, Defenc Colony, N. Delhi-24 |
| 3. | Shri A. K. Choudhary | Director | 29.09.04 | Nominee Director Bank of India | 2M/BOI, Star House, Vibhuti Khand Gomti Nagar, Lucknow |
| 4. | Shir G. P. Rastogi | Director | 12.11.86 | Intermediate /50 | 10, Madan Mohan, Malviya Marg, Lucknow-226 001 |
| 5. | Shri S. P. Rastogi | Managing Director | 12.11.86 | B. Tech (Chem)/36 | 10, Madan Mohan, Malviya Marg, Lucknow-226 001 |
| 6. | Shri Shailesh Khaitan | Director | 03.03.05 | B. Com (Hons)/26 | 70-A, Freinds Colony (West),N. Delhi |
| 7. | Shri R. S. Vijayvargiya | Director | 03.05.05 | C.A. C.S. / 26 | P-1, Ashraya Apartments, 2/1 Manorama Ganj, Indore (M.P.) |

6.11 There has been no merger / de-merger, spin-off during the past three years in MFL.

6.12 Audited financial information of MFL for the financial year ended on March 31, 2003, 2004 and 2005 (Source: Annual Accounts / Audited Balance Sheets) is given below:-

(Rs. In Lacs)

| Profit and loss statement | Year ended 31.03.2003 (Audited) | Year ended 31.03.2004 (Audited) | Year ended 31.03.2005 (Audited) |
|---|---|---|---|
| Income from operations | 838.95 | 837.46 | 780.42 |
| Other Income | 18.05 | 6.64 | 18.58 |
| Increase/(Decrease) in Stocks | -17.91 | -1.00 | -7.84 |
| Waiver of Interest of Bank & FIs written back | - | - | 5872.32* |
| Total Income | 839.09 | 843.10 | 6663.48 |
| Total Expenditure | 792.99 | 819.58 | 867.78 |
| Profit / (-Loss) Before Depreciation Interest and Tax | 46.10 | 23.52 | 5795.70 |
| Depreciation | 56.91 | 54.88 | 53.74 |
| Interest and Financial Charges | 990.04 | 0.88 | 0.86 |
| Profit/ (-Loss) Before Tax | -1000.85 | -32.24 | 5741.10 |
| Provision for Tax | 0.00 | 0.00 | 0.00 |
| Profit/(-Loss) After Tax* | -1000.85 | -32.24 | 5741.10 |
| Surplus/ (-Loss) as per Last Balance Sheet | -5738.63 | -6739.48 | -6771.72 |
| Profit Available for Appropriation | Not Applicable | | |

* The Company has entered into an OTS with FIs and Bank of India and pursuant to that an amount of Rs. 5835.92 Lakhs being waiver of interest by FIs and bank has been written back, resulting into abnormal profit of Rs. 5704.75 lakhs in the year 2004-05.

(Rs. In Lacs)

| **Balance Sheet statement** | **Year ended 31.03.2003 (Audited)** | **Year ended 31.03.2004 (Audited)** | **Year ended 31.03.2005 (Audited)** |
|---|---|---|---|
| Sources of funds | | | |
| Paid-up share capital | 350.00 | 350.00 | 350.00 |
| Reserves and Surplus (excluding revaluation reserves) | -6718.23 | -6750.47 | -454.83 |
| Net-worth | -6368.23 | -6400.47 | -104.83 |
| Secured Loans | 6832.55 | 6963.02 | 378.50 |
| Unsecured Loans | - | - | - |
| Total | 464.32 | 562.55 | 273.67 |
| Uses of funds | | | |
| Net Fixed assets | 267.01 | 217.74 | 170.73 |
| Capital Work in Progress | 6.99 | 7.42 | 0.00 |
| Net current assets | 190.32 | 337.39 | 102.94 |
| Misc. expenditure to the extent not written-off | 0.00 | 0.00 | 0.00 |
| **Total** | **464.32** | **562.55** | **273.67** |

| **Other Financial Data** | **Year ended 31.03.2003 (Audited)** | **Year ended 31.03.2004 (Audited)** | **Year ended 31.03.2005 (Audited)** |
|---|---|---|---|
| Dividend (%) | Nil | Nil | Nil |
| Earnings per share (Rs. per equity share of face value of Rs. 10/- each) | -28.47 | -0.92* | -3.73** |
| Return on Networth (%)*** | Nil | Nil | Nil |
| Book Value per Share (Rs. per equity share of face value of Rs. 10/- each) | -181.17 | -182.09 | -2.98 |

* Based on profit / ( Loss) excluding Finance Cost of Bank & Financial Institutions
** Based on profit / ( Loss) excluding the write back of interest to FIs and Bank under OTS
***On account of negative networth and losses.
Source: Target Company

**6.13 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 Acquisition and offer** | | **Shares/voting rights acquired Which triggered off the Regulations** | | **Shares/Voting rights to be acquired in the open offer (assuming full acceptances)** | | **Shareholding/voting rights after the acquisition and Offer i.e.** | |
|---|---|---|---|---|---|---|---|---|---|
| | | **(A)** | | **(B)** | | **(C)** | | **(A+B+C)** | |
| | | No. | % | No. | % | No. | % | No. | % |
| **1.** | **PROMOTER GROUP** | | | | | | | | |
| (A) | Mr. Rahul Mishra & Others<br>(A. K. Mishra Group) | 1200002 | 34.14<br>34.43 | (745990)* | (21.22)<br>(21.40)* | - | - | - | - |
| (B) | Shri S. P. Rastogi & Others | 764281 | 21.74<br>21.93 | Nil | Nil | 497217* | 14.31*<br>14.96* | - | - |
| | **Total of 1 (A + B)** | **1964283** | **55.88**<br>**56.36** | **(745990)** | **(21.22)**<br>**(21.40)** | **497217*** | **14.31***<br>**14.96*** | **-** | **-** |
| **2.** | **ACQUIRERS & PAC** | | | | | | | | |
| (A) | Khaitan Chemicals &<br>Fertilizers Limited | Nil | Nil | 1345000 | 38.26<br>38.60 | 703017 | 20.17<br>20.00 | 2048017 | 58.26<br>58.60 |
| (B) | Shradha Projects Limited | Nil | Nil | 745990* | 21.22*<br>21.40* | - | - | 745990* | 21.22*<br>21.40* |
| | **Total of 2 ( A + B)** | **Nil** | **Nil** | **2090990** | **59.48**<br>**60.00** | **-**<br>**703017** | **-**<br>**20.17**<br>**20.00** | **2794007** | **79.48**<br>**80.00** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **3.** | **Parties to agreement other than (1) (A) & (2) FIs / Banks (IFCI, IDBI & ICICI)** | 134500 | 38.26<br>38.60 | (1345000) | (38.26)<br>(38.60) | - | - | - | - |
| **4.** | **Public (other than parties to agreement, acquirers & PACs)**<br>Indian Public (1208 total)<br># Including shares of earstwhile promoters | 205800 | 5.86<br>5.04 | - | - | -<br>205800* | 5.86*<br>5.04* | -<br>721076# | 20.52<br>20.00 |
| | **Total of 4** | **205800** | **5.86***<br>**5.04*** | **-** | **-** | **205800*** | **5.86***<br>**5.04*** | **-** | **-** |
| | **Grand Total (1+2+3+4)** | **3515083** | **100.00** | **2090990** | **60.00** | **703017** | **20.17**<br>**20.00** | **3515083** | **100.00** |

Note:
- *The data with bracket indicates sale of equity shares.*
- *The figure in % in first line represent the % of share capital*
- *The figure in % in second line represent % the voting right.*
  *(Represents voting rights after considering no voting right on partly paid shares)*
- *(*) Indicates figures which are subject to change in regard to response in Offer.*
- (#) Indicates that, since after the completion of this offer the erstwhile promoters will cease to be promoters, hence have been grouped with the public.

Note: If, pursuant to the offer and any acquisition of shares by the Acquirer or the PAC from the open market or through negotiations or otherwise made in compliance with the SEBI (SAST) Regulations 1997, the public shareholding is reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis then in accordance with Regulation 21(2) of the SEBI (SAST) Regulations 1997, the Acquirer/PAC will acquire such number of shares under the SPA from Promoter-(sellers) so as to maintain minimum specified public shareholding in MFL and accordingly the SPA shall stand modified.

Accordingly the Acquirer & PAC have entered into a supplementary SPA dated 17.06.2005 with Promoter- (Sellers) to maintain minimum specified public shareholding in MFL, if the public shareholding is reduced to a level below the limit specified under the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis in response to the offer. The percentage of the holding of the existing promoters will thus depend upon the response to the offer.

6.14 The approximate number of shareholders in MFL in public category is 1208 as informed by Target Company, vide their letter dated 02.06.2005 which includes Nil NRI shareholders.

6.15 Change in Shareholding of Promoters since incorporation of the Company is as per the following table:.

| Year | No. of Shares Acquired | Cumulative Shareholding | Mode of acquisition | Compliance |
|---|---|---|---|---|
| 1986-87 | 707 | 707 | Allotment | N.A. |
| 1988-89 | 333100 | 333807 | Allotment | N.A. |
| 1988-89 | 399717 | 733524 | Allotment | N.A. |
| 1988-89 | 276476 | 1010000 | Allotment | N.A. |
| 1989-90 | 2600 | 1012600 | Market Purchase | N.A. |
| 1990-91 | 55000 | 1067600 | Allotment on Conversion of Loan | N.A. |
| 1990-91 | 400 | 1068000 | Market Purchase | N.A. |
| 1991-92 | 100283 | 1168283 | Allotment on Conversion of Loan | N.A. |
| 1991-92 | 4300 | 1172583 | Market Purchase | N.A. |
| 1992-93 | 200 | 1172783 | Market Purchase | N.A. |
| 1993-94 | 200 | 1172983 | Market Purchase | N.A. |
| 1995-96 | 1500 | 1174483 | Market Purchase | N.A. |
| 1996-97 | 489800 | 1664283 | Allotment on Conversion of Loan | N.A. |
| 2002-03 | 300000* | 1964283 | Buy back of Shares from UPSIDC a SFI as per agreement | Exempt Under Clause (i) of regulation 3 of (SAST) Reg,1997. |
| 2005-06 | 1200002 | 764281 | Sale to Acquirer/PAC under SPA | Disclosed under regulation 7 of (SAST) Reg,1997 |

*For 2002-03 disclosure under regulation 7 of SEBI (SAST) Reg,1997, made on 09.09.2005.

6.16 The Company has complied with the conditions of Corporate Governance as envisaged under clause 49 of the listing agreement, statutory auditors of the Company have certified compliance of conditions of corporate governance, this certificate is attached with annual report of the Target Company.

6.17 The following litigation matters are pending by/against the Company.

**Details of litigations Pending against the Company**

| Sl.No. | Title & Case No. | Particulars | Amount | Court |
|---|---|---|---|---|
| 1. | IFCI Vs MFL, 171/2001 | Recovery of Debts | 1422 | DRT, Delhi |
| 2. | MFL Vs. Comm. Customs | Refund of Excise Duty | 0.18 | Comm. (Appeals Customs) |

**Details of litigations filed by the Company**

| Sl.No. | Title & Case No. | Particulars | Amount | Court |
|---|---|---|---|---|
| 1 | MFL Vs FICC & others, CWP No. 634 of 1997 | Under payment of Subsidy | 204.00 | Hon'ble Delhi High Court |
| 2 | MFL Vs Dy.Comm. Trade Tax , 136/04 | Appeal A/Y 2001-02 | 3.39 | Dy.Comm. Trade Tax Appeal |
| 3 | MFL Vs Dy.Comm. Trade Tax , 136/04 | Appeal A/Y 2001-02 (Central) | 1.79 | Dy.Comm. Trade Tax Appeal |
| 4 | MFL Vs Dy Comm. Appeal | Appeal A/Y 2002-03 (U.P) | 16.19 | Dy.Comm. Trade Tax Appeal |
| 5 | MFL Vs Dy Comm. Appeal | Appeal A/Y 2002-03 (Central) | 1.19 | Dy.Comm. Trade Tax Appeal |
| 6 | MFL Vs Dy Comm. Appeal | Appeal A/Y 2002-03 (U.P) Month Aug.02 | 0.29 | Dy.Comm. Trade Tax Appeal |
| 7 | MFL Vs Dy Comm. Appeal | Appeal A/Y 2002-03 (UPST) | 0.85 | Dy.Comm. Trade Tax Appeal |
| 8. | MFL Vs. ITO 1(2) Lucknow | Appeal A/Y. 1997-1998 | 10.35 | CIT (Appeals) |
| 9. | MFL Vs. BSNL | Telephone Bill Dispute | 3.05 | Pending for appointment of Arbitrator |
| 10. | MFL Vs. Grijesh Kumar Singh | U/s 138 of N.I. Act | 11.00 | C.J.M. Lucknow. |

6.18 Mr. R.S. Sharma, President is the compliance officer of the company, his address is A-1, UPSIDC, Industrial Area, Malwan, Fatehpur- 212664 Phone No 09415005730, 0512-2560722. Fax: 0522-2622955.

## 7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

**Justification of Offer Price**

7.1 The shares of "MFL" are at present listed on U.P. Stock Exchange Association Limited, Kanpur and The Delhi Stock Exchange Association Limited. The shares of the Target Company are not traded during the period of last 26 weeks preceding the PA date at the U.P. Stock Exchange Association Limited, Kanpur as per the letter dated 11.05.2005 from U.P. Stock Exchange Association Limited, Kanpur and no official data is available from The Delhi Stock Exchange Association Limited, Delhi. As the shares of the Target Company are infrequently traded, regulation 20(4) is not applicable. The Offer Price of Rs. 1.50/- per fully paid up equity share and Rs. 1/- (Rupees One Only) per partly paid up shares has been arrived at as per the Regulation 20(5) of SEBI (SAST) Regulations, 1997, after taking into account the highest of (a) Negotiated Price of Rs 1.50/- (Rupee One & Fifty Paise only) per share. (b) the highest price paid by the Acquirer or PAC for acquisitions including by way of allotment in the public or right or preferential issue during the 26 weeks period prior to the date of PA. is Rs. 1.50/- (c) other parameters i.e. return on net worth (negative), book value of the shares of the target company (negative), EPS (negative), P/E ratio is Nil; and price earning multiple for the industry category i.e. chemicals & fertilizers is 9.29 (source: capital market magazine vol. XX/04).The Offer price for 30,100 partly paid shares has been arrived at after taking into account the net amount receivable against these shares and accordingly a proportionate part of the offer price of Rs. 1.50/- payable for each fully paid share is being offered. Hence the offer price of Rs. 1.50/- for each fully paid equity shares and Re. 1/- for each partly paid share is justified in terms of regulation 20(5).

7.2 The annualised trading turnover during the preceding six Calendar months ending April, 2005 at the Stock Exchanges is detailed below:-

| Sr. No. | Name of the Stock Exchange | Total no. of equity shares traded during the 6 calendar months prior to Septemeber, 2004 | Total no. of equity share listed | Annualised Trading turnover (in terms of % to total listed shares |
|---|---|---|---|---|
| 1. | UPSE* | NIL | 3025283 | NIL |
| 2. | DSE | NIL | 3025283 | NIL |

* Source: UPSE official leter

(Note: No trading data availabe from DSE and NIL Trading reported at UPSE)

7.3 As the annualised trading turnover (by number of equity shares) of MFL shares at the Stock Exchanges- DSE and UPSE was NIL% of the total no. of listed equity shares, the equity shares of MFL are infrequently traded.). The shares of the Target Company are not traded during the period of last 26 weeks preceding the PA date at the, UPSE, Kanpur as per the letter dated 11.5.2005 from UP Stock Exchange and no official data is available from the The Delhi Stock Exchange Association Limited, Delhi. The Offer Price of Rs. 1.50 per fully paid up equity share and Rs. 1/- (Rupee One Only) per partly paid up shares has been arrived at as per the Regulation 20(5) of SEBI (SAST) Regulations, 1997, after taking the highest of the following prices:-

| | | | |
|---|---|---|---|
| a. | Negotiated Price (highest) under the Acquisition | | Rs.1.50 per fully paid equity of Rs. 10/- each. |
| b. | Highest Price paid by the Acquirer or PAC's for acquisition if any including Public or Rights Issue or Preferential issue during the in 26 weeks prior to PA. | | Rs.1.50 per fully paid equity of Rs. 10/- each. |
| c. | Other parameters<br>***Based on audited results as on March 31, 2005:-*** | | |
| | i. | Return on Networth (%)** | Nil |
| | ii. | Book Value (Rs.) | -2.98 |
| | iii. | Earnings Per Share (Rs. Per equity share of face value of Rs. 10/- each) * | -3.73* |
| | iv. | Price to Earnings Ratio. | Nil |

*Based on profit/ (Loss) excluding the write back of interest to FIs and Bank under OTS.
**On account of negative net worth & losses.

As the shares of acquirer are infrequently traded, therefore regulation 20(4) is not applicable.

**Hence, based on the above facts, the Offer Price of Rs. 1.50 per fully paid equity share and Rs. 1/- per partly paid equity share is justifiable in terms of Regulation 20.**

7.4 Mr. Saurabh Bansal, Partner of M/s. Savmit Grover & Associates, Chartered Accountants, having Office at C2/32, Safdarjung Development Area, New Delhi -110016. (Membership No. 501150) has certified vide certificate dated 19.05.2005 that the Net Worth of M/s. Khaitan Chemicals & Fertilizers Limited, as on 31st March, 2005 is Rs.5024.81 lacs and that it has sufficient investible liquid financial resources to fulfill its obligations under this Offer. The Acquirer has deposited Rs.10.75 lacs in Escrow Account, which is more than 100% of the amount required for open offer.

7.5 Acquirer & PAC have not entered into any non-compete agreement with the sellers.

7.6 If the Acquirer 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.

**7.7 Financial Arrangements**

7.7.1 The Acquirer has adequate resources to meet the financial requirements of the Offer. The Acquirer has 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 internal resources.

7.7.2 Assuming full acceptance, the total requirement of funds for the Offer would be Rs. 10,54,526/- (Rupees Ten Lacs Fifty Four Thousand Five Hundred and Twenty Six Only). The Acquirer has already made firm arrangements for the financial resources required to implement the Offer in full. **As per Regulation 28, Acquirer has opened an Escrow Account with UTI Bank Ltd., Statesman House, Connought Place, New Delhi -110 001, and has deposited Rs 10,75,000/- (Rs. Ten Lacs Seventy Five Thousand Only), being more than 100% of the amount required for the Open Offer.**

7.7.3 The Acquirer has duly empowered M/s RR Financial Consultants Ltd., Manager to the Offer, to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 1997.

7.7.4 The Manager to the Offer, M/s RR Financial Consultants Ltd., hereby confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

**8. TERMS AND CONDITIONS OF THE OFFER**

8.1 Persons eligible to participate in the Offer-

8.1.1 Registered shareholders of Mahadeo Fertilizers Limited and unregistered shareholders who own the equity shares of Mahadeo Fertilizers Limited any time prior to the date of Closure of the Offer, other than the Acquirer, PAC and Parties to the SPA and the other sellers namely IFCI, IDBI and ICICI.

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

**8.2 Statutory Approvals**

8.2.1 Approval for transfer of shares of a Company registered in India by a Non Resident to a person resident in India is required. The Acquirer/PAC shall apply for approval from RBI for transfer of shares in their name in due course.

8.2.2 As on the date of Public Announcement, no approval from any bank or financial institutions is required for the purpose of this Offer, to the best of the knowledge of the Acquirer & PAC.

8.2.3 As on the date of Public Announcement, to the best of the Acquirer & PAC' knowledge, no other statutory approvals are required to be obtained for the purpose of this Offer.

8.2.4 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 Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of wilful default by the Acquirer in obtaining the approvals, Regulation 22 (13) of SEBI (SAST) Regulations, 1997, will also become applicable.

**8.3 Others**

8.3.1 In case of number of shares received under the offer exceeds the offer size, then the Acquirer will accept shares on pro-rata basis.

8.3.2 Accidental omission to despatch 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.

8.3.3 This Letter of Offer has been mailed to all the shareholders of MFL (other than the Acquirer, PAC and parties to the Agreement and - IFCI, IDBI and ICICI), whose names appeared on the Register of Members of MFL as on M**onday, June 20, 2005 being the Specified Date.**

8.3.4 Unaccepted Share/ Shares Certificates, Share Transfer Forms and other documents, if any, will be returned by registered post/courier at the shareholder(s) / unregistered owner(s) sole risk.

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

8.3.6 Offer price shall not be less than the highest price paid by the Acquirer for any acquisition of the shares of the Target Company from the date of PA upto 7 working days prior to the closure of the offer.

## 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 or registered post/courier, as the case may be, at the address mentioned in Para 9.13 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

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

9.3 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/courier, as the case may be, so as to reach them on or before 1700 hours upto the date of closure of the offer i.e. **Tuesday, October 4, 2005.**

- 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 MFL.
- 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 MFL or on the Share Certificate issued by MFL) as per the specimen signature(s) lodged with MFL 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.

9.4 A copy of the No Objection Certificate / Tax Clearance Certificate if obtained from the Indian tax authorities by the shareholders (applicable to NRIs/OCBs/FIIs).

9.5 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.

9.6 In case of Non-resident equity shareholders, Foreigners, Foreign Companies and Foreign Institutional Investors, photocopies of the approval(s) by the Reserve Bank of India for acquiring and holding equity shares in MFL.

9.7 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.

**9.8 No document should be sent to the Acquirer or PAC or to MFL or to the Manager to the Offer.**

9.9 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 hereinabove, 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 1700 hours upto the date of closure of the offer i.e. **Tuesday, October 4, 2005.**

9.10 Persons who own equity shares of MFL any time prior to the date of Offer Closure, but are not registered holders, can tender their equity shares for purchase by the Acquirer, 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 recognised Stock Exchange, only at the address of Registrar to the Offer as mentioned hereinabove:

*An unregistered shareholder can send his / her / their application to the Registrar to the Offer on the address mentioned hereinabove, on a* ***plain paper*** *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 1700 hours on Tuesday, October 4, 2005.***

9.11 No indemnity is required from the unregistered shareholders.

9.12 In case the Share Certificate(s) and the instrument(s) of transfer are lodged for transfer with MFL, then **the Form of Acceptance** should be accompanied by (i) the Share Transfer Deed(s) and (ii) the acknowledgement of lodgement or receipt issued by MFL by individual. Whereas 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 lodgement or receipt issued by MFL. 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 lodgement or receipt issued by MFL.

9.13 The following collection centre would be accepting the documents as specified above.

**Address of Registrar to the Offer:**

| Sr. No. | Address of Registrar to the Offer | Business Hours | Mode of Delivery |
|---|---|---|---|
| 1. | **Beetal Financial & Computer Services (P) Ltd.**<br>Contact Person: Puneet Mittal<br>Beetal House' 99, Madangir,<br>B/H Local Shopping Centre<br>Near Dada Harshukh Das Mandir, New Delhi-110062<br>Telephone Nos.(011) 29961281, 29961282<br>Fax: (011) 29961284. Email : beetal@rediffmail.com | Monday to Friday1000 hours to 1700 hours Saturday1000 hours to 1330 hours | Hand Delivery / Courier/ Registered post |

**Holidays: Sundays and Bank Holidays**

9.14 The Registrar to the Offer will hold in trust the shares / share certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of MFL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

9.15 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. **Thursday, September 29, 2005.** 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 1700 hours upto the last date of withdrawal i.e. **Thursday, September 29, 2005.**

9.16 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:-

9.16.1 Name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares.

9.17 The withdrawal of Shares will be available only for the Share Certificates / Shares that have been received by the Registrar to the Offer.

9.18 The intimation of returned shares to the Shareholders will be sent at the address as per the records of MFL.

**9.19 Acquirer will acquire all the 7,03,017 paid-up equity shares tendered in the Offer with valid applications.**

**9.20 Method of Settlement**

9.20.1 The marketable lot of MFL is 100 {one hundred} equity share.

9.20.2 The Form of Acceptance, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents, tendered by the shareholders of MFL 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 Acquirer only upon the fulfilment of all the conditions mentioned herein the Letter of Offer and Form of Acceptance.

9.20.3 On fulfilment of all the conditions herein mentioned, the Letter of Offer and Form of Acceptance, the Acquirer 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/courier to the sole / first named shareholder of MFL whose equity shares are accepted by the Acquirer at his address registered with MFL. It is desirable that shareholders holding Shares 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.

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

9.20.5 The Acquirer shall endeavour to complete all procedures relating to the Offer within fifteen days from the date of Closure of the Offer (i.e. **October 19, 2005**), including payment of consideration to the shareholders of MFL whose equity shares are accepted for purchase by the Acquirer.

9.20.6 **While tendering the Shares under the Offer, the NRIs/OCBs/FIIs will be required to submit the No Objection Certificate/ Tax Clearance Certificate, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, from the Income Tax Authorities under Income Tax Act, 1961. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder. The Acquirer will send the proof of having deducted and paid the tax along with the payment consideration.**

9.20.7 In case of non-receipt of any of statutory approvals, if any required, 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 Acquirer 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.

9.20.8 The entire shareholding of MFL are in physical mode, therefore the procedure required for tendering dematerialised shares are not applicable.

**9.21 General**

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

9.21.2 Neither the Acquirer 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.

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

9.21.4 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.

9.21.5 If there is any upward revision in the Offer Price (Regulation 26) by the Acquirer 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 **Friday September 23, 2005**, 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.

**9.21.6 "If there is competitive bid:**

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

***9.21.6.2 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"***

9.21.7 Acquirer does not hold any share in the Target Company except 13,45,000 shares acquired as per terms of SPA from FI's i.e. IFCI, IDBI, 1CICI; and PAC does not hold any share in the Target Company except 12,00,002 shares acquired through SPA.

**9.21.8 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 Registrar to the Offer on or before 1700 hours upto three working days prior to the date of Closure of the Offer, i.e. Thursday, September 29, 2005., as mentioned in para 9.17.**

9.21.9 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.**

9.21.10 The manager to the Offer i.e. RR Financial Consultants Ltd. does not hold any shares in MFL as on the date of PA.

## 10 DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at 412-422, Indraprakash Building, 21, Barakhamba Road, New Delhi - 110001 from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

10.1 Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer and the PAC.

10.2 Copy of registration letter with SEBI of Registrar to the Issue i.e Beetal Fianancial & Computer Services (P) Ltd.

10.3 Undertaking from the Acquirer & PAC, stating full responsibility for all information contained in the PA and the Letter of Offer.

10.4 Certificate from Mr. Saurabh Bansal, Partner of M/s. Savmit Grover & Associates, Chartered Accountants, having Office at C2/32, Safdarjung Development Area, New Delhi -110016. (Membership No. 501150) dated 19.05.2005 that the Net Worth of M/s. Khaitan Chemicals & Fertilizers Limited, as on 31st March, 2005 is Rs.5024.81 lacs and that it has sufficient investible liquid financial resources to fulfill its obligations under this Offer.

10.5 Certificate from Mr. Saurabh Bansal, Partner of M/s. Savmit Grover & Associates, Chartered Accountants, having Office at C2/32, Safdarjung Development Area, New Delhi -110016. (Membership No. 501150) dated 19.05.2005 that the Net Worth of M/s. Shradha Projects Limited, as on 31st March, 2005 is Rs.2234.85 lacs and that it has sufficient investible liquid financial resources to fulfill its obligations under this Offer.

10.6 Annual Reports of MFL for years ended on March 31, 2003, 2004 and 2005.

10.7 Annual Reports for the year ended March 31, 2003, 2004 and 2005 of PAC and the Companies promoted by the PAC -.

1. Khaitan Chemicals & Fertilizers Limited.
2. Khaitan Paper & Packaging (P) Limited.
3. Majestic Packaging Co. (P) Limited.
4. Hind Polyfabs (P) Limited.
5. Tribhuvan Properties Limited.
6. Khaitan Commercial & Services (P) Limited.

10.8 Certificate from UTI Bank Ltd. confirming the amount kept in Escrow Account opened as per SEBI (SAST) Regulation 1997.

10.9 Copy of Share Purchase Agreement dated May 19, 2005.

10.10 Published copy of the PA, which appeared in the newspapers on May 25, 2005.

10.11 The Letter Dated 7.5.2005 sent by MFL to DSE, and UPSE asking for trading & volume data of its equity shares as referred in the LOO.

10.12 Letter dated 25.5.2005 from DSE regarding listing compliances of the Target Company.

10.13 Undertaking by the Acquirer and PAC dated 23-06-05 regarding listing of 4,89,800 unlisted shares within six months of the closure of offer.

10.14 Copy of Supplementary SPA dated 17.06.2005.

10.15 Observation letter no. CFD/DCR/TO/HB/48477/05 dated August 31, 2005 on the draft Letter of Offer filed with the Securities and Exchange Board of India

## 11 DECLARATION BY THE ACQUIRER & PAC

11.1 The Acquirer, M/s. Khaitan Chemical & Fertilizers Limited and PAC, M/s. Shradha Projects Limited and their Directors accept full responsibility for the information contained in this Letter of Offer (except for the information regarding the Target Company which has been compiled from the publicly available information) and also for the obligations of the Acquirer & PAC as laid down in the SEBI (SAST) Regulations, 1997 and subsequent amendments made thereof.

11.2 The Acquirer, M/s. Khaitan Chemicals & Fertilizers Limited and and PAC, M/s. Shradha Projects Limited and their Directors are responsible for ensuring compliance with the SEBI (SAST) Regulations, 1997.

11.3 All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

For and on behalf of the Board of Directors of
**KHAITAN CHEMICALS & FERTILIZERS LIMITED.**

(Director/Authorised Signatory)

For and on behalf of the Board of Directors of
**SHRADHA PROJECTS LIMITED.**

(Director/Authorised Signatory)

Place : New Delhi
Date : 09/09/2005

## 12. ENCLOSURES

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal cum Acknowledgement
3. 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)**
**Please read the Instructions overleaf before filling-in this Form of Acceptance**

| | |
|---|---|
| **OFFER OPENS ON** | **Thursday, September 15, 2005** |
| **OFFER CLOSES ON** | **Tuesday, October 04, 2005** |

**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,
**KHAITAN CHEMICALS & FERTILIZERS LIMITED**
**C/o Beetal Financial & Computer Services (P) Ltd.**
Beetal House, 99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-110062

Dear Sirs,

***Sub: Open Offer to acquire 7,03,017 equity shares of Rs. 10/- each representing 20 % of the total share/voting capital and resultant voting rights of MFL, at an offer price of Re.1.50/- (Rupees One & Piase Fifty only) per fully paid equity share of Rs.10/- each and Rs. 1/- (Rupees One only) per partly paid-up equity share by* KHAITAN CHEMICALS & FERTILIZERS LIMITED**

I / We, refer to the Letter of Offer dated 9th September, 2005 for acquiring the equity shares held by me / us in **Mahadeo Fertiflizers Limited**

1. I / We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
2. I / We, unconditionally offer to sell to **KHAITAN CHEMICALS & FERTILIZERS LIMITED,** (hereinafter referred to as the "Acquirer(s) the following equity shares in Mahadeo Fertilizers Limited (hereinafter referred to as "MFL), held by me / us, at a price of Re.1.50/- per fully paid-up equity share and Rs.1/- per partly paid equity shares.

**SHARES HELD IN PHYSICAL FORM**

3. 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 RSL** | | **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**

***Sub: Open Offer to acquire 7,03,017 equity shares of Rs. 10/- each representing 20 % of the total share/voting capital and resultant voting rights of MFL, at an offer price of Re.1.50/- (Rupees One & Piase Fifty only) per fully paid equity share of Rs.10/- each and Rs. 1/- (Rupees One only) per partly paid-up equity share by* KHAITAN CHEMICALS & FERTILIZERS LIMITED**

Received from Mr. / Ms. / Mrs. ……………………………………………………………………… Ledger Folio No/ Client ID. ……………………………DP ID…………………....Number of certificates enclosed ……..…………… under the Letter of Offer dated 9th September, 2005. 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

**Beetal Financial & Computer Services (P) Ltd.**
Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062
**Contact Person: Mr. Puneet Mittal,** Tel. : (011) 29961281-82 Fax: (011) 29961284 Email : beetal@rediffmail.com

4. I / We confirm that the equity shares of MFL which are being tendered herewith by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.
5. I / We authorize the Acquirer 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.
6. 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 Acquirer 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.
7. 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 despatched to the shareholders, as the case may be.
8. 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.
9. I / We irrevocably authorise the Acquirers to send by Registered Post/Courier 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 MFL/DP :

**Name and complete address of the Sole/ First holder (in case of member(s), address as registered with Rana Sugars 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.***

## 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:**

I. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the equity shareholder of MFL.

II. Shareholders of MFL to whom this Offer is being made, are free to offer his / her / their shareholding in MFL 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 5.00 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 described thereto in the Letter of Offer)**
**Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal**

| | |
|---|---|
| OFFER OPENS ON | Thursday, September 15, 2005 |
| LAST DATE OF WITHDRAWAL | Thursday, September 29, 2005 |
| OFFER CLOSES ON | Thursday, October 04, 2005 |

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

**From:**

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

To,
**KHAITAN CHEMICALS & FERTILIZERS LIMITED**
**C/o Beetal Financial & Computer Services (P) Ltd.**
Beetal House, 99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-110062

Dear Sirs,

***Sub: Open Offer to acquire 7,03,017 equity shares of Rs. 10/- each representing 20 % of the total share/voting capital and resultant voting rights of MFL, at an offer price of Re.1.50/- (Rupees One & Piase Fifty only) per fully paid equity share of Rs.10/- each and Rs. 1/- (Rupees One only) per partly paid-up equity share by* KHAITAN CHEMICALS & FERTILIZERS LIMITED**

I/We refer to the Letter of Offer dated 9th September, 2005 for acquiring the equity shares held by me/us in **Mahadeo Fertiflizers 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 Nos. | | No. of equity shares |
|---|---|---|---|---|
| | | From | To | |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| **Total no. 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.

------------------------------------------------------------------------------------------**TEAR HERE**----------------------------------------------------------------------------

Folio No.\DP ID\Client ID:

**Beetal Financial & Computer Services (P) Ltd.**
Beetal House, 99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi-110062
**Contact Person: Mr. Puneet Mittal,**
PTel. : (011) 29961281-82, Fax: (011) 29961284
Email : beetal@rediffmail.com

Serial No.:
**(Acknowledgement Slip)**

Received from

Mr./Ms. ________________________________________________

Address ________________________________________________

________________________________________________

Form of withdrawal in respect of ____________________________ Number of Shares.

Certificates representing __________________________________ Number of shares.

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

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

**Beetal Financial & Computer Services (P) Ltd.**
Beetal House, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062
**Contact Person: Mr. Puneet Mittal,** Tel. : (011) 29961281-82 Fax: (011) 29961284 Email : beetal@rediffmail.com

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

Yours faithfully,

Signed and Delivered:

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

Place:
Date:

N***ote: 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 Thursday, September 29, 2005.
2. Shareholders should enclose the following:-

**a. For Equity Shares held in demat form:**

**Beneficial 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.
iii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

**b. For Equity Shares held in physical form:**

**Registered Shareholders 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.
iii. 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:**

- Duly signed and completed Form of Withdrawal.
- 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 MFL. 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.**

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