## PUBLIC ANNOUNCEMENT

# FOR THE ATTENTION OF THE SHAREHOLDERS OF NEELAMALAI AGRO INDUSTRIES LIMITED

(Registered Office: Katary Estate, Katary Post – 643213, Coonoor, The Nilgiris, Tamil Nadu)

**This Public Announcement ("PA") is being issued by Meghraj Financial Services (India) Private Limited ("Meghraj" or "Manager to the Offer") on behalf of Mr. Ajit Thomas (hereinafter referred to as "Acquirer"), for the purpose of this Open Offer to the fully paid equity shareholders of Neelamalai Agro Industries Limited (hereinafter referred to as "NAIL" or "Company" or "Target Company"), pursuant to and in compliance with Regulation 11 (2) of Chapter III of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "Regulations") and subsequent amendments thereto.**

**1. The Offer**

a) This offer is being made by Mr. Ajit Thomas. No other person is acting in concert with the Acquirer for the Offer. Due to the operation of Regulation 2 (1) (e) of the Regulations, there could be persons who could be deemed to be acting in concert. However, they are not acting in concert for the purpose of the Offer.

b) The Acquirer holds 384,202 equity shares of Rs.10/- each being 61.25% of the issued and paid up equity share capital of the company. The Acquirer is part of the promoter group of the company.

c) The Acquirer is making a voluntary offer, to consolidate his holding, for acquiring upto a maximum of 79,900 equity shares of Rs.10/- each of the company representing 12.74% of the issued and paid up equity share capital of the company held by the public shareholders (i.e. other than the Acquirer and the promoter group) at a price of Rs.103/- (Rupees One Hundred and Three only) per share in cash. (the **"Offer").**

d) The Offer is not subject to any minimum level of acceptance.

e) The Acquirer along with other persons, who form the promoter group of the company, hold 390,552 equity shares of Rs.10/- each forming 62.25% of the paid up equity share capital of the company as given below:

| Sl.No. | Name | Shareholding | |
|---|---|---|---|
| | | No. of shares | % |
| 1. | Mr. Ajit Thomas (Acquirer) | 384,202 | 61.25 |
| 2. | Mr. J. Thomas | 2,500 | 0.39 |
| 3. | Ms. Lilly Thomas | 1,200 | 0.19 |
| 4. | Mr. Dilip Thomas | 2,650 | 0.42 |
| | **Total** | **390,552** | **62.25** |

f) The Manager to the Offer does not hold any shares in the Target Company as on the date of the PA. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of Offer.

g) This PA is being issued in Financial Express – English daily (all editions), Makkal Kural – Tamil daily (all editions) and Jansatta – Hindi daily (all editions) as per Regulation 15 (1) of the Regulations.

**2. Justification of Offer Price**

a) The equity shares of the company are listed on the Stock Exchange, Mumbai (BSE), the Madras Stock Exchange, Chennai (MSE) and the Coimbatore Stock Exchange, Coimbatore (CoSE).

b) The highest and the average price paid by the Acquirer for acquisition of shares of the Company was Rs. 65/- per share, during the 12 months period prior to the date of Public Announcement.

c) The annualized trading turnover of the equity shares of the company based on the trading in the preceding 6 months i.e. from April 1, 2005 to September 30, 2005, prior to the month in which this PA is made, is 9600 equity shares in BSE, nil equity shares in MSE and CoSE and is therefore less than 5% of the total listed equity shares of the company.

Based on the above information, the equity shares of the Company are deemed to be infrequently traded in terms of explanation (i) to Regulation 20 (5) of the Regulations and hence the offer price is determined in accordance with the requirement of Regulation 20 (5) of the Regulations.

The share price of Rs.103/- per fully paid up equity share of NAIL is justified in terms of Regulation 20 (5) of the Regulations since the same has been determined after considering the following:

| | |
|---|---|
| 1. Negotiated Price | Not Applicable |
| 2. Highest Price paid by the Acquirer for acquisition including public or right or a preferential issue during the period of 26 weeks prior to PA | Not Applicable |
| 3. Other parameters | |
| *Year ended* | *March 31, 2005* |
| a. Return on Net Worth (%) | 5.90 |
| b. Earning per share (Rs.) | 12.78 |
| c. P/E Ratio (at offer price) | 8.03 |

Since the shares of the company are infrequently traded on the above mentioned stock exchanges, the fair value of the share has been arrived at based on the decision of the Supreme Court judgement in the case of Hindustan Lever Employees Union vs. Hindustan Lever Ltd., 1995 (83 com case 30) and has been calculated taking weighted average of three methods as below:

| Method | Amount (Rs.) (X) | Weightage (Y) | Weighted Amount (X*Y) |
|---|---|---|---|
| Value of Shares as per Net Assets Method (NAV) | 215.63 | 1 | 215.63 |
| Value of Shares as per Profit Earning Capacity Value (PECV) method | 83.69 | 2 | 167.38 |
| Value of Shares as per imputed market price method | 65.00 | 2 | 130.00 |
| **TOTAL** | | **5** | **513.01** |
| **Fair Value of Share** | | | **102.60** |

The above working is certified by Mr.T. G. Ramanathan, T. G. Ramanathan & Company (Membership No.18991), Chartered Accountants having their office at "Kalyan Lakshmi", II Floor, No. 6, First Main Road, Kasturbai Nagar, Adyar, Chennai - 600 020, Tel.: 044 -24426076 vide their Certificate dated October 18, 2005.

d) Based on the above information, in the opinion of the Manager to the Offer, the offer price of Rs.103/- is justified in terms of Regulation 20 (5) of the Regulations.

**3. Information about Acquirer**

a) Mr. Ajit Thomas is the Acquirer and his address is 47, Vijayaraghava Road, T. Nagar, Chennai – 600017. His net worth as on October 18, 2005 is Rs.2300 lakhs, duly certified by Mr. S. Ganesan (Membership No. 18525), Partner, M/s Suri & Co.,Chartered Accountants having their office at 70, Kodambakkam High Road, Chennai – 600 034, Tel.: 044-28277082 vide their Certificate dated October 18, 2005.

b) Mr. Ajit Thomas is a B.Sc., graduate with over 25 years experience in business and is the Chairman & Managing Director of the company.

c) No person is acting in concert with the Acquirer for the offer.

**4. Information about the Target Company**

a. Neelamalai Agro Industries Limited is a public limited company incorporated on April 21,1943 having its Registered Office at Katary Estate, Katary Post – 643213, Coonoor, The Nilgiris, Tamil Nadu.

The present paid up capital of the company is Rs.62, 73,500/- comprising of 6,27,350 equity shares of Rs.10/- each fully paid up. There are no partly paid up shares.

The Company has 3 estates in South India producing tea with acreage in bearing, of about 546 hectares. The company is involved in the production and marketing of tea.

The shares of the company are listed in the Stock Exchange, Mumbai (BSE), Madras Stock Exchange, Chennai (MSE) and Coimbatore Stock Exchange, Coimbatore (CoSE).

b. The total income of the company for the year ended March 31, 2005 is Rs.958.12 lakhs with a net profit of Rs.80.17 lakhs. The earning per share was Rs.12.78. The net worth of the company was Rs.1358.02 lakhs. The unaudited results of the company for the 3 months ended June 30, 2005 have shown total income of Rs.275.34 lakhs and profit before tax of Rs.37.80 lakhs. The net worth of the company was Rs.1390.72 lakhs as on June 30, 2005.

**5. Reasons for the acquisition and offer and future plans about Target Company**

a. This is a voluntary offer being made by the acquirer for consolidation of holdings under Regulation 11 (2) of the Regulations. The acquirer belongs to the promoter group of the company, which is already holding 62.25% of the equity share capital of the target company.

b. The acquirer does not currently have any plans to dispose off or otherwise encumber any assets of the target company in the 2 years from the date of closure of this offer except in the ordinary course of business. Further, the acquirer shall not sell, dispose off or otherwise encumber any substantial asset of the target company, except with the prior approval of the shareholders. The Board of Directors of the target company would take appropriate decisions in these matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.

**6. Statutory and other Approvals required for the offer**

a. No approval from any bank / financial institution is required for the purpose of this offer, to the best of the knowledge of the acquirer.

b. No statutory approvals are required to the best of the knowledge of the acquirer to acquire the shares that may be tendered pursuant to the offer, as on date of the PA. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals.

c. Subject to the receipt of statutory approval, the acquirer can complete all procedures relating to the offer, including payment of consideration, within a period of 15 days from the offer closing date to those shareholders who have tendered their shares and their documents are found valid and in order and are approved for acquisition by the acquirer. In case of delay in receipt of any statutory approval, if any, SEBI has power to grant extension of time to the acquirer for the payment of consideration to the shareholders subject to the acquirer agreeing to pay interest as directed by SEBI under Regulation 22 (12). If the delay occurs due to willful default of the acquirer in obtaining the requisite approval, if any, Regulation 22 (13) will become applicable.

**7. Option to the Acquirer in terms of Regulation 21 (3)**

SEBI has specified that all listed companies will be required to maintain at least 25% shareholding with public for the purpose of continuous listing. The public shareholding shall not be reduced to less than this limit as a consequence of this offer. Hence, the provisions of Regulation 21 (3) will not apply and the company shall continue to remain listed after completion of this offer.

**8. Financial arrangements**

a. The acquirer has adequate resources to meet the financial requirements of this offer in terms of Regulation 16 (xiv) out of his business income, investments, personal savings and other assets. Mr. S. Ganesan (Membership No. 18525), Partner, M/s Suri & Co.,Chartered Accountants having their office at 70, Kodambakkam High Road, Chennai – 600 034, Tel.: 044-28277082 vide their Certificate dated October 18, 2005 have certified that sufficient resources are available with the acquirer to fulfill the obligations under the offer. No borrowings from bank / financial institution have been made for the purpose. Only domestic funds will be utilized and not any foreign funds.

b. The maximum purchase consideration payable by the acquirer in case of full acceptance of the offer i.e. 79,900 fully paid equity shares of face value Rs.10/- each at a price of Rs.103/- per share, would be Rs.82,29,700/ (Rupees Eighty two lakhs Twenty nine thousand Seven hundred only). The acquirer has opened an Escrow Account in favour of the Manager to the Offer with State Bank of Travancore, PanampillyNagar, Cochin- 682 036 and deposited Rs.20,57,425/- (Rupees Twenty lakhs Fifty seven thousand Four hundred and twenty five only) being 25% of the total consideration payable under the offer as per Regulation 28 (4) of the Regulations. The Manager to the Offer has been authorized to realize the value of the Escrow Account in terms of the Regulations.

c. On the basis of the above, the Manager to the Offer has confirmed that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the offer obligations.

**9. Other terms of the offer**

a. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement shall be made to all the shareholders of the company (except to the Acquirer and the PAC) whose names appear in the Register of Members of the company and to the beneficial owners of the shares of the company whose names appear on the records of the respective depository as at the close of the business hours on Friday, October 28, 2005 ('Specified Date')

b. Cameo Corporate Services Ltd., having their office at Subramaniam Building, No.1, Club House Road, Chennai 600 002, Tel.: 044-28460390 is acting as Registrars to the Offer ('Registrar') and they will be opening a Special Depository Account under the name and style of "Cameo Corporate Services Ltd Escrow Account - Neelamalai Agro Open Offer" with Stock Holding Corporation of India Ltd who is acting as Depository Participant and is registered with CDSL. Relevant details like DPID, Client ID etc., will be disclosed in the Letter of Offer to be mailed to the shareholders of the company.

c. Beneficial Owners and shareholders holding shares in dematerialized form, will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar either by hand delivery during normal business hours or by Registered Post so as to reach on or before the close of the offer i.e. Tuesday, January 3, 2006, along with photocopy of the delivery instructions in 'Off Market' mode or counterfoil of the delivery instruction in 'Off Market' mode, duly acknowledged by the Depository Participant ('DP') in favour of "Cameo Corporate Services Ltd Escrow Account - Neelamalai Agro Open Offer".

d. Shareholders having their Depository Account in NSDL have to use Inter Depository Delivery Instruction Slip for the purpose of crediting their shares in favour of the Special Depository Account with CDSL.

e. Shareholders holding their shares in physical form and who wish to tender their fully paid shares will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificates and Transfer Deeds duly signed to the Registrar at the address given before, either by hand delivery during business hours, Monday to Friday, 11.00 A.M. to 4.00 P.M. (excluding Saturday, Sunday and Bank Holidays) or by Registered Post so as to reach before the close of the offer i.e. Tuesday, January 3, 2006 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement in an envelope super scribing the same with 'Neelamalai Agro Industries Limited - Offer for Acquisition of Shares'

f. All owners of fully paid up equity shares, registered or unregistered and the Beneficial Owners of the shares (except the Acquirer and PAC) who own the shares at any time prior to the close of the offer are eligible to participate in the offer. Unregistered Owners / Shareholders who have not received the Letter of Offer can send their application in writing, on plain paper stating the Name, Address, Number of shares held, Number of shares offered, Folio Number, together with documents stated before so as to reach the Registrar on or before Tuesday, January 3, 2006. In case of Unregistered Owners, a copy of the Contract Note issued by the Broker through whom they acquired the shares should accompany the same. No indemnity is required from the Unregistered Owners.

g. In case of non receipt of Letter of Offer, eligible persons may send their acceptance to the Registrar on plain paper stating their Name, Address, Number of shares held, Number of shares offered, Distinctive Number, Folio Number along with documents mentioned before so as to reach the Registrar on or before Tuesday, January 3, 2006.

h. In case of non-receipt of Letter of Offer, eligible persons may obtain a copy of the same from the Registrar by providing suitable documentary evidence to that effect. Such shareholders may also download the Form of Acceptance-cum-Acknowledgement from the web site of SEBI, www.sebi.gov.in, which will be made available from the offer opening.

i. The Registrar will hold in trust the shares, Form of Acceptance-cum-Acknowledgement and the Transfer Deeds on behalf of the shareholders of the company who have accepted the offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are dispatched or returned.

j. Unaccepted Share Certificate, Transfer Deeds and other documents, if any, will be returned by Registered Post at the Shareholders / Unregistered Owners sole risk to the sole / first shareholder. Shareholders whose shares are held in dematerialized form, to the extent not accepted will be intimated by post.

k. Shares, if any, that are the subject matter of litigation wherein the Shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions / orders regarding these shares are not received together with the shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible would be forwarded to the concerned Statutory Authorities for further action at their end.

l. Shareholders who have sent their shares for demat need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Escrow Account should be received on or before the date of the closure of the offer i.e. Tuesday, January 3,2006 or else, the application would be rejected.

m. In case the shares tendered in the Open Offer are more than the shares agreed to be acquired by the Acquirer, the Acquirer shall accept all valid applications received from the shareholders on a proportional basis, in consultation with the Manger to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non marketable lots.

n. The Acquirer is confident of completing all the formalities pertaining to the acquisition of the said shares within 15 days from the date of closure of this offer including payment of consideration to the shareholders who have accepted the offer and for this purpose will open a Special Account as provided under Regulation 29.

Provided that where the Acquirer is unable to make payment to the shareholders who have accepted the offer before the said period of 15 days due to non receipt of requisite statutory approval, if any, SEBI may, if satisfied that non receipt of requisite statutory approval was not due to any willful default or neglect f the Acquirer or the failure of the Acquirer to diligently pursue the application for such approval, grant extension of time for the purpose subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 30 days, as may be specified by SEBI from time to time.

o. In accordance with Regulation 22 (5) (A) of the Regulations, shareholders who have tendered requisite documents in terms of Public Announcement and Letter of Offer shall have the option to withdraw acceptance, which can be tendered up to 3 working days prior to the offer closing date. The withdrawal option can be exercised by submitting the Form of Withdrawal (separately enclosed with the Letter of Offer) and the copy of acknowledgement received from the Registrar while tendering the acceptance together with following details.

In case of physical shares: name, address, share certificate number, distinctive number, folio number, number of shares tendered / withdrawn.

In case of dematerialized shares: name, address, number of shares tendered / withdrawn, DP name, DP ID, beneficiary account number, photocopy of delivery instruction in "off market mode" or counterfoil of the delivery instruction in off market mode, duly acknowledged by DP in favour of the depository escrow account.

In case of non-receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with the details mentioned above.

p. The acceptance of the offer is entirely at the discretion of the shareholders of NAIL. The acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer documents, during transit and the shareholders of NAIL are advised to adequately safeguard their interest in this regard. Equity shares that are subject to any charge, lien or encumbrance are liable to be rejected.

**10. Schedule of activities pertaining to the offer**

| ACTIVITY | DAY & DATE |
|---|---|
| Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent) | Friday, October 28, 2005 |
| Last Date for Competitive Bid | Friday, November 11, 2005 |
| Date by which Letter of Offer to be posted to the shareholders | Monday, November 28, 2005 |
| Date of Opening of the offer | Thursday, December 15, 2005 |
| Last Date for revising the Offer Price | Monday, December 26, 2005 |
| Last Date upto which shareholders may withdraw | Friday, December 30, 2005 |
| Date of Closure of the offer | Tuesday, January 3, 2006 |
| Date by which acceptance / rejection would be communicated and the corresponding payment for the acquired shares and / or the unaccepted shares / share certificates will be credited /dispatched | Wednesday, January 18, 2006 |

**11. General Conditions**

a) Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public Announcement /Letter of Offer, can withdraw the same up to3 working days prior to the date of closure of the offer i.e. Friday, December 30, 2005 date by filling the Withdrawal Form attached to the Letter of Offer. The Withdrawal Form is also available in he SEBI web site (www.sebi.gov.in).

b) The Acquirer can revise the price upwards up to 7 working days prior to the date of closure of the offer i.e. Monday, December 26, 2005 date, and revision, if any, in the offer price would appear in the Financial Express (English), Makkal Kural (Tamil) and Jansatta (Hindi), in all editions and the same price would be paid to all shareholders who tender their shares in the offer.

c) Pursuant to Regulation 13 of the Regulations, the Acquirer has appointed Meghraj Financial Services (India) Private Limited as Manager to the Offer and the Manager to the Offer issues this Public Announcement on behalf of the Acquirer.

**d) If there are competitive bids:**

**i) The public offer under all subsisting bids shall close on the same date.**

**ii) As the offer price can be revised up to 7 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 acceptance accordingly.**

e) The Acquirer and the company are not prohibited by SEBI from dealing with securities, under Section 11 (B) of SEBI Act.

f) The Acquirer accepts full responsibility for the information contained in this announcement and also for the obligations of the Acquirer as laid down in the Regulations and subsequent amendments thereto.

g) For further details, please refer to the Letter of Offer and the Form of Acceptance-cum-Acknowledgement. This Public Announcement and the Letter of Offer together with Form of Acceptance-cum-Acknowledgement would also be available on SEBI web site on www.sebi.gov.in. Eligible persons to the offer may also download a copy of the Letter of Offer and Form of Acceptance-cum-Acknowledgement from the SEBI web site from the offer opening date i.e. Thursday, December 15, 2005 and apply in the same.


Issued by: Manager to the Offer

MEGHRAJ

Meghraj Financial Services (India) Private Limited
Contact: Mr. Rajesh Sonkusare
3rd Floor, Krishna Construction House
44, Dr. R.G. Thadani Marg,
Worli, Mumbai – 400 018.
Tel.: 91-22-24931764, Fax: 91-22-24931765
E-mail: rajesh@meghrajindia.com

Registrar to the Offer:

CAMEO

Cameo Corporate Services Limited
Contact: Mr. R.D. Ramasamy
Subramanian Building,
1, Club House Road, Chennai - 600 002.
Tel.: 91-44-28460390,
Fax: 9144-28460129
Email: cameo@cameoindia.com


Date: October 20, 2005
Place: Chennai

Ajit Thomas
Acquirer