# LETTER OF OFFER

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

## MHM Holding GmbH

a company incorporated under the laws of Germany
(Registered Office: Feldkirchener Straße 15, 85551 Kirchheim/Germany
Tel: +49 89 9003 481, Fax: +49 89 9003 500)

MAKES A CASH OFFER AT Rs. 675 (RUPEES SIX HUNDRED SEVENTY FIVE ONLY) PER FULLY PAID UP EQUITY SHARE OF Rs. 10 (RUPEES TEN ONLY) TO ACQUIRE UP TO

4,974,388 Shares (as defined herein) representing up to 20% of the Share Capital

OF

## Micro Inks Limited

a company incorporated under the laws of India, under the Companies Act, 1956
(Registered Office: Bilakhia House, Muktanand Marg, Chala, Vapi, Gujarat, India – 396191
Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733)

**Note:**

- This Offer (as defined herein) is being made pursuant to and in accordance with the applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- This Offer is subject to Acquirer (as defined herein) obtaining the approval of the Foreign Investment Promotion Board ("FIPB") and the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999, as amended, for acquisition and transfer of Shares tendered pursuant to this Offer and the Purchase (as defined herein). The Acquirer has made an application to FIPB in this regard on October 28, 2005 and shall make the requisite application to RBI in this regard upon receipt of the FIPB approval. Since the Acquirer has business interests across the globe, the Offer is subject to obtaining various statutory and regulatory approvals in Europe / USA. The Acquirer shall shortly make the requisite applications for such approvals. As on date, to the best of the knowledge of the Acquirer, there are no other statutory approvals required, other than those indicated in Section 75 herein.
- If there is any upward revision of the Offer Price / Offer Size (as defined herein) by the Acquirer till the last permitted date for revision viz. December 19, 2005 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original public announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer.
- Shareholders (as defined herein), who have accepted the Offer by tendering the requisite documents in terms of the public announcement/ Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer viz. December 24, 2005.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid in the Offer.**
- **A copy of the public announcement and this Letter of Offer (including the Form of Acceptance and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in)**

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|---|---|
| kotak Investment Banking<br>**Kotak Mahindra Capital Company Limited**<br>Bakhtawar, 3rd Floor, 229, Nariman Point,<br>Mumbai - 400 021<br>Tel: +91 22 5634 1100<br>Fax: +91 22 2284 0492<br>Contact Person: Mr. Ajay Vaidya,<br>Vice President and Company Secretary<br>Email: mhm-microinks.offer@kotak.com | INTIME SPECTRUM REGISTRY LIMITED<br>**Intime Spectrum Registry Limited**<br>C-13, Pannalal Silk Mills Compound,<br>L B S Marg, Bhandup – West<br>Mumbai - 400 078<br>Tel: +91 22 5555 5391-94<br>Fax: +91 22 5555 5499<br>Contact Person: Vishwas A<br>Email: mhm-microinks@intimespectrum.com |

**ORIGINAL/REVISED ACTIVITY SCHEDULE**

| ACTIVITY | DATE | DAY |
|---|---|---|
| Public Announcement | 26-Oct-05 | Wednesday |
| Specified Date | 18-Nov-05 | Friday |
| Last date for a competitive bid, if any | 16-Nov-05 | Wednesday |
| Last date for dispatch of Letter of Offer to the shareholders of the Target Company | 5-Dec-05* | Monday* |
| Offer Opens on | 9-Dec-05 | Friday |
| Last date for revising the Offer Price / Offer Size | 19-Dec-05 | Monday |
| Last date for withdrawing acceptance of the Offer | 24-Dec-05 | Saturday |
| Offer Closes on | 28-Dec-05 | Wednesday |
| Last date for communicating acceptance (in full or part) and rejection of application by registered post and payment of consideration for application accepted | 12-Jan-06 | Thursday |

* The last date for dispatch of Letter of Offer to the shareholders of the Target Company has been changed from December 2, 2005 as per the original activity schedule to December 5, 2005 as mentioned above. There is no other change in the original schedule

## RISK FACTORS

- Acceptance of the Shares tendered in the Offer is subject to receipt of the approval of the FIPB and the RBI. In the event that either the FIPB or the RBI does not grant approval, the Offer would stand withdrawn in terms of the Regulations (as defined herein). For further details see Section 75 of this Letter of Offer.
- In the event that either (a) a regulatory approval is not received in a timely manner (b) there is a litigation leading to stay on 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 public shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.
- The Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.
- The Acquirer makes no assurance with respect to the financial performance of the Target Company or any of its subsidiaries. The Acquirer makes no assurance with respect to its investment / divestment relating to its proposed shareholding in the Target Company.

The risk factors set forth above pertain to the Offer and are not in relation to the present or future business or operations of the Target Company or its subsidiaries 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 the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

| Index | | |
|---|---|---|
| **Sr. No.** | **Subject** | **Page No.** |
| I. | Disclaimer Clause | 5 |
| II. | Details of the Offer | 5 |
| III. | Background of the Acquirer (including disclosure under Regulation 21) | 7 |
| IV. | Background of the Target Company | 13 |
| V. | Offer Price and Financial Arrangements | 21 |
| VI. | Terms and Conditions of the Offer | 23 |
| VII. | Procedure for Acceptance and Settlement | 24 |
| VIII. | Documents for Inspection | 27 |
| IX. | Declaration by the Acquirer | 28 |

Attached : Form of Withdrwal, Form of Acceptance

| Key Definitions | |
|---|---|
| **Acquirer** | MHM Holding GmbH, a company incorporated under the laws of Germany and having its registered office at Feldkirchener Straße 15, 85551 Kirchheim, Germany |
| **Balance Shares** | Shall have the meaning ascribed to such term in Section 3 hereto |
| **BHPL** | Bilakhia Holdings Private Limited |
| **BSE** | Bombay Stock Exchange Limited |
| **Cash Deposit** | Amount of Rs. 3,60,00,000 (Rupees Three Crore Sixty Lacs only) in cash, deposited in an account with Dresdner Bank by the Acquirer representing more than 1% of the Maximum Consideration in accordance with the Regulations |
| **Deposit Bank** | Dresdner Bank having a branch at Dresdner Bank AG, Promenadeplatz 7, Munich |
| **FEMA** | Foreign Exchange Management Act, 1999, as amended |
| **FIPB** | Foreign Investment and Promotion Board |
| **I T Act** | Income Tax Act, 1961 |
| **Letter of Offer** | This Letter of Offer |
| **Manager to the Offer** | Kotak Mahindra Capital Company Limited |
| **NSE** | National Stock Exchange of India Limited |
| **Offer** | Offer being made by the Acquirer for acquiring up to 4,974,388 Shares representing up to 20% of the Share Capital from the Shareholders at the Offer Price payable in cash |
| **Offer Price** | Price of Rs. 675 (Rupees Six Hundred Seventy Five Only) per Share |
| **Offer Size** | 4,974,388 Shares representing up to 20% of the Share Capital |
| **PA** | Public announcement of this Offer made on behalf of the Acquirer to the Shareholders, which appeared on October 26, 2005 in all editions of Financial Express (except the Delhi and Chandigarh editions in which the PA appeared on October 27, 2005 due to technical problems at Financial Express) and Jansatta, Mumbai edition of Navshakti and Surat edition of Sandesh as amended by the Second PA |
| **Promoters** | Existing promoters of Micro Inks Limited, namely BHPL, Anjum Bilakhia, Yunus Bilakhiya and Jakirhusen Bilakhiya |
| **Purchase** | The purchase of Shares by the Acquirer pursuant to the SPA (as more particularly explained in Section 2 below) |

| | |
|---|---|
| **RBI** | The Reserve Bank of India |
| **Registrar to the Offer** | Intime Spectrum Registry Limited |
| **Regulations** | Securities and Exchange Board of India (Substantial Acquisition of Shares and Take-overs) Regulations, 1997 and subsequent amendments thereto |
| **SEBI** | The Securities and Exchange Board of India |
| **Second PA** | The corrigendum public announcement released on November 30, 2005 in the same newspapers as the PA viz. all editions of Financial Express and Jansatta, Mumbai edition of Navshakti and Surat edition of Sandesh |
| **SPA** | Share Purchase Agreement dated October 25, 2005 and the Supplemental Agreement dated November 27, 2005 signed between MHM Holding GmbH and the Promoters as defined above |
| **SHA** | Shareholders Agreement dated October 25, 2005 signed between MHM Holding GmbH and BHPL, to come into effect after completion of the Offer and from the date of closing of the Purchase |
| **Share** | Each fully paid up equity share of Micro Inks Limited having a face value of Rs.10 |
| **Share Capital** | Equity share capital comprising 24,871,941 Shares of the Target Company as on the date of PA (i.e. October 26, 2005) as obtained from the Target Company |
| **Shareholders** | Shareholders of the Target Company |
| **Specified Date** | November 18, 2005 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent |
| **Stock Exchanges** | BSE and NSE |
| **Target Company** | Micro Inks Limited, a company incorporated under the laws of India, under the Companies Act, 1956 and having its registered office at Bilakhia House, Muktanand Marg, Chala, Vapi, Gujarat, India – 396191 |

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

*Exchange rate used throughout this Letter of Offer is 1Euro = Rs. 53.94 as of October 24, 2005 (Source: www.rbi.org.in)*

## I. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MICRO INKS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 28, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

## II. DETAILS OF THE OFFER

### Background of the Offer

1. This open offer ("Offer") is being made by MHM Holding GmbH (also referred to as the "Acquirer") pursuant to and in compliance with, among others, Regulations 10 and 12 of the Regulations, for the purpose of substantial acquisition of Shares and voting rights of Micro Inks Limited ("Target Company") accompanied with change in control of the Target Company.
2. The Acquirer has entered into a Share Purchase Agreement dated October 25, 2005 as amended by Supplemental Agreement dated November 27, 2005 ("SPA") to acquire 12,560,330 Shares representing 50.50% of the Share Capital from the existing promoters of the Target Company viz. Bilakhia Holdings Private Limited ("BHPL") (Registered Office: Bilakhia House, Muktanand Marg, Chala Vapi 396191, Gujarat, India, Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733), Mr. Anjum Bilakhia (Address: "Parishram", Daman Road, Chala, Vapi 396191, Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733), Mr. Yunus Bilakhiya (Address: "Parishram", Daman Road, Chala, Vapi 396191, Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733) and Mr. Jakirhusen Bilakhiya (Address: "Parishram", Daman Road, Chala, Vapi 396191, Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733) (BHPL, Mr. Anjum Bilakhia, Mr. Yunus Bilakhiya and Mr. Jakirhusen Bilakhiya jointly referred to as the "Promoters"), belonging to the Bilakhia group, in an all cash transaction, at a price of Rs 675 per Share. As per the terms of the SPA, the Acquirer has agreed to purchase 12,560,330 Shares representing 50.50% of the Share Capital comprising 313,334 Shares representing 1.26% of the Share Capital from Mr. Anjum Bilakhia, 313,333 Shares representing 1.26% of the Share Capital from Mr. Yunus Bilakhiya, 313,333 Shares representing 1.26% of the Share Capital from Mr. Jakirhusen Bilakhiya and 11,620,330 Shares representing 46.72% of the Share Capital from BHPL. The aforesaid purchase under the SPA is conditional upon the fulfillment of various conditions precedent as contained in the SPA, including the receipt of requisite regulatory approvals (including approvals from the Foreign Investment Promotion Board of India and the Reserve Bank of India) and completion of the Offer.
3. The Acquirer would acquire control over the Target Company and would become a promoter of the Target Company. Further, BHPL shall continue as a promoter of the Target Company and would retain 1,119,237 Shares representing 4.5% of the Share Capital ("Balance Shares"), which will be governed by a Shareholders' Agreement ("SHA") between the Acquirer and BHPL, wherein the Acquirer will have a Call Option and BHPL will have a Put Option for the Balance Shares, to be exercised in compliance with the Regulations, as applicable. The composition of the Board of Directors of the Target Company will be as follows: (i) the Acquirer will have the right to nominate 3 directors; (ii) BHPL will retain the right to nominate 2 directors, of which one director shall be the non-executive chairman for the next five years and three months or till Promoters hold Balance Shares, whichever is later; (iii) there will be 3 independent directors; and (iv) the ninth director will be the Managing Director who, in the future, will be nominated by the Acquirer.
4. As on the date of the PA, the Promoters held 15,807,598 Shares representing 63.56% of the Share Capital. Pursuant to the letter to SEBI dated November 18, 2005, submitted by the Manager to the Offer, and the response from SEBI dated November 25, 2005, in order to ensure that the Shares held by the Acquirer including the Shares proposed to be acquired in the Offer taken together with the Balance Shares, do not exceed 75% of the Share Capital and the level of the public shareholding stays at a minimum of 25% (being the threshold for continuous listing) at all times, BHPL has sold 2,128,031 Shares representing 8.56% of the Share Capital in the market through the stock exchanges on November 29, 2005, at an average price of Rs. 640 per Share, as intimated to the Manager to the Offer by BHPL vide its letter dated November 29, 2005 and intimated by the Target Company to BSE and NSE vide its letters of even date and as also disclosed in the Second PA.

5. Other than as mentioned in Section 2 above, the Acquirer has neither acquired nor has been allotted any Shares of the Target Company in the last 12 months.
6. The Acquirer, Promoters and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992. Other than as mentioned in Section 2 above, the Acquirer has neither acquired any Shares since the date of the PA nor during the 12-month period prior to the date of the PA.
7. Subject to Section 3 above, the Acquirer may make requisite changes to the composition of the Board of Directors of the Target Company as per business considerations and regulatory requirements and shall take decisions in this regard, if any, after completion of the Offer.

**Details of the proposed Offer**

8. In accordance with Regulation 14(4) of the Regulations, the Acquirer issued a public announcement on October 26, 2005, which appeared in all editions of Financial Express (except the Delhi and Chandigarh editions in which it appeared on October 27, 2005 due to technical problems at Financial Express) and Jansatta, Mumbai edition of Navshakti and Surat edition of Sandesh. A corrigendum public announcement was also issued in the same newspapers on November 30, 2005. Copies of these announcements are expected to be available on SEBI's website (www.sebi.gov.in).
9. This Offer is to acquire up to 4,974,388 fully paid up equity shares ("Offer Size") of face value of Rs. 10 each ("Share") of Micro Inks Limited ("Target Company") representing 20% of the voting equity share capital of the Target Company ("Share Capital") at a price of Rs. 675 (Rupees Six Hundred Seventy Five Only) for each Share of the Target Company ("Offer Price"), to be paid in cash in accordance with the Regulations and in terms of the Offer.
10. As of March 31, 2005, the total paid up capital of the Target Company was Rs. 6,837 lacs consisting of paid up equity capital of Rs. 2,487 lacs (24,871,941 fully paid up equity shares of Rs. 10 each) and cumulative redeemable fully paid up preference shares of Rs. 100 each aggregating Rs. 4,350 lacs. There are no partly paid-up Shares in the Target Company.
11. There has been no competitive bid in the Offer.
12. To the extent of the Offer Size, all Shares of the Target Company that are validly tendered and accepted pursuant to this Offer are proposed to be acquired by MHM Holding GmbH.
13. The Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.
14. This Offer is made to all Shareholders except the Acquirer and the Promoters.
15. The Letter of Offer is being sent to those Shareholders (except the Acquirer and the Promoters) whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on November 18, 2005, being the Specified Date, as required under the Regulations.
16. There are no outstanding convertible instruments of the Target Company.

**Object of the acquisition / Offer**

17. The Acquirer believes that this transaction should enable the Acquirer to attain a significant presence in the Indian subcontinent as also achieve backward integration into pigments and resins. The Target Company benefits from the forward integration into the sales and service network of the Acquirer to grow both in India and abroad.
18. The Acquirer will become the market leader in printing inks manufacturing industry in India through the integration with Micro Inks Limited, which is the current leader. In addition, the Acquirer will improve its position in Europe, North America and Asia. The manufacturing sites of the Acquirer and the Target Company will support each other, maximizing the quality objectives and customer service / supply to global areas and will benefit from the combination of their know-how, research and development. The acquisition is in line with the Acquirer's objective to enhance its position as a supplier of top quality products and services for the printing industry, both in publication and packaging.
19. As of the date of this PA, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring (including by way of amalgamations, mergers, demergers, etc.) and/ or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the foregoing, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.
20. The Offer is being made in accordance with Regulations 10 and 12 of the Regulations for the purpose of substantial acquisition of Shares and voting rights of the Target Company accompanied by a change in control of the Target Company.
21. BHPL, through its wholly-owned subsidiary, has entered into a share purchase agreement dated October 25, 2005 with Stehlin + Hostag AG, a Swiss subsidiary of Michael Huber München GmbH, which in turn is a 100% subsidiary of the Acquirer, to invest in and acquire 46% of its equity share capital, in an all cash transaction for a total consideration of US$ 40 million in conformity with the extant regulations. The parties have an option to increase the level of this partnership

to the level of the Acquirer, and in exchange for the aforementioned shareholding in Stehlin + Hostag AG, receive an option contract for 11% participation in the Acquirer during the period after the elapse of four years from the date of the completion of this Offer upto the seventh year, subject to confirmation of both parties and receipt of regulatory approvals.

## III. BACKGROUND OF THE ACQUIRER

22. The details of MHM Holding GmbH are as follows:

| | |
|---|---|
| **Name** | MHM Holding GmbH |
| **Address** | MHM Holding GmbH, Feldkirchener Straße 15, 85551 Kirchheim/ Germany Tel: + 49 89 9003 481 , Fax + 49 89 9003 500 |
| **Listing Status** | Unlisted |
| **Group** | Hubergroup |
| **Person in control** | Shareholding is spread amongst 30 individuals |
| **Relationship** | None |
| **Primary Business** | Ultimate holding company for the Hubergroup; Hubergroup is engaged in manufacturing and marketing of various printing, publishing and packaging inks |
| **Experience** | Holding company incorporated on December 30, 1991; Hubergroup has been in existence for more than 230 years |
| **Compliance with the applicable provisions of the Regulations/other applicable regulations under the SEBI Act, 1992** | No compliance applicable as on date as it has not held in the past and does not hold any Shares of the Target Company |

23. Incorporated on December 30, 1991, MHM Holding GmbH is the ultimate parent company of Hubergroup, the world's $7^{th}$ largest printing ink manufacturer. MHM Holding GmbH is a private company and acts as the holding company for the entities that constitute Hubergroup. The company provides various central core functions to all the group companies including research and development, purchasing, maintenance of an Ink Academy etc. In addition, MHM Holding GmbH provides similar services to third parties. With more than 230 years of experience, the Hubergroup is focused on manufacturing and sale of printing inks, printing varnishes, damping solution additives and printing auxiliaries.

24. **Shareholding pattern of MHM Holding GmbH**

As of December 31, 2004, all the outstanding shares of MHM Holding GmbH common stock were held by 30 promoter individuals. The shareholders holding more than 1% of the outstanding common stock of MHM Holding GmbH on December 31, 2004 are as follows:

| S. No. | Name | No. of Shares | % Ownership |
|---|---|---|---|
| 1 | Eck Gerda-Familiengesellschaft GbR | 28,981 | 12.08% |
| 2 | Reinken Vermögensverwaltung GmbH & Co. KG | 25,051 | 10.44% |
| 3 | Traitteur Liselotte | 21,922 | 9.13% |
| 4 | Traitteur Dr. Heinz | 15,455 | 6.44% |
| 5 | Brandl Vermögensverwaltung GmbH & Co. KG | 12,527 | 5.22% |
| 6 | Reich Dr. Anton | 11,310 | 4.71% |
| 7 | Ringer Stefan | 10,613 | 4.42% |
| 8 | Ringer Wolfgang | 10,512 | 4.38% |
| 9 | Reich Dr. Erich | 8,876 | 3.70% |
| 10 | Schlunz Dagmar | 8,320 | 3.47% |
| 11 | Ringer Heiner | 8,043 | 3.35% |
| 12 | Breiting-Reinken Wolf-Dieter Walter | 7,516 | 3.13% |
| 13 | Deppe Julia | 7,516 | 3.13% |
| 14 | Traitteur Hermann | 7,409 | 3.09% |
| 15 | Traitteur Stefanie | 7,409 | 3.09% |
| 16 | Ley Otmar | 7,140 | 2.98% |
| 17 | Ringer Dr. Walter | 5,588 | 2.33% |
| 18 | Fahrenholz Cornelia | 5,168 | 2.15% |
| 19 | Kronwitter Andrea | 5,168 | 2.15% |

| S. No. | Name | No. of Shares | % Ownership |
|---|---|---|---|
| 20 | Krois Andrea | 4,886 | 2.04% |
| 21 | Duffner Marilene | 4,260 | 1.78% |
| 22 | Ringer Christiane | 2,452 | 1.02% |
| 23 | Reich Lore | 2,434 | 1.01% |
| 24 | Ringer Gudrun | 2,434 | 1.01% |
| 25 | Ringer Ulrich | 2,434 | 1.01% |
| 26 | Others | 6,576 | 2.74% |
| | **Total** | **240,000** | **100.00%** |

25. The details of the Board of Directors of MHM Holding GmbH as on the date of the PA are as under:

| Name of director | Residential address | Work experience in MHM Holding GmbH | Qualifications | Date of appointment |
|---|---|---|---|---|
| Dr. Erich Reich | Donaustr. 30, 81679 Munich/Germany | Managing Director of MHM Holding GmbH since 2000 | Technical University, Munich, Doctor of Engineer | 01-Jan-00 |
| Mr. Heiner Ringer | Muehlenstr. 44, 85567 Grafing/Germany | Managing Director of MHM Holding GmbH since 1991 and Managing Director of Michael Huber Muenchen since 1981 | MBA University, Munich | 30-Dec-91 |
| Dr. Anton Reich | Teutonenstr. 25, 81925 Munich/Germany | Member of the advisory board of MHM Holding GmbH since 1991 and member of the supervisory board of MHM Holding GmbH since 2004 | MBA University, Munich, Doctor of Economics | 30-Dec-91 |
| Dr. Herbert Sernetz | Buchhierlstr. 1 a, 81479 Munich/Germany | Member of the advisory board of MHM Holding GmbH since 2001 and member of the supervisory board of MHM Holding GmbH since 2004 | Doctor of Laws | 13-Jul-01 |
| Mr. Reinhard Stammwitz | Hasenwinkel 4, 29320 Hermannsburg/ Germany | Member of the supervisory board of MHM Holding GmbH | Carpenter, Forwarding agent | 23-Jul-04 |
| Dr. Wolfgang Bassermann | Maria-Eich Str. 73, 82166 Gräfelfing/Germany | Chairman of the advisory board of MHM Holding GmbH since 2002 | Doctor of international Laws | 10-Jul-98 |
| Dr. Walter Ringer | Urtlmühlweg 1 a 83661 Lenggries/Germany | Honorary Member of the advisory board of MHM Holding GmbH | Master and Doctor degree in chemistry | 30-Dec-91 |
| Prof. Dr. Ralf Reichwald | Stobäusstr. 90 a, 82515 Wolfratshausen/ Germany | Member of the supervisory board of MHM Holding GmbH | Master in Economics and business Admini-stration, Ph.d. in business management and professor in Information, Organisation and Management | 12-Jul-96 |
| Ms. Dagmar Schlunz | Rudliebstr. 14, 81925 Munich/Germany | Member of the advisory board of MHM Holding GmbH | MBA University, Munich | 30-Dec91 |
| Mr. Jürgen Schlunz | Rudliebstr. 14, 81925 Munich/Germany | Member of the advisory board of MHM Holding GmbH | Master of mathematics and statistics at the university of Berlin | 23-Jul-04 |
| Ms. Stefanie Traitteur | Hofererweg 1b, 81925 Munich/Germany | Member of the advisory board of MHM Holding GmbH | MBA at the university of cooperative education in Mannheim | 10-Jul-98 |
| Dr. Karl Schaschek | Schulstr. 23, 97289 Thüngen/Germany | Member of the advisory board of MHM Holding GmbH | Doctor of Physics | 26-Jul-02 |

None of these directors is a director of the Target Company as on date.

Details of the experience of the above directors are as follows:

**Dr. Erich Reich**, age 49, has been with the Hubergroup since 1990 in various management positions. In 2000, he was appointed as the managing director of MHM Holding GmbH. Prior to working for the Hubergroup, Dr. Reich served as an assistant to the managing director of BHS AG from 1986 to 1990. In 1980 – 1984, Dr. Reich worked as a scientific assistant at the Technical University Munich/Germany. Besides obtaining a masters degree in Economics from Technical University Munich/Germany, Dr. Reich also holds a masters and doctorate degree in engineering.

**Mr. Heiner Ringer**, age 60, joined the Hubergroup in 1979. He has held several positions of responsibility including head of administration and finance, managing director of Hostmann-Steinberg GmbH and Michael Huber München GmbH - both subsidiaries of MHM Holding GmbH. He was appointed as the managing director of MHM Holding GmbH in1991. Prior to working for the Hubergroup, Heiner Ringer was associated with the Klinge group from 1970 to 1979 under various positions including head of human resources development, managing director of the group's Irish subsidiary and head of organization in Germany. Heiner Ringer obtained his MBA degree from LMU University Munich/Germany in 1970.

**Dr. Anton Reich**, age 52, is a member of the advisory board of MHM Holding GmbH since 1991 and a member of the supervisory board of MHM Holding GmbH since 2004. He is the managing director and the shareholder of the car dealer and service company Niedermair & Reich since 1981. Dr. Anton Reich received his MBA and his doctor degree in economics at the LMU University Munich/Germany.

**Dr. Herbert Sernetz**, age 67, is a member of the advisory board of MHM Holding GmbH since 2001 and the chairman of the supervisory board of MHM Holding GmbH since 2004. Dr. Sernetz is a graduate from Law school of the University of Frankfurt/Germany and has received his doctorate degree in law in 1973 at the university in Munich /Germany. He has worked as an attorney at law in partnership with several reputed lawyers such as Mr. Dr. Rembold (since 1970) and Mr. Schäfer (since 2000) in Düsseldorf/Germany.

**Mr. Reinhard Stammwitz**, age 53, has been working since 1990 at Hostmann-Steinberg GmbH, a subsidiary of MHM Holding GmbH and is a member of the supervisory board of MHM Holding GmbH since 2004. During his career in the Hubergroup Reinhard Stammwitz was responsible for security including security from fire, prevention of the risks inherent in the carriage of dangerous goods as well as being the specialist on waste-management and occupational safety. Prior to working for the Hubergroup, Reinhard Stammwitz worked with the forwarding and warehousing department for the German company Union Schiffahrts- und Lagerhaus GmbH from 1978 to1990. Reinhard Stammwitz has received training as a carpenter.

**Dr. Wolfgang Bassermann**, age 64, is a member of the advisory board of MHM Holding GmbH since 1998 and its chairman since 2002. Dr. Wolfgang Bassermann has been working for Bayerische Vereinsbank/Hypovereinsbank since 1971. In 2001, he was appointed as the managing director for the corporate business out of southern Bavaria. He started his career in the domestic corporate business of the bank in 1971. After 6 months, he became in charge of the international department of multinational companies. In 1980, Dr. Wolfgang Bassermann was promoted to Senior Corporate Officer of the bank's US-operations. After returning back from USA to Germany in 1985, he became the manager for North America, Latin America and Eastern Europe countries including Russia. In 1987 he was appointed as the manager of the bank's branch in Germany. Dr. Wolfgang Bassermann graduated in 1967 from Law school of the University of Bonn/Germany and received his doctorate degree in international law of the university in Regensburg/Germany.

**Dr. Walter Ringer**, age 90, is a honorary member of the advisory board of MHM Holding GmbH since 1991. He dedicated his entire career since 1945 to the growth of Hubergroup, in capacity of being a shareholder and managing director. Dr. Walter Ringer received his masters and doctorate degree in chemistry at the LMU University Munich/Germany in 1945.

**Prof. Dr. Ralf Reichwald**, age 62, is a member of the advisory board of MHM Holding GmbH since 1996. He has teaching experience across various educational institutions and currently holds the chair of information, organization and management at the TUM Business School, Technical University Munich/Germany since 1990. Additionally, he is a permanent visiting professor at the University of Tunis, El Manar since 1999 and the dean of the TUM Business School in Munich/ Germany since 2002. From 1994 until 1996, he was the dean of the Faculty of Economics and Social Sciences at the Technical University of Munich/Germany. Prof. Dr. Ralf Reichwald has also worked as a visiting professor at Syracuse University New York/ U.S in 1994. From 1987 until 1990 he was the head of the department of General Business Administration and he served as associated Professor for business management between 1975-1987 at the University of Federal Armed Forces in Munich/Germany. Prof. Dr. Ralf Reichwald also served as the visiting professor at the University of Austin, Texas /U.S. in 1983. He received his masters in economics and business management studies at the universities of Marburg, Bonn and Munich in 1970 and received his Ph.D. in Business Management at the Institute for Industry Research at the LMU University in Munich/Germany in 1975.

**Ms. Dagmar Schlunz**, age 60, is a member of the advisory board of MHM Holding GmbH since 1991. She is a shareholder and Chief Executive Officer of the Reinken Group, a company dealing with real estate and asset management since 1992. Dagmar Schlunz received her MBA degree from the university of Munich/Germany in 1968.

**Mr. Jürgen Schlunz**, age 65, is a member of the advisory board of MHM Holding GmbH since 2004. He retired in the middle of 2000 after starting his career at the Munich Re Group, the world's largest reinsurance company, in 1967. From 1974 to 1977, he worked as a Senior Actuary in Atlanta, Gerorgia, for the Munich American Life Reassurance Company, a subsidiary of the Munich Re Group. Back in Munich in 1977, Jürgen Schlunz served in various leading positions of Munich Re's life Department and was a member of the department's Executive Management. Jürgen Schlunz received his Master degree in mathematics and statistics 1967 at the university of Berlin/Germany.

**Ms. Stefanie Traitteur**, age 42, is a member of the advisory board of MHM Holding GmbH since 1998. She works as a Human Resources Assistant for Personnel Management since 1996 for Vereinte Krankenversicherung AG, a subsidiary of the Allianz Group. Stefanie Traitteur started her career in 1986 at the Human Resources Department of R. Oldenbourg GmbH and joined Vereinte Krankenversicherung AG in 1988. Stefanie Traitteur graduated in business administration at the University of Cooperative Education, Mannheim/Germany in 1986.

**Dr. Karl Schaschek**, age 45, is a member of the advisory board of MHM Holding GmbH since 2002. He works as a research physicist for Koenig & Bauer AG, Würzburg/Germany, one of the largest press manufacturers worldwide since 1995 and was appointed as head of research in 1999. He started his career in1988 as a free coworker at TDV Karlsruhe/ Germany and from 1989 to 1992 he was a lecturer at the Chamber of Trade in Würzburg/Germany. Dr. Karl Schaschek received his doctorate degree in 1993 at the Julius-Maximilians-University of Würzburg, after a scientific career as a research associate at the university from 1988 to 1992. Additionally, Dr. Karl Schaschek is a postdoctoral associate at the Yale University, New Haven, CT, USA at the Centre of Laserdiagnostics.

26. Share capital of MHM Holding GmbH as on April 30, 2005 was Euros 12,000,000 (~Rs. 64,72,80,000), comprising 240,000 shares of Euros 50 each (~Rs.2,697 each).

27. **Consolidated Financials of MHM Holding GmbH**

All financial statements presented below for the years ended 31-Dec-04, 31-Dec-03 and 31-Dec-02 are audited and those for period ended 30-Apr-05 have been reviewed by the statutory auditors of MHM Holding GmbH and are stated in accordance with the Generally Accepted Accounting Principles of Germany.

*(As per the certificate dated October 24, 2005, provided by the statutory auditors of MHM Holding GmbH – Deloitte & Touche GmbH, no adjustments are required pursuant to the provisions of Annexure I, item 11 of the Standard Letter of Offer of SEBI)*

**Consolidated Income Statement**

| | **4 months ended 30-Apr-05** | | **Year Ended 31-Dec-04** | | **Year Ended 31-Dec-03** | | **Year Ended 31-Dec-02** | |
|---|---|---|---|---|---|---|---|---|
| | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** |
| Income from Operations | 152 | 82,198 | 469 | 253,085 | 442 | 238,580 | 452 | 243,897 |
| Other Income | 3 | 1,520 | 11 | 5,840 | 15 | 8,161 | 8 | 4,236 |
| Total Income | 155 | 83,718 | 480 | 258,924 | 457 | 246,741 | 460 | 248,133 |
| Total Expenditure | 139 | 75,032 | 431 | 232,539 | 412 | 222,000 | 417 | 225,061 |
| Profit Before Depreciation Interest and Tax | 16 | 8,686 | 49 | 26,386 | 46 | 24,741 | 43 | 23,072 |
| Depreciation | 6 | 3,377 | 19 | 10,084 | 20 | 10,540 | 21 | 11,409 |
| Interest / Net Financing Expenditure | 1 | 441 | 2 | 974 | 3 | 1,586 | 3 | 1,681 |
| Profit Before Tax | 9 | 4,869 | 28 | 15,329 | 23 | 12,615 | 19 | 9,982 |
| Provision for Tax | 3 | 1,600 | 9 | 4,599 | 8 | 4,125 | 6 | 3,342 |
| Profit After Tax | 6 | 3,268 | 20 | 10,730 | 16 | 8,491 | 12 | 6,640 |

**Consolidated Balance Sheet**

| | **4 months ended 30-Apr-05** | | **Year Ended 31-Dec-04** | | **Year Ended 31-Dec-03** | | **Year Ended 31-Dec-02** | |
|---|---|---|---|---|---|---|---|---|
| | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** | **(Euro Mn)** | **(Rs Lac)** |
| *Sources of Funds* | | | | | | | | |
| Paid-up Share Capital | 12 | 6,473 | 12 | 6,473 | 12 | 6,473 | 12 | 6,473 |
| Reserves and Surplus (excluding revaluation reserves) | 126 | 68,035 | 120 | 64,965 | 104 | 56,049 | 94 | 50,725 |
| Net-worth | 138 | 74,507 | 132 | 71,438 | 116 | 62,521 | 106 | 57,197 |
| Minority Interest | 2 | 895 | 2 | 895 | 1 | 551 | 1 | 636 |
| Secured Loans# | 14 | 7,528 | 14 | 7,534 | 16 | 8,743 | 23 | 12,168 |
| Unsecured Loans | 14 | 7,456 | 33 | 17,749 | 30 | 16,023 | 31 | 16,815 |
| Total | 168 | 90,386 | 181 | 97,616 | 163 | 87,838 | 161 | 86,816 |
| *Uses of Funds* | | | | | | | | |
| Net Fixed Assets* | 108 | 58,028 | 110 | 59,556 | 93 | 50,178 | 90 | 48,552 |
| Investments | 3 | 1,461 | 3 | 1,368 | 2 | 903 | 2 | 928 |
| Net Current Assets^ | 57 | 30,607 | 66 | 35,844 | 67 | 35,888 | 68 | 36,653 |
| Total miscellaneous expenditure not written off / prepaid expenses | 1 | 290 | 2 | 846 | 2 | 868 | 1 | 683 |
| Total | 168 | 90,386 | 181 | 97,615 | 163 | 87,838 | 161 | 86,816 |

# *Secured Loan is the portion of liabilities to banks, which is collateralized through mortgage*

* *Net Fixed Assets calculated as net fixed assets as per balance sheet less shares in affiliated enterprises less participations*

^ *Net Current Assets defined as total current assets less accruals less total liabilities plus liabilities to banks*

**Other Financial Information**

| | 4 months ended 30-Apr-05 | | Year Ended 31-Dec-04 | | Year Ended 31-Dec-03 | | Year Ended 31-Dec-02 | |
|---|---|---|---|---|---|---|---|---|
| | (Euro) | (Rs) | (Euro) | (Rs) | (Euro) | (Rs) | (Euro) | (Rs) |
| Dividend (%) | NA | | 24.2 | | 24.2 | | 24.2 | |
| Earning Per Share | 25.3 | 1,362.0 | 82.9 | 4,470.5 | 65.6 | 3,537.9 | 51.3 | 2,767 |
| Return on Average Net worth (%) | 4.5 | | 16.0 | | 14.2 | | 12.1 | |
| Book Value Per Share | 575.5 | 31,044.6 | 551.8 | 29,765.7 | 483.0 | 26,050.3 | 441.8 | 23,832.3 |
| Price-Earnings Ratio | NA | | NA | | NA | | NA | |

*Note: Exchange rate used is the RBI reference rate as on October 24, 2005 – Rs. 53.94 / Euro*

28. The details of the companies newly promoted by MHM Holding GmbH are as follows:

(Note: All figures are shown in thousand Euros)

| **Name** | **MHM Corporate Holding GmbH, Kirchheim/Germany (dormant company)** | | | **Huber-Öncü Kimyevi Maddeler Sanayi ve Anonim Sirketi, Istanbul/Turkey** | | |
|---|---|---|---|---|---|---|
| **Date of Incorporation** | **January 18, 2002** | | | **March 1, 2002** | | |
| **Nature of Business** | **Investment in any kind of enterprises** | | | **Sales company** | | |
| **Reporting period** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** |
| Equity Capital | 25 | 25 | 25 | 316 | 316 | 316 |
| Reserves (excluding revaluation reserves) | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Asset Value | 24 | 24 | 23 | NA | NA | NA |
| Total Income | 0 | 0 | 0 | 0 | 566 | 95 |
| Profit After Tax | -1 | 0 | -1 | -85 | -267 | -191 |
| Shares Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per Share | 0 | 0 | 0 | -1 | -3 | -2 |

| **Name** | **MH Holding Ukraine GmbH, Kirchheim/ Germany** | | | **Hostmann-Steinberg RUS OOO, Moscow/Russia** | | |
|---|---|---|---|---|---|---|
| **Date of Incorporation** | **November 15, 2004** | | | **September 21, 2004** | | |
| **Nature of Business** | **Sales and investment in enterprises operating in the Ukrainian market** | | | **Sales company** | | |
| **Reporting period** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** |
| Equity Capital | - | - | 600 | - | - | 2,311 |
| Reserves (excluding revaluation reserves) | - | - | 0 | - | - | 39 |
| Net Asset Value | - | - | 150 | - | - | 1,371 |
| Total Income | - | - | 0 | - | - | 310 |
| Profit After Tax | - | - | -3 | - | - | -264 |
| Shares Outstanding | - | - | 450 | - | - | 1,128 |
| Earnings per Share | - | - | 0 | - | - | -3 |

| **Name** | **Hostmann-Steinberg Danmark A/S, Ishoj/Denmark** | | | **Michael Huber Hungaria Kft, Budapest/Hungary** | | |
|---|---|---|---|---|---|---|
| **Date of Incorporation** | **September 21, 2004** | | | **September 1, 1995** | | |
| **Nature of Business** | **Sales company** | | | **Sales company** | | |
| **Reporting period** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** | **31-Dec-02** | **31-Dec-03** | **31-Dec-04** |
| Equity Capital | - | - | 605 | 20 | 20 | 20 |
| Reserves (excluding revaluation reserves) | - | - | 6 | 743 | 945 | 1,229 |
| Net Asset Value | - | - | 549 | 1,082 | 1,179 | 1,722 |
| Total Income | - | - | 250 | 6,458 | 6,665 | 8,365 |
| Profit After Tax | - | - | -62 | 435 | 196 | 468 |
| Shares Outstanding | - | - | 0 | 0 | 0 | 0 |
| Earnings per Share | - | - | 0 | 4 | 2 | 5 |

| Name | Michael Huber Polska Sp. z o. o., Wroclaw/Poland | | | Hostmann-Steinberg Belgium N.V., Gent-Gentbrugge/Belgium | | |
|---|---|---|---|---|---|---|
| Date of Incorporation | February 28, 1995 | | | October 22, 1997 | | |
| Nature of Business | Sales company | | | Sales company | | |
| Reporting period | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 |
| Equity Capital | 202 | 202 | 202 | 100 | 100 | 100 |
| Reserves (excluding revaluation reserves) | 725 | 1,510 | 1,586 | 136 | 136 | 136 |
| Net Asset Value | -289 | 479 | 466 | 164 | 140 | -157 |
| Total Income | 14,222 | 18,288 | 19,057 | 4,778 | 4,618 | 5,513 |
| Profit After Tax | -66 | -14 | -108 | -64 | -27 | -325 |
| Shares Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per Share | -1 | 0 | -1 | -1 | 0 | -3 |

| Name | Michael Huber CZ s.r.o., Prague/ Czech Republic | | | Hostmann-Steinberg Sweden AB, Stockholm/Sweden | | |
|---|---|---|---|---|---|---|
| Date of Incorporation | August 12, 1998 | | | March 25, 1999 | | |
| Nature of Business | Sales company | | | Sales company | | |
| Reporting period | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 |
| Equity Capital | 315 | 315 | 315 | 54 | 54 | 54 |
| Reserves (excluding revaluation reserves) | 2 | 8 | 46 | 108 | 87 | 81 |
| Net Asset Value | 488 | 499 | 666 | 73 | 7 | 111 |
| Total Income | 3,974 | 3,929 | 5,256 | 1,714 | 1,865 | 2,291 |
| Profit After Tax | 137 | 31 | 138 | 46 | -23 | 111 |
| Shares Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per Share | 1 | 0 | 1 | 0 | 0 | 1 |

| Name | Hostmann-Steinberg Suomi Oy, Vantaa/Finland | | | Michael Huber München Matbaa Malzemeleri Üretim Pazarlama Ithalat Ihracaat Limited Sirketi, Istanbul/Turkey | | |
|---|---|---|---|---|---|---|
| Date of Incorporation | November 15, 1999 | | | August 1, 2000 | | |
| Nature of Business | Sales company | | | Sales company | | |
| Reporting period | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 |
| Equity Capital | 50 | 50 | 50 | 41 | 131 | 131 |
| Reserves (excluding revaluation reserves) | 0 | 0 | 0 | 0 | 162 | 158 |
| Net Asset Value | 11 | -39 | -43 | -76 | 32 | 234 |
| Total Income | 4,366 | 4,573 | 4,790 | 2,456 | 2,935 | 4,056 |
| Profit After Tax | 53 | -14 | -9 | 8 | 96 | 201 |
| Shares Outstanding | 0 | 0 | 0 | 0 | 0 | 0 |
| Earnings per Share | 1 | 0 | 0 | 0 | 1 | 2 |

| Name | Stehlin Hostag Portugal S.A., Seixal/Portugal | | |
|---|---|---|---|
| Date of Incorporation | January 4, 2001 | | |
| Nature of Business | Sales company | | |
| Reporting Period | 31-Dec-02 | 31-Dec-03 | 31-Dec-04 |
| Equity Capital | 25 | 100 | 100 |
| Reserves (excluding revaluation reserves) | 10 | 10 | 0 |
| Net Asset Value | -17 | 15 | 19 |
| Total Income | 629 | 935 | 1,354 |
| Profit After Tax | -10 | -50 | 19 |
| Shares Outstanding | 0 | 0 | 0 |
| Earnings per Share | 0 | 0 | 0 |

**Michael Huber Ukraine LLC, Kiev/Ukraine**

Michael Huber Ukraine LLC, Kiev/Ukraine was founded in April 2005. The subscribed capital amounts to 4,107 Thousand UAH, which correspond to 600 Thousand EURO. MH Holding Ukraine GmbH, Kirchheim (see No. Reporting period 3), is the only shareholder of Michael Huber Ukraine LLC. Due to the fact, that the reporting period ends on December 31, 2005, no financial statements are available.

**Hubergroup China Limited, Hong Kong/China**

Hubergroup China Limited, Hong Kong/China was founded in December 2004. The subscribed capital amounts to 2,000 Thousand HK$ which corresponds to 189 Thousand EURO). Hubergroup China Limited is a 100 % subsidiary of MHM Holding GmbH. Due to the fact, that the reporting period ends on December 31, 2005, no financial statements are available.

29. MHM Holding GmbH has consolidated accounts with companies controlled by MHM Holding GmbH. None of the companies appearing in the consolidated accounts are directly related in any manner to the Offer. Shares tendered and accepted in the Offer would be acquired by MHM Holding GmbH.

30. **Disclosure in terms of Regulation 16(ix)**

The Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring (including by way of amalgamations, mergers, demergers, etc.) and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the foregoing, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

Other than in the ordinary course of business, the Acquirer undertakes not to sell, dispose off or otherwise encumber any substantial asset of the Target Company except with prior approval of the Shareholders of the Target Company.

31. **Option in Terms of Regulation 21**

As mentioned in Section 2 read with Section 4 above, the Acquirer has agreed to purchase Shares representing 50.50% of the Share Capital from the Promoters with BHPL retaining 4.5% of the Share Capital. Accordingly, pursuant to the Offer, the public shareholding in the Target Company will be in accordance with the guidelines relating to the limit specified for the purpose of listing on continuous basis in terms of the Listing Agreement with the stock exchanges.

## IV. BACKGROUND OF THE TARGET COMPANY (BASED ON PUBLIC INFORMATION AND INFORMATION PROVIDED BY THE TARGET COMPANY)

32. The registered office of the Target Company is located at Bilakhia House, Muktanand Marg, Chala, Vapi – 396191, Gujarat, India (Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733). The corporate office of the Target Company is the same as its registered office.

33. The Target Company has grown from a manufacturer of printing inks to an integrated manufacturer of a wide range of printing inks, publishing and packaging inks, pigments, resins, varnishes, enamels and adhesives. Micro Inks Limited sells its products worldwide to its customers, spread over 70 countries directly and also thorough distributors.

The Target Company was a private company held by the Bilakhia family initially having manufacturing operations in Vapi. In 1992, it offered its shares to the public through an Initial Public Offering. It commissioned the Daman plant in 1994. It initiated implementation of SAP/R3 ERP solutions in 1998. Keeping up the pace of technology upgradation, it set up a large ink-manufacturing plant at Silvassa, another plant for manufacturing Alkali Blue and a wide range of Resins, Waxes and Additives at Vapi II,100% Export Oriented Unit at Vapi and manufacturing unit at Silvassa-II. In 2004, the Target Company listed its depository receipts on the Luxembourg Stock Exchange.

In order to gain access to global markets in the year 2000, the Target Company initiated operations in the USA by establishing Micro Inks Corporation. Since then, it has attempted to consolidate its market share across geographies in the global inks industry.

34. In addition to its registered / corporate office, the Target Company has ten regional offices located in India namely Mumbai, Noida, Delhi, Chennai, Kolkata, Bangalore, Ahmedabad, Baroda, Hyderabad and Sivakasi. The Target Company also has an overseas presence through its wholly owned subsidiaries in Austria, USA, Singapore, Hong Kong, China and Australia.

The Target Company operates through 6 plants in India within 30 kilometers of each other – three in Gujarat (Vapi–I, Vapi–II and Vapi –III), one in the Union Territory of Daman and the remaining two in the Union Territory of Dadra and Nagar Haveli (Silvassa–I and Silvassa–II).

35. Share capital structure of the Target Company as on the date of PA is as under:

| | **Number of Shares / voting rights** | **% of Shares / voting rights** |
|---|---|---|
| Fully paid up equity shares | 24,871,941 | 100 |
| Partly paid up equity shares | - | - |
| Total paid up equity shares | 24,871,941 | 100 |
| Total voting rights in the Target Company | 24,871,941 | 100 |

As of March 31, 2005, the total paid up capital of the Target Company was Rs. 6,837 lacs consisting of paid up equity capital of Rs. 2,487 lacs (24,871,941 fully paid up equity shares of Rs. 10 each) and cumulative redeemable fully paid up preference shares of Rs. 100 each aggregating Rs. 4,350 lacs.

There are no partly paid up Shares in the Target Company.

During the fiscal year ending March 31, 2005, the Target Company issued 3,013,341 Global Depository Receipts (GDRs), underlying one Equity Share of Rs. 10/- each per GDR, at US $13.2743 per GDR.

36. Build-up of the current capital structure of the Target Company since inception is as under:

**Buildup of Equity Share Capital**

| Date of Allotment | No. and % of shares issued | Cumulative paid-up share capital | Mode of allotment | Identity of allotees | Status of Compliance |
|---|---|---|---|---|---|
| 14-Nov-1991 | 70 | 70 | Initial Subscribers to MA | Initial Subscribers | Complied |
| 20-Jan-1992 | 267,226 | 267,296 | Fresh Issue of Eq. Shares | Promoters | Complied |
| 28-May-1992 | 652,704 | 920,000 | Fresh Issue of Eq. Shares | Promoters | Complied |
| 16-Feb-1993 | 3,011,000 | 3,931,000 | Initial Public Offer | Public | Complied |
| 22-May-1996 | 2,000,000 | 5,931,000 | Preferential Issue | Promoters | Complied |
| 15-Dec-1999 | 900,000 | 6,831,000 | Preferential Issue | Promoters | Complied |
| 22-Nov-2000 | 6,831,000 | 13,662,000 | Bonus Shares | Shareholders | Complied |
| 07-Nov-2003 | 8,196,000 | 21,858,000 | Rights Issue | Shareholders | Complied |
| 10-Nov-2004 | 3,013,341 | 24,871,341 | G.D.R. | FIIs | Complied |
| 07-Mar-2005 | 600 | 24,871,941 | Rights Issue | Shareholders | Complied |

*Note: On May 8, 2005, a monetary penalty of Rs 5 lacs was imposed by SEBI for minor technical lapses of inadequate disclosure, though inadvertent, in the notice for the Extraordinary General Meeting, to be held on November 30, 1999, authorizing the issue and allotment of 9,00,000 equity shares on a preferential basis, as required by Regulation 3(I)(c)(ii) of the Takeover Regulations. The SEBI order clearly states that the non-compliance with the statutory requirement was unintentional, without any malafide, and done without an intent to obtain any benefit or deny any benefit to the shareholders and hence a matter of sheer oversight on behalf of Micro Inks Limited.*

**Buildup of Preference Share Capital**

| Date of Allotment | Type of Preference Shares | No of Shares Allotted | Face Value | Status |
|---|---|---|---|---|
| 18-Oct-2000 | 95% Redeemable Cumulative Preference Shares | 150,000 | Rs.100/- issued at premium of Rs.900/- per share | Redeemed on 18-10-2002 |
| 3-Oct-2000 | 95% Redeemable Cumulative Preference Shares<br>80% from 1-4-03 till date of redemption.<br>65% CRPS (Coupon Rate revised effective October 01, 2004) | 100,000 | Rs.100/- issued at premium of Rs.900/- per share | Extended by 36 months from 3-10-2002 for 36 months.<br>Redeemed on May 24, 2005 by exercising call/put option. |
| 27-Mar-2001 | 90% Redeemable Cumulative Preference Shares<br>70% from March 27, 2004 till the date of redemption.<br>65% CRPS (Coupon Rate revised effective October 01, 2004) | 250,000 | Rs.100/- issued at premium of Rs.900/- per share | Extended by 36 months from 27-3-2004 for 36 months. |
| | Splitting of shares on May 18, 2005 | 150,000 and 100,000 | | Redeemed on May 24, 2005<br>Redeemed on September 21, 2005 by excising call/put option. |
| 20-Mar-2002 | 9% Redeemable Cumulative Preference Shares<br>6.5% CRPS (Coupon Rate revised effective October 01, 2004) | 4,000,000 | Rs.100/- | Extended by 36 months from 20-3-2005 for 36 months.<br>Redeemed on July 05, 2005 by exercising call/ put option. |

*Source: Micro Inks Limited*

37. The Target Company has confirmed that the trading in its Shares has never been suspended on any of the Stock Exchanges.
38. All Equity Shares of the Target Company are listed on both BSE and NSE.
39. There are no convertible instruments, which are outstanding in the Target Company.

40. As per the information received from the Target Company and the Promoters, they have respectively complied with the applicable provisions of Chapter II of the Regulations.

41. The Target Company has complied with the listing requirements of BSE and NSE and no penal / punitive actions have been taken by these stock exchanges against the Target Company.

42. The Acquirer has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

43. The Board of Directors of the Target Company, as of the date of the PA, is as under:

| **Name of director** | **Designation** | **Residential address** | **Work experience (Approximate number of years)** | **Qualifications** | **Date of Appointment** |
|---|---|---|---|---|---|
| Mr. Yunus Bilakhiya | Chairman | "Parishram", Daman Road, Chala, Vapi - 396191 | 23 | B.Sc | 13-Nov-1991 |
| Mr. Anjum Bilakhia | Managing Director | "Parishram", Daman Road, Chala, Vapi -396191 | 22 | Chemical Engineer | 13-Nov-1991 |
| Mr. Shivram Angne | Whole-Time Director | Kamgar Nagar, Bldg. No. 26/c, S G Barve Marg, Kurla Mumbai - 400024 | 23 | B.Sc; Diploma in Surface Coating Technology | 28-Sept-2000 |
| Mr. M L Bhakta | Independent, non-executive Director | 4, Sagar Villa, 38, Bhulabhai Desai Road, Mumbai - 400026 | 50 | L.L.B. - Solicitor | 27-Jun-2000 |
| Mr. Prashant A Desai | Director | 11, Devki Park, Behind Bhagyodaya Soc, Vapi Daman Road, Chala, Vapi - 396191 | 21 | MBA; M.Sc | 23-Aug-1999 |
| Mr. Hasmukh Shah | Independent, non-executive Director | 15, Dhanushya Society, Sama Road, Vadodara -390008 | 47 | M.A. (Economics) | 27-Jun-2000 |
| Mr. .K K Unni | Independent, non-executive Director | 145, Nibbana, Pali Hill, Bandra (West), Mumbai –400050 | 36 | B.Sc. (Agriculture) | 27-Jun-2000 |
| Prof. Pradip Khandwalla | Independent, non-executive Director | B/101, Jupiter Tower Opp. Samkit Bungalows Bodakdev, Ahmedabad - 380054 | 45 | C.A. MBA (USA); Ph.D. (USA) | 13-Jan-2005 |
| Mr. Vinay Pandya | Director | 401 & 402, Royal Enclave, Gurukul Road, Chala Vapi - 396191 | 19 | C.A.; C.S. | 27-Apr-2005 |

None of the above directors represent or have been appointed by the Acquirer.

44. The experience of the Board of Directors of the Target Company is as under:

**Mr. Yunus Bilakhiya** is one of the founding shareholders of Micro Inks Limited and is likewise one of the beneficial owners of BHPL, Micro Inks' controlling shareholder. Prior to its incorporation, he helped in the development of the Bilakhia family printing inks business. He graduated with a bachelors degree in science from Saurashtra University and has more than 23 years of experience in the manufacturing of printing inks and chemicals. Till 2005, he was also the chairman of the board of directors of Bilag Industries Private Limited, which is a subsidiary of Bayer CropScience A.G. He is currently on the board of several private limited companies, including BHPL, AGB Holdings Private Limited, YGB Holdings Private Limited, Bilakhia Properties Private Limited Bilakhia Research Private Limited, Midas Specialty Pvt. Limited, M3 Investment Private Limited and Hindustan Inks Private Limited.

**Mr. Anjum Bilakhia** is one of the founding shareholders and is currently one of the beneficial owners of BHPL and is the Managing Director of Micro Inks Limited. He has a background in chemical engineering and has nearly 22 years of experience in the printing inks and chemical industries. He is currently on the board of several private limited companies, including BHPL, AGB Holdings Private Limited, YGB Holdings Private Limited, ZGB Holdings Private Limited, Bilakhia Properties Private Limited, Bilakhia Research Private Limited Midas Specialty Pvt. Limited, M3 Investment Private Limited and Hindustan Inks Private Limited.

**Mr. Shivram Angne** is a whole time director of Micro Inks Limited and is responsible for human resource, quality assurance and systems. He graduated with a degree in science from Mumbai University, holds a diploma in Surface Coating Technology from Mumbai University and has over 23 years of experience in the printing inks industry.

**Mr. M.L. Bhakta** joined the Board of Micro Inks Limited in June 2000. Mr. Bhakta is a senior partner of Kanga & Company, a solicitor firm. He currently serves as director on the boards of several large Indian companies such as Gujarat Ambuja Cements Limited, Reliance Industries Limited and JCB India Limited, JCB Construction Equipments Limited and JCB Manufacturing Limited. He is also a Director of the Indian Merchants Chamber, Bombay.

**Mr. Prashant A. Desai** is a business strategist with more than 21 years of experience in international business development. He earlier worked as the head of the Agro-Pharma business division of Atul Limited He graduated from M.S. University, Baroda with a degree in engineering and received an MBA in Marketing from Gujarat University, Ahmedabad.

**Mr. Hasmukh Shah** joined the Board of Micro Inks Limited in June 2000. Mr. Shah has served as Joint Secretary to the Prime Minister of India. He was also the chairman of Indian Petrochemicals Corporation Limited and served as Vice Chairman of GE Capital India Private Limited. Mr. Shah is currently the non-executive chairman of Gujarat Gas Limited and also serves as director of several Indian companies, including, Sun Pharmaceutical Industries Limited, Supreme Petrochemicals Limited, Cosmo Films Limited, Deepak Nitrite Limited and Atul Limited He is also a member of the steering committees of various research, academic and developmental institutions in India.

**Mr. K.K. Unni** joined the Board of Micro Inks Limited in June 2000. Mr. Unni served as Vice Chairman of Aventis CropScience India Limited and has over 34 years of experience in the chemicals industry. Mr. Unni is also the Chairman & Managing Director of Bilag Industries Private Limited and director of Hikal Limited, Harvey Health Care Limited and Stanes Agencies Limited.

**Prof Pradip Khandwalla** joined the Board of Micro Inks Limited in January 2005. He is an Associate Member of the Institute of Chartered Accountants of India. He has done his MBA from Wharton, Pennsylvania and Ph.D. from Carnegie-Mellon, USA. He has made excellent contribution in the areas of management, organizational sciences etc. by authoring over a dozen books and 80 papers and articles in Indian and foreign journals and learned anthologies. He is on the editorial/advisory boards of several Indian and international journals. He was L&T Chair Professor of Organizational Behavior at IIMA from 1985 to 1991 and then the Director of IIMA up to 1996. Presently, he is on the Board of Gujarat Gas Company Limited, Bank of Baroda and Grow Talent Limited. He has served on the Boards of numerous corporations and on the governing councils of several institutions. He is a member of Government of India's National Renewal Fund and a trustee of India Brand Equity Fund Trust. He has won many international and Indian awards. Several international Who's Who carry his biographical entry.

**Mr. Vinay Pandya** joined the Board of Micro Inks Limited in April 2005. He is associated with Bilakhia Group since July 1997. Mr. Pandya is a qualified Chartered Accountant and also a Company Secretary. He has experience of more than 19 years to his credit in all spheres of Management including accounts, finance, secretarial and legal. He is also a Member of the Board of the group's subsidiary companies viz., Milestone Holdings Limited, Bilakhia Research Private Limited and Bilag Industries Private Limited. Mr. Pandya also acts as Company Secretary of Mitsu Limited, a group company of Micro Inks Limited.

45. As per the information received from the Target Company, there have been no mergers, demergers and / or spin-offs involving the Target Company during the three years prior to the date of the PA. The Target Company was incorporated on November 13, 1991 under the Companies Act, 1956 as Hindustan Inks and Resins Limited and obtained a Certificate for Commencement of Business on January 13, 1992 for manufacturing and selling a wide range of printing, publishing and packaging inks, resins, wire enamels and adhesives. Effective March 3, 2004, the corporate name was changed to Micro Inks Limited.

46. The consolidated financials of the Target Company are as under:

**Income Statement**

**(Rs. Lacs)**

| | 6-month Period Ended 30-Sep-05 | Year Ended | | |
|---|---|---|---|---|
| | | 31-Mar-05 | 31-Mar-04 | 31-Mar-03 |
| Sales and Operating Income (Net of Excise) | 52,535 | 94,734 | 77,956 | 64,694 |
| Other Income | 291 | 326 | 1,551 | 530 |
| Increase / (Decrease in semi finished & finished stock) | 1,826 | 932 | (3,223) | 6,091 |
| Total Income | 54,652 | 95,992 | 76,284 | 71,315 |
| Total Expenditure | 47,963 | 81,807 | 67,047 | 64,712 |
| Profit before Depreciation, Interest and Tax | 6,689 | 14,185 | 9,237 | 6,603 |
| Depreciation | 1,798 | 3,184 | 2,875 | 2,665 |
| Interest | 1,016 | 2,174 | 2,260 | 4,719 |
| Expenditure Transferred to Capital Accounts | 0 | 0 | (3) | (18) |
| Profit Before Tax | 3,875 | 8,827 | 4,105 | (763) |
| Provision for Tax | 610 | 1,654 | 1,067 | 376 |
| Provision for Deferred Tax | 110 | 550 | 440 | 737 |
| Profit After Tax | 3,155 | 6,623 | 2,598 | (1,876) |

**Balance Sheet**

**(Rs. Lacs)**

| | **As at 30-Sept-05** | **As at** | | |
|---|---|---|---|---|
| | | **31-Mar-05** | **31-Mar-04** | **31-Mar-03** |
| *Sources of Funds* | | | | |
| Paid-up Capital | N.A. | 2,487 | 2,186 | 1,366 |
| Reserves and Surplus | N.A. | 45,052 | 23,505 | 4,021 |
| Share Capital Suspense[#] | N.A. | - | - | 15,000 |
| Net-worth | N.A. | 47,539 | 25,691 | 20,387 |
| Preference Capital | N.A. | 4,350 | 4,350 | 4,350 |
| Secured Loans | N.A. | 26,011 | 43,900 | 44,450 |
| Unsecured Loans | N.A. | 5,300 | 2,593 | 5,455 |
| Net Deferred Tax Liability | N.A. | 3,862 | 3,312 | 2,872 |
| Total | N.A. | 87,062 | 79,846 | 77,514 |
| *Uses of Funds* | | | | |
| Net Fixed Assets including Capital Work-in-Progress | N.A. | 41,341 | 38,404 | 36,892 |
| Investments | N.A. | 0 | 0 | 1 |
| Net Current Assets | N.A. | 45,721 | 41,442 | 40,621 |
| Total | N.A. | 87,062 | 79,846 | 77,514 |

**Other Financial Data**

| | **6-month Period Ended 30-Sept-05** | **31-Mar-05** | **31-Mar-04** | **31-Mar-03** |
|---|---|---|---|---|
| Dividend Declared (%)^ | NA | 60% | 60% | 40% |
| Earning Per Share (Rs.) * | 12.13 | 26.05 | 10.58 | (18.52) |
| Return on Average Net worth (%) | NA | 20% | 13% | -12% |
| Book Value Per Share (Rs.) | NA | 178.47 | 103.12 | 126.17 |

[#] *Share Capital Suspense Account is described as money received against the proposed further issue of capital pending appropriation*

*^ Excluding Corporate Dividend Tax*

** Computed as Net Profit after Tax less Preference Dividend including Corporate Dividend Tax divided by Weighted Average Number of Equity Shares*

*The standalone financial statements pertaining to the six-month period ended September 30, 2005 have been reviewed and certified by Deloitte Haskins & Sells, the statutory auditors of the Target Company, as per their certificate dated October 22, 2005 and the consolidated financial statements presented above pertaining to the six-month period ended September 30, 2005 have been reviewed and certified by the management of the Target Company, as per their letter dated December 1, 2005. The financial statements pertaining to other periods are audited.*

47. The reasons for the rise in net sales and profit after tax of the Target Company are as follows:

The net sales and the profitability of the Target Company have risen steadily over the years. As disclosed in the Director's Report in the Annual Reports of Micro Inks Limited, the healthy increase can be attributed to positive macroeconomic outlook and strong GDP growth combined with positive growth in the ink industry in India. The overseas markets for USA, UK, Netherlands, Spain, Germany, Belgium and Italy, wherein the industry growth rates were divergent.

Reduction in overall consolidated debt and interest cost on account of utilization of GDR receipts also contributed to profitability.

48. Pre and post Offer shareholding pattern of the Target Company based on the Share Capital is as follows:

| Shareholders' Category | Shareholding as on October 21, 2005 | | Shareholding & voting rights acquired which triggered the Regulations | | Shareholding & voting rights to be acquired in the Offer (assuming full acceptance) | | Shareholding and voting rights after the acquisition and Offer* | |
|---|---|---|---|---|---|---|---|---|
| | A | | B | | C | | D | |
| | No. | % | No. | % | No. | % | No. | % |
| (1) Acquirer | | | | | | | | |
| MHM Holding GmbH | - | 0.00% | 12,560,330 | 50.50% | 4,974,388 | 20.00% | 17,534,718 | 70.50% |
| (2) Promoter group | | | | | | | | |
| BHPL | 14,867,598 | 59.78% | | | | | 1,119,237 | 4.50%* |
| Anjum Bilakhia | 313,334 | 1.26% | | | | | - | 0.00% |
| Yunus Bilakhiya | 313,333 | 1.26% | | | | | - | 0.00% |
| Jakirhusen Bilakhiya | 313,333 | 1.26% | | | | | - | 0.00% |
| *Sub-total* | 15,807,598 | 63.56% | | | | | This will depend upon response from each category of (3) & (4). | |
| (3) Institutions | | | | | | | | |
| Mutual Funds | 328,480 | 1.32% | | | | | | |
| Banks Financial Institutions, Insurance Companies | 12,550 | 0.05% | | | | | | |
| FIIs | 4,506,837 | 18.12% | | | | | | |
| *Sub-total* | 4,847,867 | 19.49% | | | | | | |
| (4) Public (other than 1 to 3) | | | | | | | | |
| Private Corporate Bodies | 735,934 | 2.96% | | | | | | |
| Indian Public | 3,361,883 | 13.52% | | | | | | |
| NRIs / OCBs | 33,647 | 0.14% | | | | | | |
| Others | 85,012 | 0.34% | | | | | | |
| *Sub-total* | 4,216,476 | 16.95% | | | | | 6,218,993 | 25.00% |
| **Total (1+2+3+4)** | **24,871,941** | **100.00%** | **12,560,330** | **50.50%** | **4,974,388** | **20.00%** | **24,871,941** | **100.00%** |

** As provided in Section 4 above, out of its 14,867,598 Shares representing 59.78% of the Share Capital, BHPL has sold 8.56% of the Share Capital to the public at an average price of Rs 640 per Share on November 29, 2005 to ensure that the public shareholding remains at least 25% of the Share Capital at all points in time.*

As on October 21, 2005, there were 8,231 public shareholders (i.e. shareholders other than Promoter Group) holding 9,064,343 Shares of the Target Company.

49. As per the information provided by the Target Company, the following are the changes in the shareholding of the promoters:

| | BHPL | Yunus Bilakhiya | Anjum Bilakhia | Jakirhusen Bilakhiya | Hanifa Bilakhia | Rashida Bilakhia | Jiluben Bilakhia | Others* |
|---|---|---|---|---|---|---|---|---|
| 14-Nov-91 | - | 10 | 10 | 10 | - | 10 | - | - |
| 20-Jan-92 | - | 24,810 | 94,260 | 1,510 | 7,700 | 65,010 | - | 11,200 |
| 28-May-9 | - | 24,810 | 94,260 | 1,710 | 17,700 | 296,510 | - | 12,200 |
| 16-Feb-93 | 517,500 | 118,310 | 193,760 | 16,210 | 119,600 | 296,510 | 95,880 | 121,000 |
| 15-Apr-93 | 517,500 | 118,310 | 193,760 | 16,210 | 207,400 | 412,010 | 95,880 | 121,000 |
| 21-Dec-93 | 517,500 | 118,310 | 193,760 | 16,210 | 07,400 | 412,010 | 95,880 | 126,600 |
| 26-Dec-93 | 517,500 | 118,310 | 193,760 | 16,210 | 207,400 | 412,010 | 172,480 | 126,600 |
| 15-Jan-94 | 517,500 | 118,310 | 193,760 | 16,210 | 211,400 | 416,010 | 172,480 | 126,600 |
| 31-Mar-94 | 517,500 | 119,310 | 193,760 | 16,210 | 211,400 | 416,010 | 172,480 | 126,600 |
| 20-Nov-94 | 518,300 | 119,310 | 194,660 | 16,210 | 211,900 | 417,110 | 172,780 | 126,600 |
| 29-Dec-94 | 518,300 | 119,710 | 194,660 | 16,210 | 211,900 | 417,110 | 172,780 | 126,600 |
| 28-May-95 | 518,300 | 119,710 | 238,660 | 16,210 | 211,900 | 417,110 | 172,780 | 126,600 |
| 31-Aug-95 | 518,300 | 119,710 | 194,660 | 16,210 | 211,900 | 417,110 | 172,780 | 126,600 |
| 26-Sep-95 | 518,300 | 119,710 | 194,660 | 16,210 | 211,900 | 261,110 | 172,780 | 126,600 |
| 6-Nov-95 | 521,300 | 119,710 | 194,660 | 16,210 | 211,900 | 261,110 | 172,780 | 126,600 |
| 29-Nov-95 | 524,000 | 119,710 | 194,660 | 16,210 | 211,900 | 261,110 | 172,780 | 126,600 |

| | BHPL | Yunus Bilakhiya | Anjum Bilakhia | Jakirhusen Bilakhiya | Hanifa Bilakhia | Rashida Bilakhia | Jiluben Bilakhia | Others* |
|---|---|---|---|---|---|---|---|---|
| 1-Dec-95 | 524,900 | 119,710 | 194,660 | 16,210 | 211,900 | 261,110 | 172,780 | 126,600 |
| 22-Dec-95 | 526,400 | 119,710 | 194,660 | 16,210 | 211,900 | 261,110 | 172,780 | 126,600 |
| 22-May-96 | 526,400 | 619,710 | 694,660 | 16,210 | 605,700 | 661,110 | 172,780 | 332,800 |
| 27-Oct-97 | 526,400 | 619,710 | 694,670 | 16,210 | 605,700 | 661,110 | 172,780 | 332,800 |
| 7-Jan-99 | 526,400 | 619,710 | 694,670 | 83,410 | 605,700 | 661,110 | 172,780 | 332,800 |
| 12-Jan-99 | 526,400 | 619,710 | 694,670 | 83,410 | 605,700 | 661,110 | 172,780 | 342,800 |
| 9-Feb-99 | 526,400 | 619,710 | 694,670 | 83,410 | 605,700 | 661,110 | 172,780 | 344,800 |
| 16-Feb-99 | 526,400 | 619,710 | 694,670 | 83,410 | 605,700 | 661,110 | 172,780 | 361,800 |
| 12-May-99 | 526,400 | 619,710 | 694,670 | 83,410 | 605,700 | 661,110 | 172,780 | 375,400 |
| 1-Jul-99 | 526,400 | 619,710 | 694,670 | 107,410 | 605,700 | 661,110 | 172,780 | 375,400 |
| 7-Jul-99 | 26,400 | 619,710 | 694,670 | 128,710 | 605,700 | 661,110 | 172,780 | 375,400 |
| 8-Jul-99 | 526,400 | 619,710 | 694,670 | 148,010 | 605,700 | 661,110 | 172,780 | 375,400 |
| 9-Jul-99 | 526,400 | 619,710 | 694,670 | 176,010 | 605,700 | 661,110 | 172,780 | 375,400 |
| 10-Jul-99 | 526,400 | 619,710 | 694,670 | 177,210 | 605,700 | 661,110 | 172,780 | 375,400 |
| 14-Jul-99 | 526,400 | 619,710 | 694,670 | 277,210 | 605,700 | 661,110 | 172,780 | 375,400 |
| 16-Jul-99 | 526,400 | 619,710 | 694,670 | 280,210 | 605,700 | 661,110 | 172,780 | 375,400 |
| 30-Jul-99 | 526,400 | 619,710 | 694,670 | 309,310 | 605,700 | 661,110 | 172,780 | 375,400 |
| 18-Aug-99 | 526,400 | 619,710 | 694,670 | 310,210 | 605,700 | 661,110 | 172,780 | 375,400 |
| 19-Aug-99 | 526,400 | 619,710 | 694,670 | 310,310 | 605,700 | 661,110 | 172,780 | 375,400 |
| 30-Aug-99 | 526,400 | 619,710 | 694,670 | 313,310 | 605,700 | 661,110 | 172,780 | 375,400 |
| 31-Aug-99 | 526,400 | 619,710 | 694,670 | 319,810 | 605,700 | 661,110 | 172,780 | 375,400 |
| 1-Sep-99 | 526,400 | 619,710 | 694,670 | 324,410 | 605,700 | 661,110 | 172,780 | 375,400 |
| 2-Sep-99 | 526,400 | 619,710 | 694,670 | 328,010 | 605,700 | 661,110 | 172,780 | 375,400 |
| 4-Sep-99 | 526,400 | 619,710 | 694,670 | 32,810 | 605,700 | 661,110 | 172,780 | 375,400 |
| 6-Sep-99 | 526,400 | 619,710 | 694,670 | 341,910 | 605,700 | 661,110 | 172,780 | 375,400 |
| 8-Sep-99 | 526,400 | 619,710 | 694,670 | 347,010 | 605,700 | 661,110 | 172,780 | 375,400 |
| 9-Sep-99 | 526,400 | 619,710 | 694,670 | 352,010 | 605,700 | 661,110 | 172,780 | 375,400 |
| 10-Sep-99 | 526,400 | 619,710 | 694,670 | 355,410 | 605,700 | 661,110 | 172,780 | 375,400 |
| 16-Sep-99 | 526,400 | 619,710 | 694,670 | 358,110 | 605,700 | 661,110 | 172,780 | 375,400 |
| 25-Sep-99 | 526,400 | 619,710 | 694,670 | 365,710 | 605,700 | 661,110 | 172,780 | 375,400 |
| 27-Sep-99 | 526,400 | 619,710 | 694,670 | 375,710 | 605,700 | 661,110 | 172,780 | 375,400 |
| 28-Sep-99 | 526,400 | 619,710 | 694,670 | 378,310 | 605,700 | 661,110 | 172,780 | 375,400 |
| 4-Oct-99 | 526,400 | 619,710 | 694,670 | 379,310 | 605,700 | 661,110 | 172,780 | 374,400 |
| 15-Dec-99 | 526,400 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 374,400 |
| 30-Mar-00 | 895,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 7-Apr-00 | 903,600 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 11-Apr-00 | 907,800 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 13-Apr-00 | 912,600 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 17-Apr-00 | 915,600 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 18-Apr-00 | 920,600 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 19-Apr-00 | 923,900 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 20-Apr-00 | 926,100 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 24-Apr-00 | 928,600 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 25-Apr-00 | 935,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 26-Apr-00 | 944,800 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 27-Apr-00 | 953,400 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 28-Apr-00 | 965,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 2-May-00 | 971,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 4-May-00 | 974,900 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 72,780 | 5,600 |
| 5-May-00 | 978,900 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |

| | BHPL | Yunus Bilakhiya | Anjum Bilakhia | Jakirhusen Bilakhiya | Hanifa Bilakhia | Rashida Bilakhia | Jiluben Bilakhia | Others* |
|---|---|---|---|---|---|---|---|---|
| 8-May-00 | 986,900 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 9-May-00 | 992,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 10-May-00 | 1,001,500 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 15-May-00 | 1,015,700 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 16-May-00 | 1,024,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 17-May-00 | 1,030,400 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 18-May-00 | 1,041,700 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 25-May-00 | 1,043,200 | 919,710 | 994,670 | 679,310 | 605,700 | 661,110 | 172,780 | 5,600 |
| 22-Nov-00 | 2,086,400 | 1,839,420 | 1,989,340 | 1,358,620 | 1,211,400 | 1,322,220 | 345,560 | 11,200 |
| 26-Feb-01 | 3,501,780 | 1,839,420 | 1,989,340 | 300,000 | 1,211,400 | 1,322,220 | - | - |
| 28-Feb-01 | 9,264,160 | 300,000 | 300,000 | 300,000 | - | - | - | - |
| 11-Nov-03 | 14,822,468 | 480,000 | 480,000 | 480,000 | - | - | - | - |
| 30-Jul-04 | 14,822,468 | 313,333 | 313,334 | 313,333 | - | - | - | - |
| 6-Dec-04 | 14,867,598 | 313,333 | 313,334 | 313,333 | - | - | - | - |

**Amrin Bilakhia, Azarudin Bilakhia, Shahin Bilakhia, Shahid Bilakhia, Mitsui Limited, Rashid Dayatar, Shahabaz Y Bilakhia and Shamin G Bilakhia*

As per the information received from BHPL, above changes in the shareholding of the Promoters in the Target Company are in compliance with the applicable provisions of the Regulations/ other applicable regulations under the SEBI Act, 1992 and other statutory requirements, as applicable.

50. Corporate Governance

The Target Company has over the years strived to implement a system of good corporate governance with an objective to increase value while maintaining transparency and accountability for its shareholders, customers, employees, the government and all other stakeholders. As per the information received from the Target Company, there was no non-compliance by the Target Company and no penalties or strictures were imposed on the Target Company by the stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

51. Pending Litigations

The Target Company has no material litigation pending against it in any Court in India or abroad, except as disclosed below.

Litigations related to Income Tax matters pending before appellate authorities:

An estimated income tax liability under dispute, which is not provided in books of accounts, amounting to an aggregate value of Rs. 566.12 lacs, for the fifteen accounting years between1992-2005.

Litigations related to pending Central Excise matters:

An estimated excise tax liability under dispute, amounting to an aggregate value of Rs. 66.96 lacs, under 5 cases.

Litigations related to Sales Tax matters pending before appellate authorities:

An estimated net sales tax liability under dispute, which is not provided in books of accounts, amounting to an aggregate value of Rs. 11.09 lacs, for the seven accounting years between1998-2005.

Other Litigations:

A legal suit has been filed by Parag Agency in Rajkot in 2000, wherein the hearing is pending. Additionally, a litigation before Consumer Dispute Redressal Forum was filed in 2004. The hearing for this is yet to commence.

52. Compliance Officer

Mr Hitesh Parikh, Senior General Manager & Company Secretary (Address: Bilakhia House, Muktanand Marg, Chala, Vapi, Gujarat, India – 396191, Tel: +91 260 246 2811/ 246 0284, Fax: +91 260 246 3733, Email: Hitesh.Parikh@microinks.com).

## V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

**Justification of Offer Price**

53. The Shares are frequently traded on the BSE and the NSE in terms of the Regulations.

54. The annualized trading turnover during the period April 1, 2005 to September 30, 2005, the six calendar months prior to October 2005 (the month in which PA was made), was as follows:

| Name of the Stock Exchange | Total number of Shares traded during the preceding 6 calendar months prior to the month of the PA (six months ending September 30, 2005) | Total number of listed Shares | Annualised trading turnover (as % of total number of listed Shares) |
|---|---|---|---|
| BSE | 742,834 | 24,871,941 | 5.97% |
| NSE | 670,103 | 24,871,941 | 5.39% |

*Source: www.bseindia.com and www.nseindia.com*

55. As the annualized trading turnover (by number of shares) on BSE is more than that on NSE, the shares of the Target Company are deemed to be most frequently traded on BSE as per the explanation to Regulation 20(5) of the Regulations.

56. On BSE, the Offer Price of Rs. 675 per Share is justified in terms of Regulation 20 of the Regulations as it is higher than:

| | | |
|---|---|---|
| a) | The average of the weekly high and low of daily closing prices for shares of the Target Company on BSE for the 26 weeks before the date of the PA | Rs. 613.80/ Share |
| b) | The average of the daily high and low of the shares of the Target Company on BSE for the two week period before the date of the PA | Rs. 636.06/ Share |
| c) | The highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before the date of the PA | Not applicable |
| d) | The negotiated price | Rs. 675.00/ Share |

57. The details of closing prices and volume on BSE for the 26-week period prior to the date of the PA are as under:

| Week Number | Week-ended | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume (Number of Shares) |
|---|---|---|---|---|---|
| 1 | 03-May-05 | 559.35 | 541.75 | 550.55 | 59,337 |
| 2 | 10-May-05 | 569.15 | 554.25 | 561.70 | 3,568 |
| 3 | 17-May-05 | 607.40 | 575.65 | 591.53 | 101,553 |
| 4 | 24-May-05 | 605.30 | 582.00 | 593.65 | 4,889 |
| 5 | 31-May-05 | 585.65 | 574.10 | 579.88 | 17,653 |
| 6 | 07-Jun-05 | 601.25 | 591.55 | 596.40 | 10,210 |
| 7 | 14-Jun-05 | 598.35 | 578.25 | 588.30 | 6,885 |
| 8 | 21-Jun-05 | 596.10 | 572.30 | 584.20 | 16,584 |
| 9 | 28-Jun-05 | 572.00 | 565.00 | 568.50 | 69,138 |
| 10 | 05-Jul-05 | 588.00 | 568.35 | 578.18 | 10,568 |
| 11 | 12-Jul-05 | 594.35 | 585.20 | 589.78 | 16,335 |
| 12 | 19-Jul-05 | 609.50 | 589.40 | 599.45 | 10,707 |
| 13 | 26-Jul-05 | 683.00 | 640.70 | 661.85 | 60,311 |
| 14 | 02-Aug-05 | 656.90 | 633.45 | 645.18 | 7,726 |
| 15 | 09-Aug-05 | 624.85 | 613.85 | 619.35 | 12,209 |
| 16 | 16-Aug-05 | 614.95 | 603.20 | 609.08 | 10,897 |
| 17 | 23-Aug-05 | 651.55 | 608.35 | 629.95 | 28,189 |
| 18 | 30-Aug-05 | 649.35 | 633.75 | 641.55 | 12,901 |
| 19 | 06-Sep-05 | 641.70 | 630.00 | 635.85 | 19,347 |
| 20 | 13-Sep-05 | 647.15 | 636.25 | 641.70 | 18,853 |
| 21 | 20-Sep-05 | 661.50 | 628.50 | 645.00 | 97,929 |
| 22 | 27-Sep-05 | 692.00 | 644.35 | 668.18 | 100,701 |
| 23 | 04-Oct-05 | 671.30 | 644.15 | 657.73 | 23,917 |
| 24 | 11-Oct-05 | 654.75 | 637.35 | 646.05 | 50,500 |
| 25 | 18-Oct-05 | 649.15 | 634.05 | 641.60 | 66,922 |
| 26 | 25-Oct-05 | 647.90 | 619.40 | 633.65 | 64,109 |
| | | | **Average** | **613.80** | |

*Source: www.bseindia.com*

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

| Day Number | Date | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume (Number of Shares) |
|---|---|---|---|---|---|
| 1 | 13-Oct-05 | 651.95 | 636.15 | 644.05 | 18,603 |
| 2 | 14-Oct-05 | 650.05 | 630.00 | 640.03 | 26,758 |
| 3 | 17-Oct-05 | 649.00 | 624.00 | 636.50 | 13,625 |
| 4 | 18-Oct-05 | 683.50 | 627.20 | 655.35 | 7,936 |
| 5 | 19-Oct-05 | 627.90 | 611.15 | 619.53 | 8,102 |
| 6 | 20-Oct-05 | 645.00 | 622.00 | 633.50 | 9,888 |
| 7 | 21-Oct-05 | 649.00 | 620.00 | 634.50 | 12,810 |
| 8 | 24-Oct-05 | 636.00 | 611.20 | 623.60 | 28,780 |
| 9 | 25-Oct-05 | 650.00 | 625.00 | 637.50 | 4,529 |
| | | | **Average** | **636.06** | |

*Source: www.bseindia.com*

58. The Acquirer and the Promoters have agreed that a consideration of US$ 1 million (US$ One Million Only) is payable by the Acquirer to the Promoters as a non-compete payment (<1% of the consideration) under the transaction documents.

59. Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

60. As per the Regulations, the Acquirer can revise the Offer Price / Offer Size upwards up to 7 working days prior to the closure of this Offer and the revision, if any, would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all shares acquired pursuant to this Offer.

61. The Acquirer shall ensure that the Offer Price is not less than the highest price paid by the Acquirer for acquisition, if any, of Shares of the Target Company from the date of PA up to 7 working days prior to the close of the Offer.

**Financial Arrangements**

62. The total financial resources required for this Offer, assuming full acceptance, will be Rs. 335,77,11,900 (Rupees Three Thirty Five Crore, Seventy Seven Lacs, Eleven Thousand, Nine Hundred Only) ("Maximum Consideration"). The Acquirer, being a company incorporated outside India, would use foreign funds for the Offer. The Acquirer proposes to finance the Offer out of internal resources and a line of credit by Dresdner Bank (Address: Dresdner Bank AG, Promenadeplatz 7, Munich) (the "Bank") for EUR 65,000,000 (Euros Sixty Five Million only) from which the Acquirer can draw-down for the purpose of this Offer. Deloitte & Touche GmbH ("Accountants") (Address: Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Rosenheimer Platz 4, 81669 Munich, Germany, Phone No: + 49 89 29036-0) have confirmed vide their letter dated October 24, 2005 that the Acquirer has adequate financial resources available for fulfilling their obligations under the Offer for a value up to the Maximum Consideration.

63. By way of security for performance of its obligations under the Regulations, the Acquirer has made an escrow arrangement for the Offer comprising a bank guarantee, issued by Deutsche Bank (Address: Deutsche Bank, Mumbai Branch, Kodak House, 222, D. N. Road, Mumbai – 400 001), (the "Guarantor Bank") in favour of the Manager to the Offer for Rs. 48,57,71,190 (Rupees Forty Eight Crore, Fifty Seven Lacs, Seventy One Thousand, One Hundred Ninety only) valid till October 14, 2006 in accordance with the Regulations. In addition, the Acquirer has deposited in an account with Dresdner Bank (Address: Dresdner Bank AG, Promenadeplatz 7, Munich) ("Deposit Bank"), an amount of more than Rs. 3,60,00,000 (Rupees Three Crore Sixty Lacs Only) in cash (the "Cash Deposit"). The Cash Deposit represents more than 1% of the Maximum Consideration in accordance with the Regulations (based on the exchange rate of Rs. 53.94 / Euro as of October 24, 2005; Source: www.rbi.org.in). The Acquirer has undertaken that the Cash Deposit shall be more than 1% of the Maximum Consideration at all times, irrespective of the foreign exchange fluctuations and has undertaken to move the Cash Deposit to a bank in India, after receipt of requisite regulatory approvals. The Manager to the Offer has been empowered by the Acquirer to instruct the Guarantor Bank and Deposit Bank to issue bankers cheques or demand drafts for amounts as provided in the Regulations.

64. On the basis of the aforesaid financial arrangements and based on the confirmation from the Bank and the certificate from the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

## VI. TERMS AND CONDITIONS OF THE OFFER

65. This Offer is being made to all the Shareholders / beneficial owners (registered or otherwise) of shares of the Target Company, except the Acquirer and Promoters. The Letter of Offer together with the Form of Acceptance and Form of Withdrawal will be mailed to the Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the shares of the Target Company whose names appear as beneficiaries on the records of the respective Depositories, on November 18, 2005, being the Specified Date, except to the Acquirer and the Promoters. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

66. The Acquirer will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. There are no locked-in shares in the Target Company.

67. To the extent of the Offer Size, all the shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by MHM Holding GmbH.

68. The Regulations provide for an upward revision of the Offer Price and the number of shares to be acquired, at any time up to seven working days prior to the closure of the Offer viz. up to December 19, 2005 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers in which the PA appeared. In case of any revision in the Offer Price, the revised price will be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer.

69. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shares in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

70. Shareholders who hold shares in **physical form** and who wish to tender their shares will be required to send the Form of Acceptance, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in Part VII of this Letter of Offer, titled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers, mentioned under Section 84 of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before 5 p.m. Indian Standard Time on the closing date i.e. December 28, 2005.

71. In respect of **dematerialised shares** the credit for the shares tendered must be received in the special account (as specified in Section 77) on or before 5 p.m. Indian Standard Time on December 28, 2005. If the Shareholders hold their shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their shares in favour of the Special Depository Account with NSDL as mentioned in Section 77 below.

72. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

73. **In case of non-receipt of this Letter of Offer**, the eligible shareholder may send his consent to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered, along with the necessary documents (as mentioned in Section 77) so as to reach the Registrar to the Offer on or before the closure of the Offer.

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

**Statutory Approvals**

75. The Statutory Approvals pertaining to the Offer are as under:

- This Offer is subject to Acquirer obtaining the approval of the Foreign Investment Promotion Board ("FIPB") and the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999, as amended, for acquisition and transfer of Shares tendered pursuant to this Offer. The Acquirer has made an application to FIPB on October 28, 2005 and will make the requisite application to RBI in this regard upon receipt of FIPB approval.
- Since the Acquirer has business interests across the globe, the Offer is subject to obtaining various statutory and regulatory approvals in Europe / USA. The Acquirer shall shortly make the requisite applications for such approvals. As on date, to the best of the knowledge of the Acquirer, there are no other statutory approvals required.
- No approvals are required from financial institutions/ banks for the Offer. To the best of knowledge of the Acquirer and as on the date of the PA, there are no other statutory approvals required to acquire the shares that are validly tendered pursuant to this Offer. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused in terms of Regulation 27 of the Regulations.
- It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant extension of time to the Acquirer for payment of consideration to Shareholders subject to the Acquirer paying interest for the delay beyond 30 days from the date of the closure of the Offer, as directed by SEBI under Regulation 22(12) of the Regulations. In case of extension of time for payment of consideration, interest will be payable as per the provisions of Regulation 22(12) of the Regulations.

## VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

76. The Shareholders, who wish to avail of and accept this Offer should deliver the documents mentioned below by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in Section 84 **before 5 pm Indian Standard Time on December 28, 2005**. Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects; otherwise the same is liable to be rejected. In the case of dematerialized shares, the Shareholders are advised to ensure that their shares are credited in favour of the special depository account on or before 5 p.m. Indian Standard Time on December 28, 2005, before the close of the Offer. The Form of Acceptance of such dematerialised shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.

77. Documents to be delivered by all Shareholders

(a) For shares held in the DEMATERIALIZED FORM

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the shares, as per the records of the Depository Participant ("DP").

(ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are as follows:

| | |
|---|---|
| Depository Name | National Securities Depository Limited (NSDL) |
| DP Name | Kotak Securities Limited |
| DP ID Number | IN300214 |
| Beneficiary Account Name | Intime Spectrum Registry Ltd - MHM-Micro Inks Open Offer |
| Beneficiary Account Number | 11705946 |
| ISIN | INE056A01014 |
| Market | Off market |
| Execution Date* | Up to December 28, 2005 |

**Shareholders should ensure that the Shares are credited in the aforementioned account not later than 5 p.m. on December 28, 2005.*

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance.

(ii) The Registrar to the Offer is not bound to accept those acceptances for which corresponding Shares have not been credited to the above special account or for Shares that are credited in the above special account but the corresponding Form of Acceptance has not been received as on the date of closure of the Offer.

(b) In case of shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of shares held in joint names, names should be filled up in the same order in which they hold shares in the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original equity share certificate(s); and

(iii) Valid equity share transfer form(s) duly signed by transferor (by all the Shareholders in case the shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

**PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

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

(i) Form of Acceptance duly completed and signed in accordance with the instructions contained therein;

(ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and

(iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the shares being tendered in this case.

(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).

(v) No indemnity is required from persons not registered as Shareholders.

**PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

78. Non-resident Shareholders should, in addition to the above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire shares held by them in the Target Company.

79. Shareholders who have sent their physical shares for dematerialization may participate in the Offer by submitting the Form of Acceptance along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the shareholder should be received on or before the close of the Offer (i.e. on or before 5 p.m. Indian Standard Time on December 28, 2005), else the application will be rejected.

80. In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the shares. Alternatively those desirous of tendering their shares to the Acquirer may participate in the Offer as follows:

    (a) In case shares are held in the dematerialized form

    by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 5 p.m. Indian Standard Time on December 28, 2005, stating the name, address, no. of shares held, no. of shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by the DP, in favour of “Intime Spectrum Registry Ltd - MHM-Micro Inks Open Offer ” filled as specified in Section 77 above. No indemnity would be required from unregistered Shareholders.

    (b) In case of shares held in the physical mode

    by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of shares held, no. of shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in Section 77, as applicable, above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 5 p.m. Indian Standard Time on December 28, 2005.

81. All Shareholders should provide all relevant documents that are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

    - Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
    - Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
    - No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
    - In case of companies, the necessary certified corporate authorisations (including board and/or general meeting resolutions).

82. While tendering Shares under the Offer, non-resident Indians (“NRIs”)/overseas corporate bodies (“OCBs”)/foreign shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring Shares. In case the previous approvals from the RBI are not submitted, the Acquirer reserves the right to reject such Shares tendered.

83. While tendering Shares under the Offer, NRIs/OCBs/foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the I T Act before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the I T Act, on the entire consideration amount payable to such NRI/OCB/foreign shareholder.

84. The shareholders who wish to avail of the offer may either send the Form or Acceptance along with all the relevant documents by registered post to the above address or deposit the same by hand-delivery at the following collection centers in Mumbai, no later than 5 p.m. on December 28, 2005, in accordance with the procedure as set out in the letter of offer.

| S. No. | Contact Person | Address | Tel. No. | Fax No. | E-mail ID |
|---|---|---|---|---|---|
| 1 | Vishwas A | Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West,Mumbai - 400 078 | +91 22 5555 5391-94 | +91 22 5555 5499 | vishwasa@intimespectrum.com |
| 2 | Vivek Limaye | Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai - 400 001 | +91 22 2269 4127 | N.A. | vivek.limaye@intimespectrum.com |

*Working hours for the above collection centres: 10 a.m. to 5 p.m. from Monday to Friday and 10 a.m. to 2 p.m. on Saturday*

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

85. Applicants who cannot hand deliver their documents at the collection centers referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West, Mumbai - 400 078.

86. The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the Shareholders who have accepted the Offer, till such time as the Acquirer completes the obligations under the Offer.

87. In case the number of shares validly tendered in the Offer by the Shareholders are more than the shares to be acquired under the Offer, the acquisition of hares from each shareholder will be, as per the provisions of Regulation 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the shares is 1 (one).

88. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by Registered Post for amounts exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint Shareholders. It is desirable that Shareholders provide bank details in the Form of Acceptance, so that the same can be incorporated in the cheque / demand draft / pay order.

89. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance.

90. Subject to the Statutory Approvals as stated in Section 75 above, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer, and for the purpose open a special account as provided under Regulation 29, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 20 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 20 days, as may be specified by SEBI from time to time.

91. A copy of this Letter of Offer (including the Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

92. In terms of the Regulations, Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the close of the Offer. The withdrawal option can only be exercised by submitting the Form of Withdrawal so as to reach the Registrar to the Offer at its address C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West, Mumbai - 400 078 either by hand delivery or by registered post by 5 P.M. on December 24, 2005.

93. In case of non-receipt of the Form of Withdrawal the withdrawal option can be exercised by making an application on plain paper mentioning the following details:

a. In case of physical shares: Name, address, distinctive numbers, folio numbers, number of Shares tendered/withdrawn

b. In case of dematerialized shares: Name, address, number of Shares tendered/ withdrawn, DP name, DP ID, beneficiary account no. and a photocopy of delivery instruction in "off-market' mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favour of the Depository Escrow Account

## VIII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at 3rd floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of Memorandum of Association as amended of the Acquirer.
- Photocopy of SPA signed on October 25, 2005 and the Supplemental Agreement signed on November 27, 2005 between Acquirer and Promoters.
- Audited financials statements of the Acquirer for the last three financial years and the financial statements for the period January 1, 2005 to April 30, 2005, as reviewed by the auditor of the Acquirer.
- Certificate from Deloitte & Touche GmbH, Chartered Accountants, dated October 24, 2005 stating that the Acquirer has adequate financial resources for fulfilling all of their obligations under the Offer for a value up to the Maximum Consideration.
- Bank guarantee, issued by Deutsche Bank (Address: Deutsche Bank, Mumbai Branch, Kodak House, 222, D. N. Road, Mumbai – 400 001), in favour of the Manager to the Offer for Rs. 48,57,71,190 (Rupees Forty Eight Crore, Fifty Seven Lacs, Seventy One Thousand, One Hundred Ninety only) valid till October 14, 2006 in accordance with the Regulations.
- Letter from Dresdner Bank (Address: Dresdner Bank AG, Promenadeplatz 7, Munich) confirming the Cash Deposit for an amount of Rs. 3,60,00,000 (Rupees Three Crore, Sixty Lacs Only) in cash representing more than 1% of the Maximum Consideration in accordance with the Regulations (based on the exchange rate of Rs. 53.94 / Euro as of October 24, 2005; Source: www.rbi.org.in).
- Letter from Dresdner Bank, having a branch office at Promenadeplatz 7, Munich, confirming the line of credit.
- A copy each of the public announcement published on October 26, 2005 and the corrigendum public announcement published on November 30, 2005.
- SEBI's observation letter dated November 25, 2005.
- Agreement regarding the special depository account with the depository participant.
- Audited Annual reports of the Target Company for the last three years, the standalone financial statements for the period April 1, 2005 to September 30, 2005, reviewed by the auditors of the Target Company and the consolidated financial statements for the same period certified by the management of the Target Company.

## IX. DECLARATION BY THE ACQUIRER

The Boards of Directors of the Acquirer accepts full responsibility for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources or received from the Target Company) contained in this Letter of Offer and shall be responsible for ensuring compliance with the Regulations.

Signed by

**For MHM Holding GmbH**

Sd/-

**Authorised Signatory**

| | | |
|---|---|---|
| Name | : | Dr. Erich Reich |
| Designation | : | Managing Director |
| Date | : | December 1, 2005 |
| Place | : | Munich, Germany |

Sd/-

**Authorised Signatory**

| | | |
|---|---|---|
| Name | : | Mr. Andres Leidert |
| Designation | : | Head of Finance |
| Date | : | December 1, 2005 |
| Place | : | Munich, Germany |

## FORM OF WITHDRAWAL

**MHM – Micro Inks Open Offer**

From

Folio No./DP ID No./Client ID No.:

| | |
|---|---|
| **OFFER OPENS ON** | **9-Dec-05, 2005 (Friday)** |
| **LAST DATE OF WITHDRAWAL** | **24-Dec-05, 2005 (Saturday)** |
| **OFFER CLOSES ON** | **28-Dec-05, 2005 (Wednesday)** |

To

**The Acquirer: MHM – Micro Inks Open Offer**
C/o Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup - West, Mumbai - 400 078

Dear Sir,

**Sub. : Open Offer for purchase of up to 4,974,388 Shares, representing up to 20% of the equity share capital of Micro Inks Limited, at the Offer Price by MHM Holdings GmbH in accordance with the Public Announcement dated October 26, 2005 as amended by the corrigendum public announcement dated November 30, 2005 and the Letter of Offer ("Offer").**

I/We refer to the public announcement dated October 26, 2005 as amended by the corrigendum public announcement dated November 30, 2005 and the Letter of Offer for acquiring the equity shares held by me/us in Micro inks Limited. I / We, the undersigned have read the aforementioned public announcements and the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our Shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. December 24, 2005.

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

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

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

| **Sr.No.** | **Ledger Folio No (s)** | **Certificate No (s)** | **Distinctive Nos.** | | **No. Shares** |
|---|---|---|---|---|---|
| | | | **From** | **To** | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| *(In case the space provided is inadequate, please attach a separate sheet with details.)* **Total No. of Equity Shares** | | | | | |

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

**ACKNOWLEDGEMENT SLIP**

**MHM – Micro Inks Open Offer**

Received from Mr./Ms._ ____________________ residing at ________________________________________________________________

a Form of Withdrawal for _________________ Shares along with:

- ☐ copy of depository instruction slip from DP ID _________________________ Client ID ___________________________
- ☐ copy of acknowledgement slip issued when depositing dematerialized shares
- ☐ copy of acknowledgement slip issued when depositing physical shares

for withdrawing from the Offer made by the Acquirer.

| | | | | | |
|---|---|---|---|---|---|
| Stamp of Collection Centre: | | Signature of Official: | | Date of Receipt: | |

I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the **"Intime Spectrum Registry Ltd - MHM-Micro Inks Open Offer"**. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Shares |
|---|---|---|---|---|
| | | | | |

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

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

In case of dematerialized Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

| | FULL NAME(S) OF THE SHAREHOLDERS | SIGNATURE(S) |
|---|---|---|
| First/Sole Holder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |
| Joint Holder 3 | | |

Address of First/Sole Shareholder_______________________________________________

Place:

Date:

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

**Note : All future correspondence, if any, should be addressed to following address :**

**Intime Spectrum Registry Limited**
C-13, Pannalal Silk Mills Compound
L B S Marg, Bhandup - West
Mumbai - 400 078

| S. No. | Contact Person | Address | Tel. No. | Fax No. | E-mail ID |
|---|---|---|---|---|---|
| 1 | Vishwas A | Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West, Mumbai - 400 078 | +91 22 55555391-94 | +91 22 55555499 | vishwasa@intimespectrum.com |
| 2 | Vivek Limaye | Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai – 400 001 | +91 22 2269 4127 | N.A. | vivek.limaye@intimespectrum.com |

*Working hours for the above collection centres: 10 a.m. to 5 p.m. from Monday to Friday and 10 a.m. to 2 p.m. on Saturday*

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **In case of Shares held in joint names,** names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.

(3) **In case where the signature is subscribed by thumb impression,** the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(4) **In case of bodies corporate,** certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(5) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

(b) Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

**MHM – Micro Inks Open Offer**

From
Folio No./DP ID No./Client ID No.:

| | |
|---|---|
| **OFFER OPENS ON** | **9-Dec-05, 2005 (Friday)** |
| **OFFER CLOSES ON** | **28-Dec-05, 2005 (Wednesday)** |

To

**The Acquirer: MHM – Micro Inks Open Offer**
C/ o Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup - West, Mumbai - 400 078

Dear Sir,

**Sub. : Open Offer for purchase of up to 4,974,388 Shares, representing up to 20% of the equity share capital of Micro Inks Limited, at the Offer Price by MHM Holdings GmbH in accordance with the public announcement dated October 26, 2005 amended by the corrigendum public announcement dated November 30, 2005 and the Letter of Offer ("Offer").**

I/We refer to the public announcement dated October 26, 2005 as amended by the corrigendum public announcement dated November 30, 2005 and the Letter of Offer for acquiring the equity shares held by me/us in Micro Inks Limited. I/We, the undersigned have read the aforementioned public announcements and the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

☐ **SHARES IN DEMATERIALIZED FORM**

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

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Shares |
|---|---|---|---|---|
| | | | | |

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

| | |
|---|---|
| Depository Name | National Securities Depository Limited (NSDL) |
| DP Name | Kotak Securities Limited |
| DP ID Number | IN300214 |
| Beneficiary Account Name | Intime Spectrum Registry Ltd - MHM-Micro Inks Open Offer |
| Beneficiary Account Number | 11705946 |
| ISIN | INE056A01014 |
| Market | Off market |
| Execution Date* | Up to December 28, 2005 |

** Shareholders should ensure that the Shares are credited in the aforementioned account not later than 5 p.m. on December 28, 2005.*

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

TEAR HERE

**ACKNOWLEDGEMENT SLIP**

**MHM – Micro Inks Open Offer**

Received from Mr./Ms._ ____________________ residing at ________________________________________________________________

Form of Acceptance cum Acknowledgement for __________________________ Shares along with:

☐ copy of depository instruction slip from DP ID _________________________ Client ID ___________________________

☐ _______________ Share Certificate(s) _________________________ transfer deed(s) under folio number(s) ____________________

for accepting the Offer made by the Acquirer.

| | | | | | |
|---|---|---|---|---|---|
| Stamp of Collection Centre: | | Signature of Official: | | Date of Receipt: | |

☐ **SHARES IN PHYSICAL FORM**

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

| Sr. No. | Ledger Folio No(s) | Certificate No(s) | Distinctive No(s) | | No. of Shares |
|---|---|---|---|---|---|
| | | | From | To | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| *(In case the space provided is inadequate, please attach a separate sheet with details)* **Total No. of Equity Shares** | | | | | |

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

**FOR NRIS/ OCBS/ FIIS/ FOREIGN SHAREHOLDERS:**

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.

☐ RBI approvals for acquiring Shares of Micro Inks Limited hereby tendered in the Offer

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

I/We authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

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

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

Yours faithfully,

Signed and Delivered

| | FULL NAME(S) OF THE SHAREHOLDERS | SIGNATURE(S) |
|---|---|---|
| **First/Sole Holder** | | |
| **Joint Holder 1** | | |
| **Joint Holder 2** | | |
| **Joint Holder 3** | | |

Address of First/Sole Shareholder________________________________________________

Place:

Date:

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

**Bank Details**

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

| | | | |
|---|---|---|---|
| Name of the Bank | | Branch | |
| Account Number | | Savings/Current/(Others: please specify) | |

| S. No. | Contact Person | Address | Tel. No. | Fax No. | E-mail ID |
|---|---|---|---|---|---|
| 1 | Vishwas A | Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West, Mumbai - 400 078 | +91 22 55555391-94 | +91 22 55555499 | vishwasa@intimespectrum.com |
| 2 | Vivek Limaye | Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai – 400 001 | +91 22 2269 4127 | N.A. | vivek.limaye@intimespectrum.com |

*Working hours for the above collection centres: 10 a.m. to 5 p.m. from Monday to Friday and 10 a.m. to 2 p.m. on Saturday*

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

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered physical Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.

(3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant (“DP”).

(4) **In case of shares held in joint names,** names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression,** the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(6) **Persons who own physical Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.

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

(7) **Non-resident Shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in Section VII of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

(9) **In case of bodies corporate,** certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

(b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK